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CONNECTICUT AIRPORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)

FINANCIAL STATEMENTS

JUNE 30, 2015

CONNECTICUT AIRPORT AUTHORITY
CONTENTS

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Independent Auditors' Report

Ms. Mary Ellen S. Jones, Chair
Connecticut Airport Authority
Windsor Locks, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Connecticut Airport Authority (the Authority) (a component unit of the State of Connecticut), which comprise the balance sheet as of June 30, 2015 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2015 and changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 23 and the schedules of net pension liability and contributions on pages 44 to 45 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, which 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 on opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The comparative financial statements of the Bradley International Airport Fund and the combining financial statements of the General Aviation Airports Fund and the schedules of passenger facility charge expenditures and insurance coverage of Bradley International Airport are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of passenger facility charge expenditures - Bradley International Airport is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. The schedule of insurance coverage is presented for purposes of additional analysis as required by the Bond Indenture. Such information 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. The comparative statements of the Bradley International Airport fund, the combining statements of the General Aviation Airports Fund and the schedule of passenger facility charge expenditures - Bradley International Airport have 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 comparative statements of the Bradley International Airport fund, combining statements of the General Aviation Airports Fund and schedule of passenger facility charge expenditures - Bradley International Airport are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of insurance coverage - Bradley International Airport 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Authority as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated October 27, 2014, which contained unmodified opinions on the financial statements of each fund. The accompanying Bradley International Airport Fund and General Aviation Airports Fund balance sheets and statements of revenues, expenses and changes in net position as of and for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying Bradley International Airport Fund and General Aviation Airports Fund statements have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Bradley International Airport Fund and General Aviation Airports Fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2015, the Authority adopted GASB Statement No. 68 - *Accounting and Financial Reporting by Pensions - An Amendment of GASB Statement No. 27.* The Authority's net assets as of July 1, 2014 have been restated as required to implement this accounting standard as discussed in Note 15. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Authority's internal control over financial reporting and compliance.

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
October 19, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Connecticut Airport Authority's (the Authority) financial performance provides an overview for the year ended June 30, 2015. Please read it in conjunction with the Authority's financial statements that follow this section. The MD&A is intended to provide meaningful information to the reader for the current year, thereby enhancing the reader's understanding of the Authority's financial position and the results of its operations.

As discussed in Note 1 to the financial statements, the Authority was established on July 1, 2011 but had no significant transactions until July 1, 2013, at which time the assets and liabilities of Bradley International Airport (Bradley) and the State of Connecticut's general aviation airports were contributed to the Authority. Bradley International Airport was previously reported as a stand-alone enterprise fund, and the General Aviation Airports were accounted for in the governmental funds of the Connecticut Department of Transportation. Public Act 11-84 required the establishment of the Bradley International Airport fund to account for the operations of Bradley and the General Aviation Airports fund to account for the operations of the five general aviation airports under the control of the Authority.

Enterprise Fund Financial Statements

An enterprise fund is used to present governmental activities where a fee is charged to external customers for goods that are sold or services that are rendered. Usually these activities are financed by debt that is secured solely by a pledge of the operating revenues of that activity.

The Authority's financial statements consist of a Balance Sheet, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. The financial statements utilize the economic resources measurement focus and the accrual basis of accounting, thus providing the foundation for generally accepted accounting principles that are used in private-sector business reporting. This means that all assets and liabilities associated with the operation of the Authority are included on the balance sheet, and that revenues and expenses are recognized when earned and incurred, respectively, on the statement of revenues, expenses and changes in net position.

Net position is presented in three components (i) net investment in capital assets, (ii) restricted, and (iii) unrestricted. Net position categorized as net investment in capital assets consists of all significant capital assets owned by the Authority, net of accumulated depreciation, and reduced by any outstanding balances of bonds or other debt related to the acquisition, construction or improvement of those assets. Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations that have an initial useful life beyond one year. Capital assets are depreciated over their useful lives and periodic depreciation expense is reported in the statement of revenues, expenses and changes in net position. Net position is reported as restricted when constraints are placed on those assets by creditors, grantors, laws or imposed by law through constitutional provisions or enabling legislation. The restrictions in place at Bradley originate from indentures of trust associated with the sale of its airport revenue bonds, and regulations associated with its use of Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs).

The Statement of Revenues, Expenses and Changes in Net Position reports the operating revenues and expenses and non-operating revenue and expenses of the Authority for the fiscal year with the difference - the net income or loss - being combined with any capital contributions to determine the change in net position. That change, combined with the prior year-end net position total, reconciles to the net position total at the end of the current fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash balance at the end of the current fiscal year.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is important to understanding the information included in the financial statements.

Supplemental Information

Supplemental information includes prior year comparative financial statements for both the Bradley International Airport fund and the General Aviation Airports fund, a Schedule of Passenger Facility Charge Expenditures and a Schedule of Insurance Coverage, which are required by the Federal Aviation Administration and Bond indentures respectively.

Required Additional Reports

Required additional reports include an Independent Auditors' 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* and an Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on the Passenger Facility Charge Program and on Internal Control Over Compliance.

FINANCIAL HIGHLIGHTS - BRADLEY INTERNATIONAL AIRPORT FUND

Unless otherwise stated, all values presented in the following MD&A are in thousands with the exception of various per passenger ratios presented

In FY 2015, Bradley financially outperformed budget expectations. Total operating revenue was 2.0% greater than budget while operating & maintenance expenses excluding depreciation were 5.8% less than budget. Compared to FY 2014, total operating revenue increased 3.5% to $64.5 million while total operating expenses before depreciation increased 3.2% to $49.2 million. Income before depreciation increased 4.5% to $15.3 million. Net non-operating revenue (expense) experienced a 114.2% decrease in FY 2015. Total net position for Bradley decreased by $41.8 million primarily due to the implementation of GASB 68 - *Accounting and Financial Reporting by Pensions*. $45.5 million of the decrease in net position relates to a prior period adjustment to reflect implementing GASB 68. At year end, net position totaled $267.2 million, a 1.4% increase after taking into account the effect of the prior period adjustment. Total assets increased by $5.3 million or 1.1% and total liabilities increased by $45.5 million or 27.2% once again due to the implementation of GASB 68. Bradley generated debt service coverage of 271.6%, which is well above the 120.0% required by bond indenture.

An increase in passenger traffic was again realized in FY 2015 for the second straight year. These consecutive year passenger traffic increases are following a period of decline in passenger demand brought about by economic recession, rising jet fuel prices and declining airline capacity. In FY 2014, enplanements increased 7.2% over the prior year and in FY 15 enplanements increased an additional 4.4% compared to FY 2014. These positive trends in passenger activity are a result of the Authority's efforts to grow new Airline routes as well as from an overall improvement in the economy.

As previously noted, the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting by Pensions*, is an important change to the Authority's financial statements. The standard requires reporting of the entire unfunded liability of defined benefit pension plans. As a component unit of the State of Connecticut, the Authority must represent its proportional share of Net Pension Liability on its financial statements. Net Pension Liability is defined as the actuarial present value of projected pension benefits attributable to past periods of employee service (total pension liability) net of the pension plan's fiduciary net position. Implementation of the standard required a restatement of July 1, 2014 net position, as described in Note 15 to the financial statements. This prior period adjustment reduced Bradley's starting net position by $45.5 million. In addition, Bradley Airport's balance sheet now carries a $47.6 million Net Pension Liability as of June 30th, 2015. The recognition of this liability is a non-cash event and at this time it is not anticipated that the Authority will need to make any payments to the State of CT pension system to relieve this obligation. The implementation of GASB 68 is discussed further in the notes to the financial statements.

Net Position

The net position of Bradley is summarized in Table 1. Net position is a measurement of the financial condition of Bradley at one point in time. As indicated in Table 1, Bradley Airport's net position increased by $3,692 in fiscal year 2015 (excluding the restatement driven by GASB 68 implementation). This is the result of an increase in total assets of $5,347 and an increase in total liabilities of $45,458. The increase in total liabilities was a result of recording $47.6 million of Net Pension Liability partially offset by reductions in long-term debt outstanding. Included in Table 1 pursuant to GASB reporting guidelines are the fair values at June 30, 2015 of Bradley's interest rate swap agreements. These swap agreements have been determined to be effective hedges. See notes 1 and 6 in the Notes of Financial Statements.

Table 1 also indicates that Bradley's assets exceeded its liabilities by $267,155 as of June 30, 2015. This net position includes $132,752 invested in capital assets net of related debt (a decrease of 5.6%), assets restricted for PFC and bond indenture purposes of $112,023 (an increase of 4.5%) and unrestricted assets of $22,380 (a decrease of 63.4%).

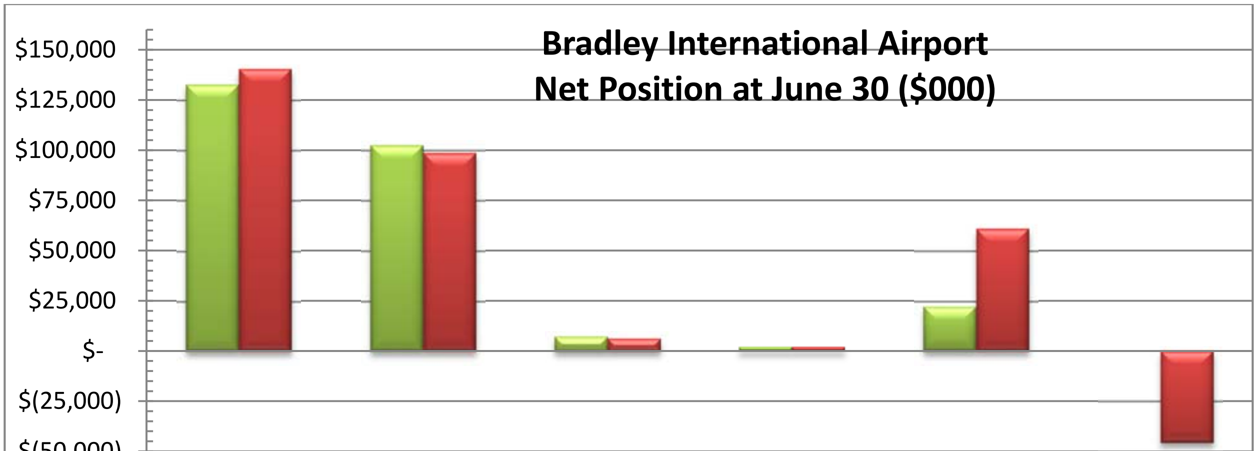
As of June 30, 2015, total revenue bonds payable less current maturities of $122,980 equate to $41.43 per enplaned passenger based on fiscal year 2015 enplaned passengers of 2,969, a 9.0% decrease from FY 2014 bonds payable of $45.50 per enplaned passenger.

TABLE 1
BALANCE SHEET
JUNE 30, 2015 AND 2014
(In thousands)

	2015	2014	2015 - 2014 Change ($)	2015 - 2014 Change (%)
ASSETS				
Current and Other Assets	$ 193,834	$ 178,997	$ 14,837	8.3%
Net Capital Assets	266,314	275,325	(9,011)	-3.3%
TOTAL ASSETS	**460,148**	**454,322**	**5,826**	**1.3%**
DEFERRED OUTFLOWS OF RESOURCES				
Interest Rate Swap	19,290	19,646	(356)	-1.8%
Deferred Loss on Bond refunding	1,999	2,122	(123)	-5.8%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 481,437**	**$ 476,090**	**$ 5,347**	**-7.6%**
LIABILITIES				
Long-term Debt Outstanding	122,980	129,415	(6,435)	-5.0%
Other Liabilities	22,737	18,064	4,673	25.9%
Interest Rate Swap	19,290	19,646	(356)	-1.8%
Net Pension Liability	47,576	-	47,576	100.0%
TOTAL LIABILITIES	212,583	167,125	45,458	27.2%
DEFERRED INFLOWS OF RESOURCES				
Change in Projected Pension Investment Earnings	1,699	-	1,699	100.0%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**214,282**	**167,125**	**47,157**	**28.2%**
NET POSITION				
Net Investments in Capital Assets	132,752	140,623	(7,871)	-5.6%
Restricted	112,023	107,243	4,780	4.5%
Unrestricted	22,380	61,099	(38,719)	-63.4%
Adjustment for Net Pension Obligation*	-	(45,502)	45,502	-100.0%
Total Net Position	**267,155**	**263,463**	**3,692**	**1.4%**
Total Liabilities and Net Position	**$ 481,437**	**$ 430,588**	**$ 50,849**	**11.8%**

	2015	2014	2015 - 2014 Change ($)	2015 - 2014 Change (%)
Net Position at June 30				
Net Investment in Capital Assets	$ 132,752	$ 140,623	$ (7,871)	-5.6%
Restricted for Capital Projects	102,499	98,681	3,818	3.9%
Restricted for Debt Service	7,424	6,449	975	15.1%
Restricted for Bond Indenture	2,100	2,113	(13)	-0.6%
Unrestricted	22,380	61,099	(38,719)	-63.4%
Adjustment for Net Pension Obligation*	-	(45,502)	45,502	-100.0%
Total Net Position*	**$ 267,155**	**$ 263,463**	**$ 3,692**	**1.4%**

** Fiscal year 2014 Net Position is restated in order to reflect the Authority's Net Pension Liability in conjunction with the implementation of GASB 68*



	Net Investment in Capital Assets	Restricted for Capital Projects	Restricted for Debt Service	Restricted for Bond Indenture	Unrestricted	Adjustment for Net Pension Obligation*
2015	$132,752	102,499	7,424	2,100	22,380	$-
2014	$140,623	98,681	6,449	2,113	61,099	$(45,502)

Changes in Net Position

The decrease in net position shown on Table 1 was generated from the change in net position shown on Table 2, Changes in Net Position for the Year Ended June 30, 2015. Changes in net position represent the results of operations of Bradley. The change in net position for FY 2015 is $3,692 compared to the restated change in net position in FY 2014 of $308,965 (excluding the prior period adjustment for GASB 68). The large difference between the two years is due to the transition of the Bradley Airport Enterprise Fund from the Department of Transportation to the Connecticut Airport Authority on July 1, 2013. $299,940 of the $308,965 was reflective of the contribution of the Enterprise Fund by the State to the Authority. Overall for FY 2015 total net position decreased by $41,810 or 13.5%. This decrease was largely due to the implementation of GASB Statement No. 68 as stated in Note 1.

The decrease in operating loss is attributed to an increase in operating revenue partially netted down by increases in operating expenses related to administrative and general, repairs and maintenance along with utilities. The decrease in depreciation and amortization is primarily related to the implementation of GASB Statement No. 65 in FY 2014, which resulted in major studies no longer being amortized but expensed. This also affected the net non-operating revenue. The net non-operating revenue (expense) reflects an increase of $4,989 in non-operating expenses, which is attributable to the implementation of GASB 65. Capital project costs for planning and studies that were previously amortized are now expensed.

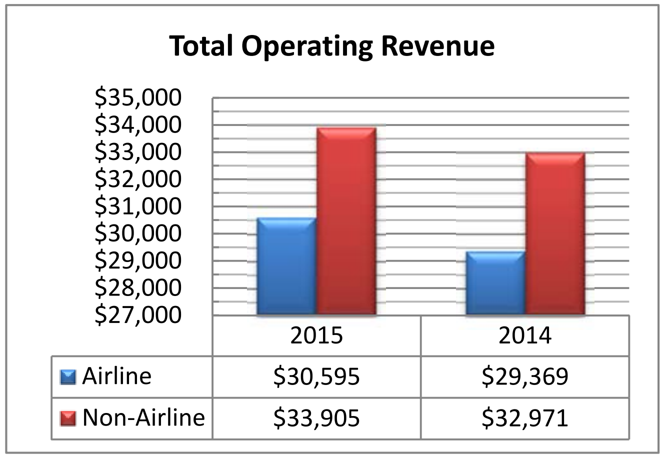
TABLE 2
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(In Thousands)

	2015	2014	2015 - 2014 Change ($)	2015 - 2014 Change (%)
OPERATING REVENUES				
Landing Fees	$ 16,760	$ 15,759	$ 1,001	6.4%
Airline Terminal Rent	10,021	9,938	83	0.8%
Apron and Remote Aircraft Parking	3,814	3,672	142	3.9%
Auto Parking	10,928	10,703	225	2.1%
Rental Cars	8,783	8,695	88	1.0%
Terminal Concessions	4,001	3,946	55	1.4%
Land Rent	4,411	4,052	359	8.9%
Other Concessions	3,272	3,271	1	0.0%
Other Operating Revenue	2,510	2,304	206	8.9%
TOTAL OPERATING REVENUES	64,500	62,340	2,160	3.5%
OPERATING EXPENSES				
Salaries and Related Expenses	19,981	20,221	(240)	-1.2%
Administrative and General	15,923	15,148	775	5.1%
Repairs and Maintenance	7,388	6,738	650	9.6%
Energy and utilities	5,875	5,554	321	5.8%
OPER EXPENSE BEFORE DEPRECIATION	49,167	47,661	1,506	3.2%
OPER INCOME BEFORE DEPRECIATION	15,333	14,679	654	4.5%
Depreciation and Amortization	15,817	16,426	(609)	-3.7%
OPERATING LOSS	(484)	(1,747)	1,263	-72.3%
NONOPERATING REVENUES (EXPENSES)				
Car Rental Facility Charge Revenue	5,515	5,191	324	6.2%
Passenger Facility Charge Revenue	12,248	11,738	510	4.3%
Investment Income	121	103	18	17.5%
Revenue Bond Interest Expense	(5,028)	(5,930)	902	-15.2%
Other Non-Operating Expenses	(9,955)	(4,966)	(4,989)	100.5%
Actuarial Pension Expense	(3,773)	-	(3,773)	-100.0%
NET NONOPERATING REVENUES (EXPENSE)	(872)	6,136	(7,008)	-114.2%
INCOME BEFORE CAPITAL CONTRIBUTIONS	(1,356)	4,389	(5,745)	-130.9%
CAPITAL CONTRIBUTIONS	5,048	304,576	(299,528)	-98.3%
Change in Net Position	3,692	308,965	(305,273)	-98.8%
Total Net Position, Beginning of Year (as restated)	263,463	-	263,463	100.0%
Total Net Position, End of Year	$ 267,155	$ 308,965	$ (41,810)	-13.5%

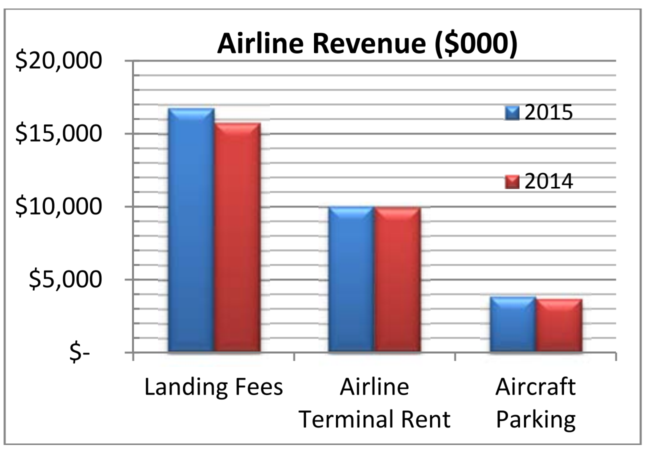
As indicated on Table 2, Bradley generated operating income before depreciation of $15,333 and increased its net position by $3,692 in fiscal year 2015. The operating and non-operating revenues and expenditures associated with this income are addressed below.

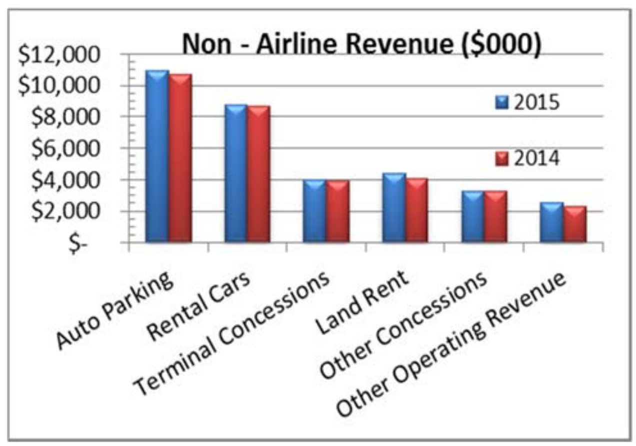
Operating Revenues

Operating revenues for fiscal year 2015 totaled $64,500, an increase of $2,160 or 3.5% from fiscal year 2014. Operating revenues are segregated between airline and non-airline sources. Airline revenues were $30,595 or 47.4% of total operating revenue, and non-airline revenues were $33,905 or 52.6% of total operating revenue as shown at right and in greater detail below.



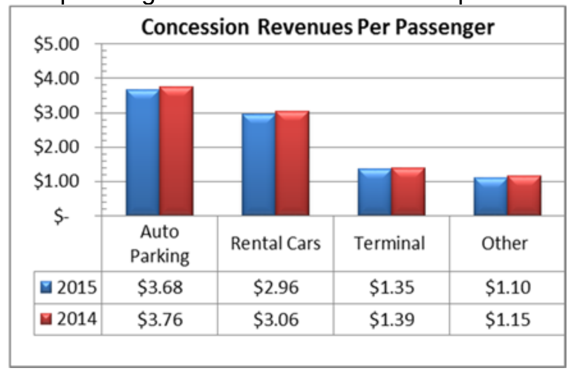
Airline revenues increased by $1,226 or 4.2% from FY 2014 to FY 2015. The airlines pay rates and charges based on budgeted operating expenditures and debt service allocated to airline cost centers including the landing area, terminal building and aircraft parking aprons. The FY 2015 operating expense budget of $52,183 reflected a 5.7% increase in operating expenses over the FY 2014 operating budget, which was appropriately reflected in budgeted airline rates and charges. There were also credits applied to the airline cost centers in the FY 2015 budget, made to compensate the airlines for prior budget to actual performance, which totaled $1,641. In addition to these annual adjustments, the Authority provided a one-time credit to airline cost centers in the amount of $2,020 intended to maintain competitive airline rates and charges at the Airport.





Deducting cargo airline landing fees of $3,266 from total airline revenue of $30,595 results in passenger airline revenue of $27,329. This equates to a fiscal year 2015 Cost per Enplaned Passenger (CPE) of $9.20 based on fiscal year 2015 enplaned passengers of 2,969, a 0.5% decrease from the FY 2014 CPE of $9.25.

Total non-airline revenues increased by $935 or 2.8% from FY 2014. Non-airline revenues are made up of the various concessions operating at the Airport, land rent and other operating revenue. Concession operations include auto parking, rental cars, terminal concessions and other concessions, which combine for total revenue of $26,984. The largest source of concession revenue is vehicle parking operations, which totaled $10,928. Terminal concessions include food and beverage, retail, advertising and miscellaneous services provided in the terminal. Other concessions include in-flight food catering, the Sheraton Hotel located in the terminal, ground transportation services and others.



Total concession revenue of $26,984 equates to $9.09 per enplaned passenger based on fiscal year 2015 enplaned passengers of 2,969, a 2.9% decrease from FY 2014 concession revenue per enplaned passenger of $9.36. The division of revenues per passenger among the various concessions is shown above.

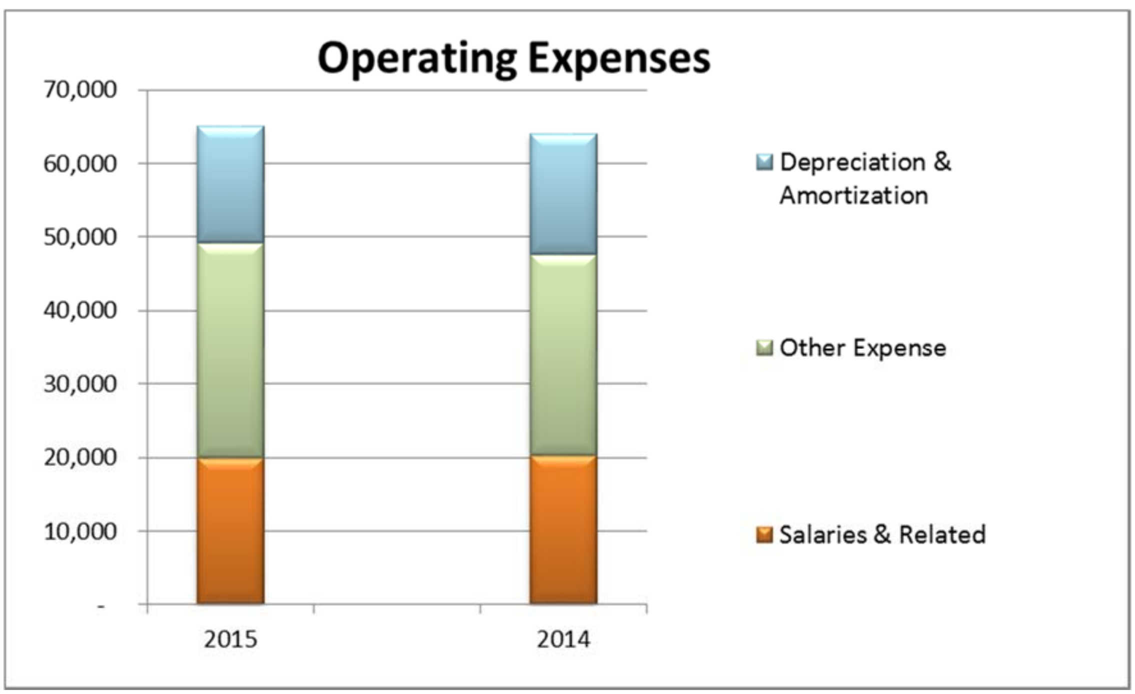
Operating Expenses

Operating expenses in fiscal year 2015 totaled $64,984, an increase of $895 or 1.4% from fiscal year 2014. Operating expenses include salaries and related expenses, contractual services, energy and utilities, other operating expenses and depreciation. The distribution and comparison of fiscal year 2014 and 2015 operating expenses is shown in Table 3.

As indicated on Table 3, an increase in salaries and overtime along with increases in all other expense categories with the exception of payment in lieu of taxes are offset by decreases in other payroll, fringe benefit and indirect cost. In addition there is a decrease in depreciation and amortization. The overall decrease in the salary related classes is mainly due to the indirect cost allocation that was paid to the State in FY 2014 based on the amount expensed in salaries and wages. For FY 2015 the cost paid directly to the Department of Transportation for services provided was based on the actual expense incurred. This is now included within the administrative and general costs. In addition the Authority experienced a decrease in other payroll. This was due to the treatment of vacation and sick leave payout at retirement for those employees hired under the CAA. In the other expense category there were slight increases in all categories totaling $1,747. The majority of this increase was in security and repairs and maintenance. Depreciation and amortization decreased due to the implementation of GASB 65 where planning studies are no longer amortized but rather expensed as incurred.

TABLE 3
OPERATING EXPENSES
JUNE 30, 2015 and 2014
(In thousands)

Salaries & Related	**2015**	**2014**	**Change 2015 - 2014** Change ($)	Change (%)
Salaries	$ 9,568	$ 9,078	$ 490	5.4%
Overtime	1,392	1,108	284	25.6%
Other Payroll	(18)	554	(572)	-103.2%
Fringe Benefit	9,039	9,048	(9)	-0.1%
Indir. Cost Alloc.	-	433	(433)	-100.0%
Salaries & Related	19,981	20,221	(240)	-1.2%
Other Expense				
Payment In Lieu of Tax	4,679	4,679	-	0.0%
Security	7,188	6,574	614	9.3%
Administrative & General Costs	4,057	3,858	199	5.2%
Repairs and Maintenance	7,387	6,774	613	9.0%
Energy/Utilities	5,875	5,554	321	5.8%
Other Expense	29,186	27,439	1,747	6.4%
Expenses Before Depreciation	**49,167**	**47,660**	**1,507**	**3.2%**
Depreciation & Amortization	15,817	16,426	(609)	-3.7%
Total Operating Expenses	**$ 64,984**	**$ 64,086**	**$ 898**	**1.4%**



Net Non-operating Revenue (Expense)

Non-operating revenues and (expenses) include Bradley's Passenger Facility Charges (PFCs), customer facility charges (CFCs), investment income, revenue bond interest expense and other non-operating expenses. Other non-operating expenses are predominantly reflective of capital improvement project costs that must be expensed versus capitalized as an asset. Bradley is presently authorized by the FAA to assess a PFC of $4.50 per enplaned passenger. The revenue associated with this charge is restricted for approved capital projects, and currently supports debt service incurred for eligible components of the terminal expansion and improvement program as well as certain "pay as you go" projects. In fiscal year 2015, Bradley collected total PFCs (excluding PFC interest) of $12,142, an increase of 4.3% from FY 2014. This increase is reflective of the increase in passenger traffic at Bradley. Bradley is also presently authorized by contract with the rental car companies to assess a CFC of $3.50 per rental car transaction day. The revenue associated with this charge is recognized according to criteria established by bond indenture and subsequently transferred to a project account dedicated to design, engineering and construction of a consolidated rental car facility at Bradley. CFC collections commenced December 2009 and revenues for fiscal year 2015 totaled $5,478 (excluding interest), an increase of 6.1%. Investment income from all accounts totaled $266, a 17.4% increase from FY 2014 investment income of $224. Investments and invested balances are addressed in Note 2 to the financial statements. Investment earnings on certain accounts are restricted for the purposes of the account as discussed in the notes to financial statements. Revenue bond interest expense for FY 2015 totaled $5,028 a decrease of 15.2%. Other non-operating expense shows a 100.5% increase mainly due to the implementation of GASB 65 in FY 2014 in which planning and studies are no longer amortized as well as increased project costs for the demolition of Terminal B that must be expensed. Bradley had $9,955 of other non-operating expense. In addition, the actuarial pension expense mentioned earlier in regards to GASB 68 is included here. The addition of the actuarial pension expense along with non-operating expenses, changes in PFC revenue, CFC revenue, investment income and bond interest expense resulted in the $7,008 decrease in total net non-operating revenue (expense) as shown on Table 2. Net non-operating revenue of ($872) and the operating loss of $484 combined in FY 2015 for a net loss before capital contributions of ($1,356).

CAPITAL CONTRIBUTIONS

Total capital contributions in FY 2015 were $5,048, a significant decrease of $299,527 from FY 2014 capital contributions of $304,575. FY 2014 was significantly higher due to the transfer of the Bradley Enterprise Fund from the Department of Transportation to the Authority.

The primary source of FY 2015 contributed capital is from the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP). Under the AIP program, the FAA provides grants that are available for eligible, approved projects within the funding limitations of the program, which requires certain matching contributions to be made by the Airport. In FY 2015 additional contributed capital was made available through the US Department of Homeland Security for installation of Security equipment. Projects and capital contributions are summarized below.

Capital Contributions ($000)	2015	2014	2015 - 2014 Change ($)	Change (%)
Terminal Demolition / Redevelopment	$ 8	$ 17	$ (9)	-52.9%
Planning Studies	49	-	49	100.0%
Sound Insulation Program	3	3,256	(3,253)	-99.9%
Land Acquisition / Bird Habitat	2,106	-	2,106	100.0%
Taxiways	2,471	1,086	1,385	127.5%
New Building	261	-	261	100.0%
Security Equipment	12	276	(264)	-95.7%
Contribution From State	138	299,940	(299,802)	-100.0%
Total	$ 5,048	$ 304,575	$ (299,527)	-98.3%

BUDGET TO ACTUAL PERFORMANCE

Bradley's annual operating budget for FY 2015 was developed pursuant to procedures established in applicable State regulations and the Short Term Lease and Operating Agreement between the State and the signatory airlines serving Bradley. These procedures provide for preparation of the budget, submission to and approval of the budget by the Authority's Board of Directors and the airlines within a prescribed period prior to the beginning of each fiscal year, and for dispute resolution. The operating budget includes airline and non-airline revenues, passenger facility charges, operating and maintenance expenses, expenditure allocation to Bradley cost centers including the landing, apron, terminal and other cost centers, and development of the rates and charges that will be paid by the airlines during the ensuing fiscal year. As part of the rate development process, prior budget to actual cost allocations are analyzed and appropriate adjustments are made. Budget to actual performance for FY 2015 is shown in Table 4.

Airline revenues were slightly higher than budget. A positive variance was experienced in landing fees, FIS building revenue and airline addition revenue. Non-airline revenues were 3.9% greater than budget. As with airline revenues, a positive variance was experienced in all categories of non-airline revenues with the exception of auto parking, which was equal to budget. Overall, total operating revenue was 2.0% greater than budget. PFCs and related interest were 9.0% greater than budget due to higher than forecasted passenger demand. Total operating expenses before depreciation were 5.8% under budget with surpluses realized in all categories of expense except overtime and repairs & maintenance.

Table 4

FY 2015 Budget to Actual Performance ($000)

			Variance Greater (Less) Than Budget	
	Budget	**Actual**	**($000)**	**Percent**
Airline Revenue	$ 30,563	$ 30,595	$ 32	0.1%
Non-Airline Revenue	32,645	33,905	1,260	3.9%
Total Operating Revenue	**63,208**	**64,500**	**1,292**	**2.0%**
Passenger Facility Charges & PFC Interest	11,236	12,248	1,012	9.0%
Car Rental Facility Charge Revenue & CFC Interest	5,269	5,515	246	4.7%
Operating & Maintenance Expenses before Depreciation	**52,183**	**49,167**	**(3,016)**	**-5.8%**

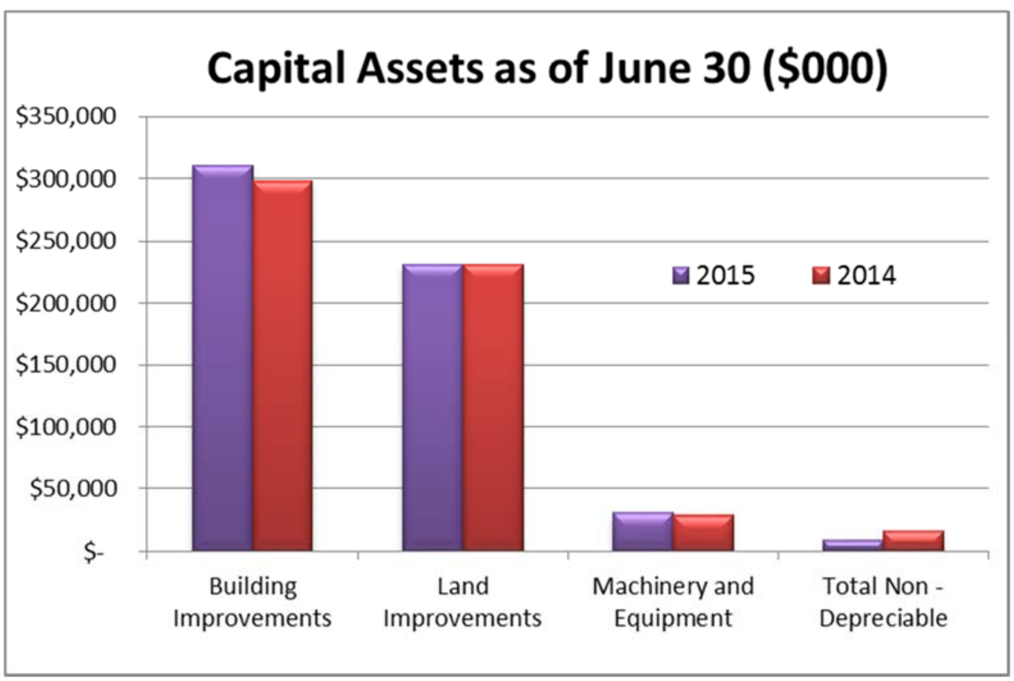
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Bradley's capital assets increased by $7 for the year ended June 30, 2015. This reflects the changes in building improvements, land improvements, machinery & equipment, land and construction in progress summarized in Table 5 below. The increase in land improvements is mostly due to increases in the reconstruction of T/W C and the improvements to the water system. The majority of the additions to building improvements are due to the new airfield lighting vault and the new security building along with terminal improvements to the unified terminal. Machinery and equipment increases were mainly a result of the new financial management system which is offset by the write off of the old computer system, the AS400, and several pieces of equipment that were retired or used as a trade in for new equipment. The decrease in construction in progress reflects the completion of Taxiway C North noted above and the completion of the airfield lighting vault and the new security building.

Table 5
Capital Assets as of June 30 ($000)

	2015	2014	2015 - 2014 Additions
Building Improvements	$ 310,199	$ 298,397	$ 11,802
Land Improvements	231,561	231,166	395
Machinery and Equipment	30,818	29,245	1,573
Total Depreciable	**572,578**	**558,808**	**13,770**
Land	2,657	2,657	-
Construction in Progress	6,120	13,332	(7,212)
Total Non - Depreciable	**8,777**	**15,989**	**(7,212)**
Total	**$581,355**	**$574,797**	**$ 6,558**



Debt

At year end, Bradley had $129,415 in General Airport Revenue Bonds outstanding versus $135,600 in FY 2014 - a decrease of $6,185 or 4.6%. Bradley had two outstanding series of bonds at June 30, 2015. These include the Series 2011 A and Series 2011 B issued to refund the bonds previously issued in support of Bradley's terminal expansion and improvement program. Principal outstanding on these bonds as of June 30 is shown below:

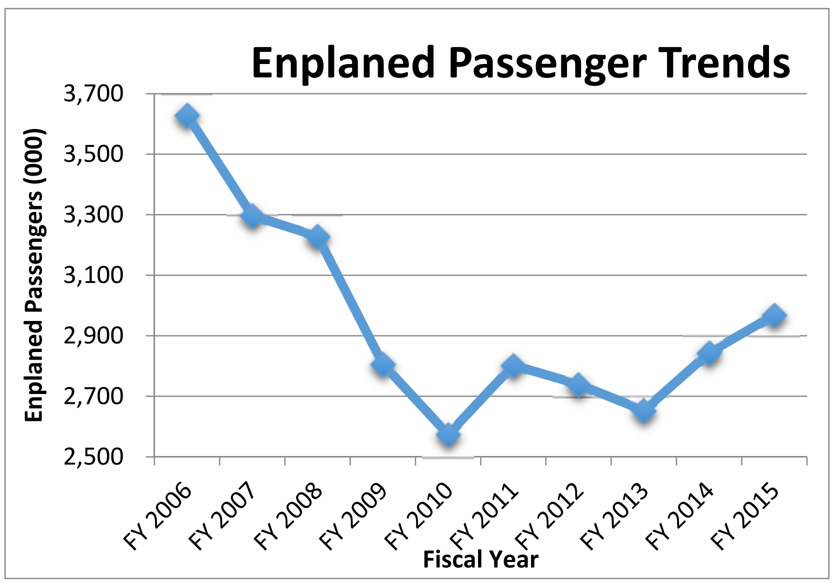
Principal Outstanding	2015	2014	2015-2014 Change
Series 2011A	$ 77,650	$ 81,360	$ 3,710
Series 2011B	51,765	54,240	2,475
Total Principal Outstanding*	$129,415	$135,600	$ 6,185

* Less current maturities of $6,435 results in revenue bonds payable (Long Term Portion) of $122,980 as of June 30, 2015. For a more detailed description of long-term obligations see Note 5 in the accompanying financial statements.

In addition to the outstanding bonds, non-current liabilities now include $47.6 million for the net pension liability related to Bradley Airport. The net pension liability as of July 1, 2014 was recognized through a restatement of beginning net position. This is explained further in Note 15.

ECONOMIC FACTORS AND OUTLOOK

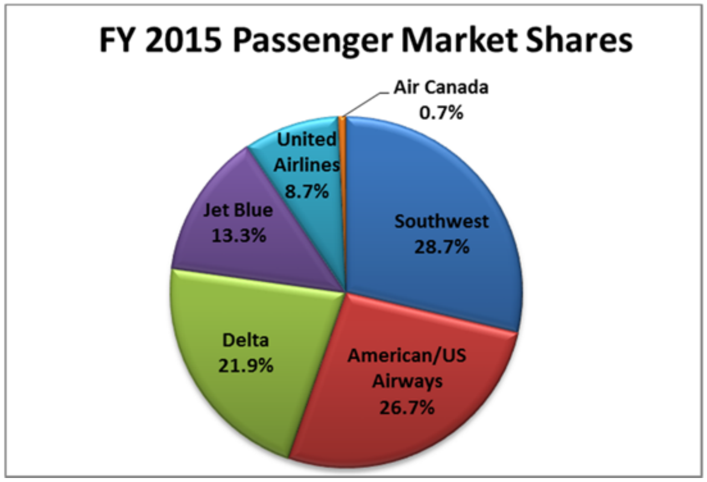
The financial health and stability of the airline industry nationally, regionally and at Bradley is the most significant economic factor with the potential to adversely affect Bradley. The industry has been challenged for years by economic recession, increased costs, extremely narrow margins and lower traffic resulting in multiple airline bankruptcies, consolidations and reorganizations, as well as deep cuts to air service capacity. These factors, a strong air service area and competitive New England airport environment, have combined to produce periods of declining and rebounding enplaned passenger traffic at Bradley. However, Bradley's strong airline cost recovery structure and its non-airline revenue structure have provided sound financial performance throughout this trend.



The airline mergers and consolidations undertaken over the last several years have affected the use and occupancy of terminal facilities at Bradley. For example, Delta's acquisition of Northwest Airlines ultimately led to the vacating of Northwest Airline's facilities at Bradley. The merger of United and Continental airlines ultimately resulted in the consolidation of two leaseholds at Bradley into one. Most recently in FY 2014, Bradley saw the merger of American Airline and US Airways. Bradley expects a reduction in leased terminal space in the future for these two airlines.

Management is responding to enplaned passenger trends and the impact of airline mergers and consolidations with continuance and strengthening of the air service incentive program discussed later in this section.

In FY 2015, Bradley enplaned 2.969 million passengers, a 4.4% increase from FY 2014. The year over year increase is the product of the Authority's successful efforts to develop new airline routes as well as from a rebounding economy. In FY 2015, almost all carriers had increases in passenger traffic with the exception of United Airlines and American Airlines. Jet Blue increased the most with a 19.1% increase in passengers. Delta came in second at 9.9% increase in their passenger count for FY 2015. Southwest continues their trend of increasing their market share and have now become the largest carrier at Bradley with 28.7% of the market share. Following the American and US Airways merger in FY 2014, the combined entity's enplanements have dropped slightly and the new American now represents the second largest carrier at 26.7% of the market share. Delta Airlines, is the third largest carrier with its market share increasing from 20.8% in FY 2014 to 21.9% in FY 2015. United's market share continues to drop from 9.6% in FY 2014 to 8.7% in FY 2015.



Carrier	Enplaned Passengers FY 2015	FY 2014	FY 2015 Growth (Decline)	% of Total FY 2015 Growth	Carrier Year over Year Growth
Southwest	851,667	810,162	41,505	33.4%	5.1%
American/US Airways	791,317	818,583	(27,266)	-21.9%	-3.3%
Delta	648,628	590,316	58,312	46.9%	9.9%
Jet Blue	395,508	332,144	63,364	51.0%	19.1%
United Airlines	259,689	271,730	(12,041)	-9.7%	-4.4%
Air Canada	21,729	21,295	434	0.3%	2.0%
Total	**2,968,538**	**2,844,230**	**124,308**	**100.0%**	**4.4%**

These market shares reflect the activity of Bradley's major (signatory) air carriers combined with the enplaned passengers of their affiliated or contracted regional commuter / express operators that have been carrying an increasing portion of the major carrier's traffic. The market shares have also been grouped to reflect the merger of American Airlines and US Airways. As of June 2015, American, United, Delta, Southwest, Air Canada, Jet Blue and 19 additional regional commuter/express operators served Bradley. Bradley continues to offer a diverse mix of air carriers. Enplaned passenger traffic by carrier and market shares for FY 2014 and FY 2015 are shown below and in Table 6.

The Authority has worked hard with the carriers to attract additional flights in order to increase passenger traffic. Management will continue to work with the airlines and strengthened incentives in order to support the recapture of lost traffic and continue to grow the number of enplanements. Under the current program, open for the period July 1, 2015 through June 30, 2016, Bradley offers fixed rent discounts for the lease of presently vacant terminal facilities, landing fee discounts and cooperative air service marketing assistance to new entrant and incumbent air carriers establishing nonstop scheduled service, or restoring previous reductions to air service, to targeted domestic and international destinations. Fixed rent and landing fee discounts vary depending on the level of service offered. Marketing assistance available under the program provides that Bradley will fund concept, development and placement of advertising in local and destination point media announcing and supporting ongoing use of the flights eligible under the promotion. The level of assistance available varies and is dependent upon the routes served.

Table 6

Bradley International Airport

Passenger Market Share Trends

	2015 Enplaned Passengers			2014 Enplaned Passengers		
Carrier	**Mainline**	**Regional / Express Operations**	**Total**	**Mainline**	**Regional / Express Operations**	**Total**
Southwest	817,910	33,757	**851,667**	757,040	53,122	**810,162**
American/US Airways	410,971	380,346	**791,317**	488,310	330,273	**818,583**
Delta	547,191	101,437	**648,628**	446,241	144,075	**590,316**
Jet Blue	395,508	-	**395,508**	332,144	-	**332,144**
United Airlines	96,835	162,854	**259,689**	107,136	164,594	**271,730**
Air Canada	-	21,729	**21,729**	2,416	18,879	**21,295**
Total	**2,268,415**	**700,123**	**2,968,538**	**2,133,287**	**710,943**	**2,844,230**

	2015 Market Shares			2014 Market Shares		
Carrier	**Mainline**	**Regional / Express Operations**	**Total**	**Mainline**	**Regional / Express Operations**	**Total**
Southwest	27.6%	1.1%	**28.7%**	26.6%	1.9%	**28.5%**
American/US Airways	13.8%	12.8%	**26.7%**	17.2%	11.6%	**28.8%**
Delta	18.4%	3.4%	**21.9%**	15.7%	5.1%	**20.8%**
Jet Blue	13.3%	0.0%	**13.3%**	11.7%	0.0%	**11.7%**
United Airlines	3.3%	5.5%	**8.7%**	3.8%	5.8%	**9.6%**
Air Canada	0.0%	0.7%	**0.7%**	0.1%	0.7%	**0.7%**
Total	**76.4%**	**23.6%**	**100.0%**	**75.0%**	**25.0%**	**100.0%**

Bradley management will continue to monitor the airline industry, economic and regional market trends and the relevant potential impacts on Bradley traffic and financial performance with a view toward identifying and implementing appropriate response measures.

FINANCIAL HIGHLIGHTS - GENERAL AVIATION ENTERPRISE FUND

The General Aviation Airport Enterprise Fund consists of five general aviation airports located within the State of Connecticut. They include Groton/New London Airport, Hartford/Brainard Airport, Waterbury/Oxford Airport, Danielson Airport and Windham Airport. These airports are owned, operated and managed by the Connecticut Airport Authority.

On July 1, 2013 these airports were legally transferred to the Connecticut Airport Authority from the Department of Transportation. Prior to the transition, the airports were owned and operated by the Department of Transportation and the accounting for these five airports was based on the modified cash basis of governmental accounting. With this transition the airports became an Enterprise Fund. The assets and liabilities were transferred at book value and the accounting for these airports was changed to an accrual basis of accounting with separate and distinct financial statements. Fiscal year 2015 is the second year of full accrual based financial statements that will be completed for this Enterprise Fund.

The balance sheet for the General Aviation Airports shows total assets of $87,728, an increase of $8,376 or 10.6% from FY 2014. Total assets are broken down by current assets of $9,330 and noncurrent assets $78,398. Total liabilities equal $14,999 which is an increase of $12,479 from FY 2014. The majority of this increase is due to the recording of the net pension liability associated with the General Aviation Airports. Consistent with Bradley Airport, the General Aviation Airports must implement GASB 68 and record their proportional share of net pension liability. There are no other long term liabilities at this time. The total net position for the General Aviation Airports Enterprise Fund is $72,380. This is an increase of $4,904 or 7.3% over FY 2014. See Table 7 below.

TABLE 7
BALANCE SHEET - GENERAL AVIATION AIRPORTS
JUNE 30, 2015
(in thousands)

			2015 - 2014	
	2015	**2014**	**Change ($)**	**Change (%)**
ASSETS				
Current and other assets	$ 9,330	$ 4,687	$ 4,643	99.1%
Net capital assets	78,398	74,665	3,733	5.0%
TOTAL ASSETS	**87,728**	**79,352**	**8,376**	**10.6%**
LIABILITIES				
Accounts Payable and Accrued Liabilities	3,067	684	2,383	348.4%
Due to State	1,980	1,675	305	18.2%
Deferred Revenue and Other	169	161	8	5.0%
Net Pension Liability	9,783	-	9,783	100.0%
TOTAL LIABILITIES	14,999	2,520	12,479	495.2%
DEFERRED INFLOWS OF RESOURCES				
Change in Projected Pension Investment Earnings	349	-	349	100.0%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**15,348**	**2,520**	**12,828**	**509.0%**
NET POSITION				
Net Investments in Capital Assets	78,398	74,665	3,733	5.0%
Restricted	-	-	-	n/a
Unrestricted	(6,018)	2,168	(8,186)	-377.6%
Adjustment for Net Pension Obligation *	-	(9,357)	9,357	-100.0%
TOTAL NET POSITION	**$ 72,380**	**$ 67,476**	**4,904**	**7.3%**
TOTAL LIABILITIES AND NET POSITION	**$ 87,728**	**$ 69,996**	**$ 17,732**	**25.3%**

			2015 - 2014	
	2015	**2014**	**Change ($)**	**Change (%)**
NET POSITION at JUNE 30				
Invested in Capital Assets (net)	$ 78,398	$ 74,665	$ 3,733	5.0%
Unrestricted	(6,018)	2,168	(8,186)	-377.6%
Adjustment for Net Pension Obligation*	$ -	$ (9,357)	9,357	-100.0%
TOTAL NET POSITION*	**$ 72,380**	**$ 67,476**	**$ 4,904**	**7.3%**

** Fiscal year 2014 Net Position is restated in order to reflect the Authority's Net Pension Liability in conjunction with the implementation of GASB 68*

Net Position

The General Aviation Airport Enterprise Fund receives operating subsidy from the State of Connecticut through the Department of Transportation. Requests are made during the State's biennial budget process and the Department of Transportation submits the request on behalf of the Connecticut Airport Authority. Once funding is approved, it is appropriated to the Department of Transportation who then makes it available for the Enterprise Fund. Changes in Net Position - Table 8 displays the different categories used to calculate the change in net position. Net position at the beginning of the year for the General Aviation Enterprise Fund was $67,477. Net position for FY 2015 is $72,380, an increase of $4,903. Operating revenues total $2,492, an increase of $170 or 7.3% over FY 2014. Airline revenue was $289 and non-airline revenue was $2,203. The majority of the non-airline revenue is attributable to land rent and other operating revenue (the majority of which comes from fixed based operators). Operating expenses totaled $5,648 before depreciation an increase of $371 or 7.0% over FY 2014. Operating expenses include salaries and related expenses, administrative and general, repairs and maintenance, and energy and utilities. Depreciation expense for FY 2015 is $3,770 which is $217 or 5.4% lower than FY 2014. The net non-operating revenue for FY 2015 is $3,741. This is lower than FY 2014 by $573 or 13.3%. The non-operating revenue includes the State's operating subsidy of $5,163 and investment income of $5 offset by non-operating expenses of $651 which is predominately made up of various capital projects (planning studies) that were expensed. In addition, the actuarial pension expense allocated to the general aviation airports is contributing to the change in net non-operating revenues. Income (loss) before capital contributions is ($3,185). Capital contributions of $8,088 consist of funding received from the State supported by State Bonds to fund capital improvements ($2,100), and funding from the Federal Aviation Administration for capital infrastructure at each of the General Aviation Airports ($5,988).

TABLE 8
CHANGES IN NET POSITION - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	2015	2014	2015 - 2014 Change ($)	2015 - 2014 Change (%)
OPERATING REVENUES				
Landing Fees	$ 77	$ 89	$ (12)	-13.5%
Airline Terminal Rent	13	6	7	116.7%
Apron and Remote Aircraft Parking	199	202	(3)	-1.5%
Rental Cars	125	85	40	47.1%
Land Rent	1,113	1,082	31	2.9%
Other Operating Revenue	965	858	107	12.5%
TOTAL OPERATING REVENUES	2,492	2,322	170	7.3%
OPERATING EXPENSES				
Salaries and Related Expenses	4,139	3,755	384	10.2%
Administrative and General	548	584	(36)	-6.2%
Repairs and Maintenance	673	678	(5)	-0.7%
Energy and utilities	288	260	28	10.8%
OPER EXPENSES BEFORE DEPRECIATION	5,648	5,277	371	7.0%
OPER LOSS BEFORE DEPRECIATION	(3,156)	(2,955)	(201)	6.8%
Depreciation and Amortization	3,770	3,987	(217)	-5.4%
OPERATING (LOSS)	(6,926)	(6,942)	16	-0.2%
NON OPERATING REVENUES (EXPENSES)				
Investment income	5	2	3	212.5%
Other Non operating expenses	(651)	(833)	182	-21.8%
State Operating Subsidy	5,163	5,145	18	0.3%
Actuarial Pension Expense	(776)	-	(776)	-100.0%
NET NON OPERATING REVENUES (EXPENSE)	3,741	4,314	(573)	-13.3%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(3,185)	(2,628)	(557)	21.2%
CAPITAL CONTRIBUTIONS	8,088	79,461	(71,373)	-89.8%
Change in Net Position	4,903	76,833	(71,930)	-93.6%
Total Net Position, Beginning of Year (as Restated)	67,477	-	67,477	100.0%
Total Net Position, End of Year	$ 72,380	$ 76,833	$ (4,453)	-5.8%

Revenues

Revenues generated at the General Aviation Airports include several different sources. There are some that utilize rates outlined within State Regulations such as aircraft parking fees and aircraft landing fees while others are based upon negotiated lease terms within tenant operating agreements. Tenant operating agreements can include revenues derived from straight parcel rents as well as from various percentages paid on receipts they report based upon the different types of services they provide. The largest share of revenues for the General Aviation Airport Enterprise Fund is derived from land rent followed by other operating revenue.

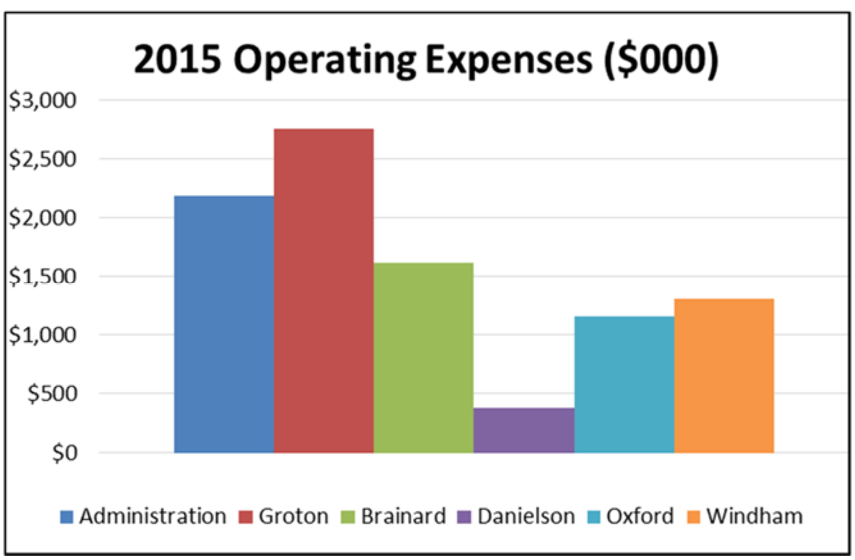
Operating Expenses

Operating expenses in fiscal year 2015 totaled $9,418. Operating expenses include salaries and related expenses, security, administrative & general, repairs & maintenance, energy & utilities along with equipment and depreciation. The distribution of operating expenses for fiscal year 2015 is shown in Table 9.

As indicated earlier, the General Aviation Airports Enterprise Fund receives subsidy from the State of Connecticut for the operating expenses incurred. For FY 2015, the Authority received $5,163 from the State of Connecticut to fund operating expenses for all five general aviation airports and the general aviation administration. Operating expenses before depreciation equaled $5,648 which exceeded the operating subsidy received by $485. It is the intention of the Authority to work towards reducing the subsidy until such time that the Enterprise Fund can support operations by its own revenues. Table 9 below details the FY 2015 operating expenses by Airport by category.

TABLE 9
OPERATING EXPENSES - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2015
(In thousands)

Salaries & Related	**Total 2015**	**GA Airport Administration**	**Groton**	**Brainard**	**Danielson**	**Oxford**	**Windham**
Salaries	$ 1,838	1,045	256	341	-	196	
Overtime	420	48	119	118	-	135	
Other Payroll	136	118	4	7	-	7	
Fringe Benefit	1,745	861	286	360	-	238	
Salaries & Related	**4,139**	**2,072**	**665**	**826**	**-**	**576**	**-**
Other Expense							
Security	32	-	10	-	4	11	7
Admininstrative & General Costs	516	84	267	51	33	53	28
Repairs and Maintenance	599	-	106	69	194	77	153
Energy/Utilities	288	-	127	65	16	60	20
Equipment	74	33	3	13	-	25	-
Other Expense	**1,509**	**117**	**513**	**198**	**247**	**226**	**208**
Expenses Before Depreciation	**5,648**	**2,189**	**1,178**	**1,024**	**247**	**802**	**208**
Depreciation & Amortization	3,770	-	1,581	598	132	933	526
Total Operating Expenses	**$ 9,418**	**$ 2,189**	**$ 2,759**	**$ 1,622**	**$ 379**	**$ 1,735**	**$ 734**



BUDGET TO ACTUAL PERFORMANCE

Comparing the budget to actual for the General Aviation Airport Enterprise Fund in FY 2015 would be a futile effort. The FY 2015 budget was presented and approved by the Board of Directors as per the Public Act. However, as explained earlier the State subsidy request for FY 2015 was made during the State's biennial budget process. The amount of the actual subsidy was much less than the Board approved budget. The Authority has worked diligently to manage costs within the confines of the lower subsidy amounts instead of the original Board approved budget.

The Authority continues to look into ways to help reduce the State subsidy yet continue to operate the airports safely and maintain them in the same good condition in which they were transferred and their users have grown accustomed. The revenues are invested into the State of Connecticut Short Term Investment Fund in order to build a sufficient working capital balance for the Enterprise Fund. Expenses are closely monitored and the Authority is actively exploring new avenues of increasing revenue in an effort to reduce the subsidy and ultimately fund its own operations

REQUESTS FOR INFORMATION

This management's discussion and analysis and the following financial statements are designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as promulgated by the Governmental Accounting Standards Board (GASB). We believe that this report presents fairly the financial position of the Airport and the results of its operations for the fiscal year ended June 30, 2015. The report is consistent with full disclosure so that the reader may gain a solid understanding of the Authority's financial affairs.

This report was prepared in its entirety by the management of the Connecticut Airport Authority and we take full responsibility for the accuracy of the data and the completeness and fairness of the presentation.

CONNECTICUT AIRPORT AUTHORITY
BALANCE SHEET
JUNE 30, 2015

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
ASSETS			
Current Assets			
Cash	$ 12,288,149	$ 716,858	$ 13,005,007
Short-term investments	53,523,419	3,762,082	57,285,501
Accounts receivable, net	5,949,304	169,038	6,118,342
Grants receivable	5,396,921	3,249,091	8,646,012
Restricted investments, current portion	3,020,083	-	3,020,083
Due from State	4,534,453	1,339,094	5,873,547
Prepaid expenses and other	118,151	93,580	211,731
Total current assets	84,830,480	9,329,743	94,160,223
Noncurrent Assets			
Restricted assets:			
Car rental facility	27,787,871	-	27,787,871
Passenger facility	69,677,626	-	69,677,626
Bond indenture	11,537,002	-	11,537,002
Capital assets	266,314,476	78,398,242	344,712,718
Total noncurrent assets	375,316,975	78,398,242	453,715,217
Total assets	460,147,455	87,727,985	547,875,440
DEFERRED OUTFLOWS OF RESOURCES			
Interest rate swaps	19,290,583	-	19,290,583
Deferred loss on bond refunding	1,998,930	-	1,998,930
Total deferred outflows of resources	21,289,513	-	21,289,513
Total Assets and Deferred Outflows of Resources	$ 481,436,968	$ 87,727,985	$ 569,164,953
LIABILITIES			
Current Liabilities			
Current maturities of revenue bonds	$ 6,435,000	$ -	$ 6,435,000
Accounts payable and accrued liabilities	12,462,098	3,067,064	15,529,162
Due to State	946,228	1,979,600	2,925,828
Revenue bond interest payable	1,284,106	-	1,284,106
Deferred revenue and other	1,609,621	169,132	1,778,753
Total current liabilities	22,737,053	5,215,796	27,952,849
Noncurrent Liabilities			
Revenue bonds payable, less current maturities	122,980,000	-	122,980,000
Interest rate swap	19,290,583	-	19,290,583
Net pension liability	47,575,674	9,782,981	57,358,655
Total noncurrent liabilities	189,846,257	9,782,981	199,629,238
Total liabilities	212,583,310	14,998,777	227,582,087
DEFERRED INFLOWS OF RESOURCES			
Changes in projected pension investment earnings	1,699,133	349,392	2,048,525
Total Liabilities and Deferred Inflows of Resources	214,282,443	15,348,169	229,630,612
NET POSITION			
Net investment in capital assets	132,752,036	78,398,242	211,150,278
Restricted for:			
Capital projects	102,498,662	-	102,498,662
Debt service	7,423,588	-	7,423,588
Bond indenture requirements	2,100,332	-	2,100,332
Unrestricted	22,379,907	(6,018,426)	16,361,481
Total net position	267,154,525	72,379,816	339,534,341
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 481,436,968	$ 87,727,985	$ 569,164,953

The accompanying notes are an integral part of the financial statements

CONNECTICUT AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
Operating Revenues			
Airline revenue:			
Landing fees	$ 16,760,104	$ 76,735	$ 16,836,839
Airline terminal rent	10,020,913	12,520	10,033,433
Apron and remote aircraft parking	3,813,858	199,359	4,013,217
Total airline revenue	30,594,875	288,614	30,883,489
Nonairline revenue:			
Auto parking	10,927,728	-	10,927,728
Rental cars	8,783,025	124,833	8,907,858
Terminal concessions	4,000,893	-	4,000,893
Land rent	4,411,262	1,113,517	5,524,779
Other concessions	3,271,916	-	3,271,916
Other operating revenue	2,510,680	965,151	3,475,831
Total nonairline revenue	33,905,504	2,203,501	36,109,005
Total operating revenues	64,500,379	2,492,115	66,992,494
Operating Expenses			
Salaries and related expense	19,980,965	4,139,117	24,120,082
Administrative and general	15,923,076	547,420	16,470,496
Energy and utilities	5,875,009	288,311	6,163,320
Repairs and maintenance	7,387,519	673,139	8,060,658
Depreciation and amortization	15,817,411	3,770,274	19,587,685
Total operating expenses	64,983,980	9,418,261	74,402,241
Operating Loss	(483,601)	(6,926,146)	(7,409,747)
Nonoperating Revenues (Expense)			
Car rental facility charge revenue	5,514,522	-	5,514,522
Passenger facility charge revenue	12,247,888	-	12,247,888
Investment income	121,184	5,430	126,614
Bond interest expense	(5,027,842)	-	(5,027,842)
Other nonoperating expenses	(9,955,279)	(651,059)	(10,606,338)
State operating subsidies	-	5,162,764	5,162,764
Actuarial pension expense	(3,772,792)	(775,799)	(4,548,591)
Net nonoperating revenues (expense)	(872,319)	3,741,336	2,869,017
Income (Loss) Before Capital Contributions	(1,355,920)	(3,184,810)	(4,540,730)
Capital Contributions	5,047,883	8,087,702	13,135,585
Change in Net Position	3,691,963	4,902,892	8,594,855
Net Position - Beginning of Year, as Restated	263,462,562	67,476,924	330,939,486
Net Position - End of Year	$ 267,154,525	$ 72,379,816	$ 339,534,341

The accompanying notes are an integral part of the financial statements

CONNECTICUT AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
Cash Flows from Operating Activities			
Received from concessionaires	$ 64,424,741	$ 2,324,311	$ 66,749,052
Payments to employees for services	(19,980,965)	(4,139,117)	(24,120,082)
Payments to suppliers for goods and services	(23,658,908)	(1,234,158)	(24,893,066)
Net cash provided by (used in) operating activities	20,784,868	(3,048,964)	17,735,904
Cash Flows from Capital and Related Financing Activities			
Car rental facility charge receipts	5,486,119	-	5,486,119
Passenger facility charge receipts	12,211,233	-	12,211,233
Capital contributions	1,136,158	6,252,207	7,388,365
Receipt of State operating subsidies	-	5,162,764	5,162,764
Repayments from (advances to) State, net	8,633,547	(329,193)	8,304,354
Principal paid on capital debt	(6,185,000)	-	(6,185,000)
Interest paid on capital debt	(5,275,041)	-	(5,275,041)
Planning and studies outlays	(9,955,279)	(651,059)	(10,606,338)
Acquisition of capital assets	(6,684,141)	(5,386,138)	(12,070,279)
Net cash provided by (used in) capital and related financing activities	(632,404)	5,048,581	4,416,177
Cash Flows from Investing Activities			
Net purchases of investments	(8,879,843)	(1,298,784)	(10,178,627)
Interest on investments	123,477	5,430	128,907
Net cash used in investing activities	(8,756,366)	(1,293,354)	(10,049,720)
Net Increase in Cash	11,396,098	706,263	12,102,361
Cash - Beginning of Year	892,051	10,595	902,646
Cash - End of Year	$ 12,288,149	$ 716,858	$ 13,005,007
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	$ (483,601)	$ (6,926,146)	$ (7,409,747)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	15,817,411	3,770,274	19,587,685
(Increase) decrease in operating assets:			
Accounts receivable and prepaid expenses	(75,638)	(167,804)	(243,442)
Increase (decrease) in operating liabilities:			
Accounts payable and accrued liabilities	5,467,473	266,103	5,733,576
Deferred revenue and other	59,223	8,609	67,832
Net Cash Provided by (Used In) Operating Activities	$ 20,784,868	$ (3,048,964)	$ 17,735,904

The accompanying notes are an integral part of the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Connecticut Airport Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of significant accounting policies of the Authority.

Reporting Entity

The State of Connecticut established the Authority effective July 1, 2011, to operate Bradley International Airport as well as the other State-owned (general aviation) airports. The Authority is a component unit of the State of Connecticut.

Pursuant to Public Act No. 11-84 (the Act), effective July 1, 2013, the assets and liabilities of the Bradley International Airport enterprise fund as well as the general aviation airports were transferred from the Department of Transportation (ConnDOT) to the Authority. Bradley International Airport was previously accounted for in a separate enterprise fund of ConnDOT, while the general aviation airports were accounted for in governmental funds of ConnDOT. The Act requires establishment of the following funds within the Authority:

The Bradley International Airport Fund - to account for the operations of Bradley International Airport.

The General Aviation Airports Fund - to account for the operations of the following general aviation airports; Oxford Airport, Brainard Airport, Groton/New London Airport, Danielson Airport and Windham Airport.

The CAA Fund - to account for activities not included in the above funds. Currently this fund serves as a conduit for allocating common items to the Bradley International Airport Fund and the General Aviation Airports Fund and has no assets, liabilities, revenues or expenses. Therefore, it has not been presented as a fund in the basic financial statements.

The transfer of Bradley International Airport and the general aviation airports has been accounted for as a contribution from the state in accordance with GASB requirements. Assets and liabilities were transferred at their historical book values.

Effective June 10, 2015, ConnDOT completed the transfer of the premises constituting the parking garage and surface parking lots located at Bradley International Airport to the Authority, and assigned to the Authority all of its rights, title and interest including all of its obligations under the Operating Agreement dated March 31, 2000 and the Guaranty Agreement of Standard Parking Corporation (the operator) as of March 1, 2000. The term of the Operating Agreement expires April 6, 2025.

Under the Operating Agreement, the surface parking lots, parking garage and related bonds are required to be reported in a separate enterprise fund of the State of Connecticut Department of Transportation. Accordingly, these assets and liabilities are not reported in the Authority's financial statements.

Basis of Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the operation of the Airport. The principal operating revenues of the Authority are fees from carriers and other concessionaires for use of the airports. Operating expenses include the cost of maintaining the airports, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Change in Accounting Principle

The Authority has implemented GASB Statement No. 68 - *Accounting and Financial Reporting by Pensions - An Amendment of GASB Statement No. 27.* The standard requires reporting of the entire unfunded liability of defined benefit pension plans. The net pension obligation under the new standard is discussed below. Implementation of the standard required a restatement of July 1, 2014 net assets, as described in Note 15.

Revenues

Revenue recognition policies are as follows:

- Landing Fees - Landing fees are principally generated from scheduled airlines, cargo carriers and nonscheduled commercial aviation and are based on the landed weight of the aircraft. The estimated landing fee structure for Bradley International Airport is determined annually pursuant to State regulation and an agreement between the Airport and the signatory airlines based on the operating budget of the Airport. Landing fees are recognized as revenue as landings occur.

- Terminal Rents and Concessions - Rental and concession fees are generated from airlines, food and beverage, retail, rental cars, hotel, advertising and other commercial tenants. Leases are for various terms and generally require rentals based on the space occupied and/or the volume of business, with specific minimum annual rental payments often required. Rental revenue is recognized over the term of the respective leases, and concession revenue is recognized based on reported concessionaire revenue.

- Auto Parking - Auto parking fees are generated by Bradley International Airport from an agreement with a vendor to operate the Airport parking. Revenue is recognized based on a guaranteed fixed annual minimum amount per the agreement plus provisional profit sharing.

- Passenger Facility Charges - Passenger facility charge revenue is recognized when the fee is collected by the airline from the passenger.

- Other - All other types of revenues are recognized when earned.

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration, with certain matching funds provided by the Authority. Capital funding provided under government grants is considered earned as the related allowable expenditures are incurred.

Grants for capital asset acquisitions, facility development and rehabilitation and eligible long-term planning studies are reported in the statement of revenues, expenses and changes in net position after nonoperating revenues (expenses) as capital contributions.

Investments

The Authority presents all investments at fair value except for nonparticipating investment contracts, which are recorded at accreted cost.

The fair value of investments traded on public markets is determined using quoted market prices. The State Treasurer's Short-Term Investment Fund (STIF) is an investment pool managed by the State Treasurer's Office. The fair value of the Authority's position in the pool is the same as the value of the pool shares.

There were no significant investment gains or losses for the year ended June 30, 2015.

Capital Assets and Depreciation

Capital assets, which include property, equipment and infrastructure assets (runways, taxiways and aprons), are stated at cost, which includes applicable capitalized interest and expenditures of the Federal Aviation Administration and State contributions in support of construction. The Authority defines capital assets as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year.

Maintenance and repairs that do not add to the value of the asset or materially extend its life are charged to expense as incurred, while significant renewals and betterments are capitalized.

Depreciation is computed on a straight-line basis. The estimated useful lives of the major property, equipment and infrastructure classifications are as follows: land improvements, 20 to 50 years; buildings and improvements, 10 to 40 years; and machinery and equipment, 3 to 15 years. Depreciation expense relating to both purchased and contributed assets is charged against operations.

Deferred Outflows of Resources

In addition to assets, the balance sheet also reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. The Authority's deferred outflows include the fair value of interest rate swaps and a deferred charge on the refunding of bonds. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the balance sheet also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and, therefore, will not be recognized as an inflow of resources until that time. The Authority reports a deferred inflow of resources related to changes in projected investment earnings in the State Employees Retirement System. This amount is deferred and will be included as a reduction of pension expense ratably over the next four years.

Bond Premiums and Discounts

Long-term debt and other noncurrent obligations are reported as liabilities in the balance sheet. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Interest Rate Swaps

The Authority's interest rate swap agreements have been determined to be effective hedges for accounting purposes. Accordingly, the fair value of the hedges and changes therein are recognized as deferred inflows or outflows under interest rate swaps on the balance sheet.

Compensated Absences

Employees of the Authority are considered State employees for purposes of employee benefits. Employees hired on or before June 30, 1977 and managers employed by the State before the transition to the Authority can accumulate up to a maximum of 120 vacation days. Employees hired after June 30, 1977 can accumulate up to a maximum of 60 days. Employees hired by the Authority can only accumulate one year's worth of earned vacation time. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, all union employees and nonunion employees who transitioned from ConnDOT are entitled to payment for accumulated sick time only upon retirement, or after 10 years of service upon death, for an amount equal to one-fourth of their accrued sick leave up to a maximum payment equivalent to 60 days. All vacation and sick pay that would be payable assuming termination at year end is accrued on the balance sheet. The related liability is based upon current compensation levels.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Allocation of Expenses

The financial statements include certain allocations of expenses incurred jointly by the Authority and the State, as follows:

Fringe benefits costs, which are incurred at the State level, are charged to the airports based on each employee's actual benefit costs. Total fringe benefit charges to the Authority were $10,810,985 for the year ended June 30, 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

In the case of deposits, this represents the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2015, $12,583,855 of the Authority's bank balance was exposed to custodial credit risk because it was not covered under federal depository insurance or collateralized, as defined by GASB Statement No. 40. However, all bank deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must, at all times, maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposit is determined based on either the public deposits reported on the most recent quarterly call report or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

The following is a summary of investments at June 30, 2015:

	Bradley International Airport Fund	General Aviation Airports Fund	Total
State Treasurer's Short-Term Investment Fund	$ 162,944,949	$ 3,762,082	$ 166,707,031
Total Investments	$ 162,944,949	$ 3,762,082	$ 166,707,031

Interest Rate Risk

Because the Authority's investments are comprised of the State Treasurer's Short-Term Investment Fund, which is redeemable on demand, the Authority is not subject to declines in value due to interest rate risk.

Credit Risk

Connecticut General Statutes authorize the Authority to invest in obligations of the U.S. Treasury, including its agencies and instrumentalities, commercial paper, banker's acceptance, repurchase agreements and the State Treasurer's Short-Term Investment Fund.

Investment ratings for the Authority's investments are as follows:

	Standard & Poor's
State Treasurer's Short-Term Investment Fund	AAAm

Concentration of Credit Risk

The Authority's investment policy does not limit the investment in any one investment vehicle. The State Treasurer's Short-Term Investment Fund is an investment pool that is not subject to this disclosure.

Custodial Credit Risk - Investments

For an investment, this represents the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment. The Authority does not have a policy for custodial credit risk on investments.

NOTE 3 - RESTRICTED ASSETS

Car Rental Facility Charges

Car rental facility charges are restricted for expenditure for a car rental facility at Bradley International Airport. Restricted assets are comprised of the following as of June 30, 2015:

Car rental facility charges receivable	$	551,880
Interest receivable		3,156
Investments		27,232,835
	$	27,787,871

Passenger Facility Charges

Passenger facility charges are restricted for expenditure for federally approved Bradley International Airport improvement projects or debt service of Bradley International Airport. Restricted assets are comprised of the following as of June 30, 2015:

Cash	$	512,182
Passenger facility charges receivable		1,525,389
Interest receivable		8,113
Investments		67,631,942
	$	69,677,626

Bond Indenture

The following assets are restricted for debt service as required under the Bond Indenture. Restricted assets are comprised of the following as of June 30, 2015:

Investments	$	14,556,753
Less current portion		(3,020,083)
		11,536,670
Interest receivable		332
	$	11,537,002

NOTE 4 - CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions and Reclassifications	Balance June 30, 2015
BRADLEY INTERNATIONAL AIRPORT				
Capital assets not being depreciated:				
Land	$ 2,657,154	$ -	$ -	$ 2,657,154
Construction in progress	12,801,785	9,886,970	(16,568,908)	6,119,847
Total capital assets not being depreciated	15,458,939	9,886,970	(16,568,908)	8,777,001
Capital assets being depreciated:				
Land improvements	231,166,146	394,652	-	231,560,798
Buildings and improvements	298,950,422	11,272,663	-	310,223,085
Machinery and equipment	29,245,295	1,699,080	(126,759)	30,817,616
Total capital assets being depreciated	559,361,863	13,366,395	(126,759)	572,601,499
Less accumulated depreciation for:				
Land improvements	(157,494,900)	(6,580,296)	-	(164,075,196)
Buildings and improvements	(118,252,836)	(7,669,698)	-	(125,922,534)
Machinery and equipment	(23,748,331)	(1,444,406)	126,443	(25,066,294)
Total accumulated depreciation	(299,496,067)	(15,694,400)	126,443	(315,064,024)
Total capital assets being depreciated, net	259,865,796	(2,328,005)	(316)	257,537,475
Capital Assets, Net	$ 275,324,735	$ 7,558,965	$ (16,569,224)	$ 266,314,476

	Balance July 1, 2014	Additions	Reductions and Reclassifications	Balance June 30, 2015
GENERAL AVIATION AIRPORTS				
Capital assets not being depreciated:				
Land	$ 22,539,376	$ 3,796,111	$ -	$ 26,335,487
Construction in progress	16,504,228	8,134,912	(20,667,456)	3,971,684
Total capital assets not being depreciated	39,043,604	11,931,023	(20,667,456)	30,307,171
Capital assets being depreciated:				
Land improvements	75,310,547	11,122,129	-	86,432,676
Buildings and improvements	15,121,718	4,599,243	-	19,720,961
Machinery and equipment	8,456,097	518,381	-	8,974,478
Total capital assets being depreciated	98,888,362	16,239,753	-	115,128,115
Less accumulated depreciation for:				
Land improvements	(44,220,466)	(2,954,880)	-	(47,175,346)
Buildings and improvements	(12,084,609)	(480,938)	-	(12,565,547)
Machinery and equipment	(6,961,695)	(334,456)	-	(7,296,151)
Total accumulated depreciation	(63,266,770)	(3,770,274)	-	(67,037,044)
Total capital assets being depreciated, net	35,621,592	12,469,479	-	48,091,071
Capital Assets, Net	$ 74,665,196	$ 24,400,502	$ (20,667,456)	$ 78,398,242

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations as of June 30, 2015:

	Balance July 1, 2014	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2015
Revenue bonds payable	$ 135,600,000	$ -	$ 6,185,000	$ 129,415,000
Net pension liability	52,810,064	4,548,591	-	57,358,655
	$ 188,410,064	$ 4,548,591	$ 6,185,000	$ 186,773,655

The net pension liability as of July 1, 2014 was recognized through a restatement of beginning net assets (see Note 15).

Bradley International Airport Fund Revenue Bonds

A summary of Bradley International Airport revenue bonds outstanding as of June 30, 2015 is as follows:

Description	Interest Rates	2015
Series 2011A	Variable - percent of one-month LIBOR	$ 77,650,000
Series 2011B	Variable - percent of one-month LIBOR	51,765,000
Principal outstanding		129,415,000
Less current maturities		(6,435,000)
Long-Term Portion		$ 122,980,000

Series 2011A and 2011B

On March 31, 2011, Bradley International Airport Revenue Refunding Bonds Series 2011A and 2011B were issued in the amount of $91,430,000 and $60,950,000, respectively, to retire $161,445,000 of outstanding 2001A bonds. The aggregate principal and interest payments of the Series 2011A and 2011B bonds total $228,421,866, replacing the aggregate principal and interest payments of $258,238,749 on the refunded bonds, generating an economic gain of $7,569,810. The transaction resulted in a deferred accounting loss of $30,753, which the Authority is amortizing over the life of the refunded debt.

The 2011 bonds are secured by and payable solely from the gross operating revenues generated by the Authority from the operation of Bradley International Airport and other receipts, funds or monies pledged in the bond indenture, including a portion of Bradley International Airport's passenger facility charges revenue.

Debt Service Account

A debt service account has been established in accordance with the various bond indentures to provide for payment of principal at maturity and semiannual interest payments due on April 1 and October 1 of each year. The annual principal payments and interest on the variable rate Airport Revenue Refunding Bonds Series 2011 are disclosed in Note 6, along with the net receipt or payment arising from the Authority's interest rate swaps.

Bond covenants require that certain accounts be established and maintained in the custody of the Trustee into which bond proceeds, operating revenues and investment earnings are deposited. The disbursement of funds from these accounts for the cost of facilities and debt service are provided for in the various indentures. Amounts on deposit at June 30, 2015 are recognized as restricted assets in the accompanying balance sheet.

Guarantor

As discussed in Note 1, on June 10, 2015, ConnDOT transferred title to the surface parking lots and parking garage at Bradley International Airport and made the Authority guarantor of the related Bradley International Airport Special Obligation parking revenue Bonds, of which $33,010,000 was outstanding as of June 30, 2015.

NOTE 6 - INTEREST RATE SWAPS

Objective

As a means to lock in its future borrowing costs, two forward starting interest rate swaps were entered into in 2006. The swaps effectively changed the Bradley International Airport's interest rate on the 2011 Series bonds from a variable interest rate to a synthetic fixed rate. The interest rate swaps are considered to be effective cash flow hedges for accounting purposes.

Terms

The notional amount of the swaps matches the principal amounts of the associated debt. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow anticipated reductions to the associated bond issue's outstanding balance. Under the swaps, the Authority pays the counterparty a fixed interest rate payment and receives a variable interest rate payment based on the LIBOR rate. Only the net difference in interest payments will be actually exchanged between the parties. No cash was received or paid when the swap transactions were initiated.

Fair Value

The valuation of the two swaps changes with movements in interest rate levels; generally, as interest rates decrease, the fair values of the swaps decrease also. As of June 30, 2015, both swaps had negative fair values (representing a liability) as indicated below. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk

As of June 30, 2015, the Authority had no exposure to credit risk on either of the swaps as both had negative fair values. The credit ratings of the swap counterparties are indicated below.

Both swaps contain collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap in cash or government securities should the counterparties' credit rating fall below Aa3 as issued by Moody's Investor Service or AA- as issued by Standard & Poor's Ratings or Fitch Ratings. No collateral was required to be posted for either of the swaps as of June 30, 2015. The Authority is not required to post collateral for either of the swaps.

Basis Risk

Bradley International Airport Fund variable-rate bond interest payments are reset weekly using a formula based on one-month LIBOR. The Bradley International Airport Fund receives a variable rate payment from the swap counterparties that are reset weekly using a formula based on three-month LIBOR. The fund is exposed to basis risk since both amounts are not calculated using the same formula.

Termination Risk

The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If either of the swaps is terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates. If at the time of the termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment approximately equal to the swap's fair value. Under both swap agreements, the Authority has up to 270 days to fund any required termination payment.

The following is a summary of terms of the interest rate swaps held on June 30, 2015 by the Authority:

Counterparty	Goldman Sachs Capital Markets, L.P.	Bank of America, N.A.
Bond issue	2011A	2011B
Original notional amount	$91,430,000	$60,950,000
Face amount of related bonds	$91,430,000	$60,950,000
Current outstanding amount as of June 30, 2015	$77,650,000	$51,765,000
Effective date	April 1, 2011	April 1, 2011
Maturity date	October 1, 2031	October 1, 2031
Fixed rate paid	3.693%	3.683%
Variable rate received	60% of 3-month USD LIBOR plus 40 basis points	60% of 3-month USD LIBOR plus 40 basis points
Variable interest rate in effect under swap at June 30, 2015	0.568%	0.568%
Variable interest rate in effect on related bonds	0.831%	0.891%
Credit rating of counterparty:		
Moody's Investors Service	Aa2	A2
Standard & Poor's	AAA	A

The following is a summary of the changes in fair value of the interest rate swaps for the year ended June 30, 2015, which are accounted for as changes in deferred outflows reported in the balance sheet:

	Goldman Sachs	Bank of America	Total
Fair value - July 1, 2014	$ (11,796,441)	$ (7,849,093)	$ (19,645,534)
Change in fair value for the year ended June 30, 2015	212,794	142,157	354,951
Fair Value - June 30, 2015	$ (11,583,647)	$ (7,706,936)	$ (19,290,583)

Interest Rate Swap Payments and Hedged Debt

Aggregate debt service requirements of the Authority's variable rate bonds and net receipt/payments on the associated interest rate swap agreements as of June 30, 2015 are presented below. These amounts assume that current rates on variable rate bonds and the current reference rates on the swaps will remain the same for their term. As these rates vary, interest payments on variable rate bonds and the net receipts/payments on the interest rate swaps will also vary.

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2016	$ 6,435,000	$ 1,068,671	$ 3,901,221	$ 11,404,892
2017	6,690,000	1,012,185	3,694,965	11,397,150
2018	6,960,000	953,439	3,480,452	11,393,891
2019	7,225,000	892,410	3,257,604	11,375,014
2020	7,510,000	829,002	3,026,072	11,365,073
2021 - 2025	36,405,000	3,184,792	11,624,592	51,214,384
2026 - 2030	39,905,000	1,599,175	5,835,020	47,339,196
2031 - 2032	18,285,000	129,632	471,611	18,886,243
Total	$ 129,415,000	$ 9,669,306	$ 35,291,537	$ 174,375,842

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following as of June 30, 2015:

	Bradley International Airport Fund	General Aviation Airports Fund	Total
Accrued payroll	$ 3,388,297	$ 758,262	$ 4,146,559
Accrued operating expenses	4,211,537	166,568	4,378,105
Accounts payable - projects	4,862,264	2,142,234	7,004,498
	$ 12,462,098	$ 3,067,064	$ 15,529,162

NOTE 8 - RESTRICTED REVENUE

The following Bradley International Airport Fund car rental facility charge revenue is restricted for expenditures for a car rental facility at Bradley International Airport for the year ended June 30, 2015:

Car rental facility charge revenue	$	5,477,983
Interest income		36,539
	$	5,514,522

The following Bradley International Airport Fund passenger facility charge revenue and investment income earned thereon is restricted for expenditures for federally approved improvement projects at Bradley International Airport for the year ended June 30, 2015:

Passenger facility rental facility charge revenue	$	12,142,801
Interest income		105,087
	$	12,247,888

NOTE 9 - LEASES

Substantial amounts of real property are leased to various airlines and other tenants. The leases consist of month-to-month, cancelable space and use permits and noncancelable operating leases for land, buildings and terminal space. The leases expire over the next 41 years.

Bradley International Airport Fund

Future minimum rental income on noncancelable operating leases for the next five years based on forecasted space usage as negotiated with individual air carriers is as follows:

Year Ending June 30		
2016	$	37,497,881
2017		36,446,372
2018		29,737,580
2019		29,212,757
2020		29,036,417
	$	161,931,007

Future minimum rental income for fiscal years ending June 30, 2016 through June 30, 2020 are estimated using minimum guarantee payment schedules outlined in the leases, as well as estimated consumer price index adjustments.

General Aviation Airports Fund

Future minimum rental income on noncancelable operating leases for the next five years based on forecasted space usage as negotiated with individual air carriers is as follows:

Year Ending June 30		
2016	$	615,238
2017		589,808
2018		545,276
2019		503,405
2020		501,973
	$	2,755,700

Future minimum rental income for fiscal years ending June 30, 2016 through June 30, 2020 are estimated using minimum guarantee payment schedules outlined in the leases, as well as estimated consumer price index adjustments.

NOTE 10 - PENSION PLAN

Plan Description

Eligible employees of the Authority participate in the State Employees' Retirement System (SERS). SERS is the single employer defined benefit pension plan of the State of Connecticut's primary government and its component units, covering substantially all of the full-time employees who are not eligible for another state-sponsored retirement plan. The plan is administered by the State Employees' Retirement Commission and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes.

Benefits Provided

The Plan provides retirement, disability and death benefits. Employees are covered under one of four tiers, depending on when they were hired. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in an amount of 2% of the annual average earnings (which are based on the three highest years of service), subject to adjustment on receipt on social security benefits. Employees at age 55 with 10 years but less than 25 years of service, or at age 70 with 5 years of service, are entitled to a reduced benefit.

Tier II and Tier IIA employees who retire at or after age 63 with 25 years of service, or at age 65 with 10 years of service, or at age 70 with 5 years of service, or at age 55 with 10 years of service with reduced benefits are entitled an annual retirement benefit payable monthly for life, in an amount of one and one-third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent.

For Tier III employees, full retirement benefits are attained at age 63 with 25 years of service, or at age 65 with 10 years of service and are payable monthly for life in an amount equal to one and one-third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent.

Contributions

Tier I requires an employee contribution of either 2% or 5% of salary, depending on the plan. Tier II is a noncontributory plan. Tier IIA requires an employee contribution of 2% of salary. The Authority's contribution is determined by applying a State-mandated percentage to eligible salaries and wages.

For the June 30, 2014 valuation, there were two changes in benefit terms:

- The 2011 SEBAC Agreement changed the benefit multiplier for the portion of benefit below the breakpoint from 1.33% to 1.4%. This change was made effective for all active members who retire on or after July, 2013 in Tier II, IIA and III.

- A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2022. Employees who elected by July 1, 2013 to maintain the eligibility are required to make additional employee contributions for the length of their remaining active service with the plan. The additional contribution was up to .72% of pensionable earnings.

As of June 30, 2015, the Authority reported a liability of $57,358,655 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the plan relative to the projected contributions of all participating governmental units. The Authority's proportion was .35817% as of June 30, 2014.

For the year ended June 30, 2015, the Authority recognized pension expense of $4,548,591. As of June 30, 2015, the Authority reported deferred inflows of resources related to pensions of $2,048,525 from the net difference between projected and actual investment earnings on pension plan investments. The deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending June 30		
2015	$	512,129
2016		512,129
2017		512,129
2018		512,129

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.0% - 20% including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for Annuitants and Non-Annuitants projected with scale AA, 15 years for men (set back 2 years) and 25 years for women (set back 1 year) for the period after service retirement and for dependent beneficiaries. For the period after disability retirement, 55% (men) and 80% (women) of the RP-2000 Disability Mortality Table is used.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetical real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0	6.6
Emerging Market (Non- U.S.)	9.0	8.3
Real Estate	7.0	5.1
Private Equity	11.0	7.6
Alternative Investments	8.0	4.1
Fixed Income (Core)	8.0	1.3
High Yield Bonds	5.0	3.9
Emerging Market Bonds	4.0	3.7
TIPS	5.0	1.0
Cash	4.0	.4

Discount Rate

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the participating governmental units will be made at the actuarially determined rates in future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term projected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total plan liability.

Sensitivity of the Authority's Proportionate share of the net pension Liability to changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8%, as well as the what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (7%) or higher (9%) than the current rate.

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of the net pension liability	$ 68,424,637	$ 57,358,655	$ 48,052,524

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the plan's annual report, which is available at osc.ct.gov/rbsd/reports.

NOTE 11 - RELATED-PARTY TRANSACTIONS

The State of Connecticut is responsible for processing the Authority's payroll, and certain capital asset transactions involving the general aviation airports. Funds are transferred to the State on a monthly basis for this purpose.

In addition, the Authority receives certain grants and revenues that reimburse project costs incurred by the State. Such amounts are remitted to the State on a regular basis. Amounts due to the State as presented in the balance sheet totaled $2,925,828 at June 30, 2015.

Amounts due from the State as presented in the balance sheet totaled $5,873,547 at June 30, 2015.

NOTE 12 - POSTRETIREMENT BENEFITS

As employees of the State of Connecticut, the Authority's personnel are eligible to receive postretirement medical and life insurance coverage. The accounting for and funding of these benefits is done on a cash basis.

The costs of these benefits to the Authority for the year ended June 30, 2015 cannot be determined because postretirement benefits are paid by the State and not charged to the Authority.

NOTE 13 - RISK MANAGEMENT

The Authority is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. With the exception of certain vehicle-related liabilities for which the State retains some risk, all other risks are managed through the purchase of commercial insurance as required by the various bond indentures. There have been no losses exceeding insurance coverage during the last three years.

NOTE 14 - COMMITMENTS

In August 2014, the Authority entered into a contract with a third party for the demolition of Terminal B at Bradley International Airport. The project is expected to be completed during 2016, with an estimated cost of $19,627,000. Of the total cost, $17,853,000 is to be funded through passenger facility charges, with the remainder to be funded through operations of Bradley International Airport. As of June 30, 2015, cost totaling $5,252,935 have been incurred and funded through passenger facility charges and costs totaling $151,564 have been incurred and funded through operations of Bradley International Airport. Of the accumulated costs incurred through June 30, 2015, $5,404,499 was included within other nonoperating expenses on the statement of revenues, expenses and changes in net position for the year ended June 30, 2015.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

Net assets as of July 1, 2014 have been adjusted in order to recognize the Authority's portion of the net pension obligation and related items of the Connecticut State Employees Retirement System as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, as follows:

Net Assets		As Originally Reported		Adjustment		As Restated
Bradley International Airport	$	308,964,577	$	(45,502,015)	$	263,462,562
General Aviation Airports:						
Oxford Airport		31,516,664		-		31,516,664
Brainard Airport		7,983,752		-		7,983,752
Groton/New London Airport		30,801,714		-		30,801,714
Danielson Airport		1,440,589		-		1,440,589
Windham Airport		5,511,167		-		5,511,167
GA Airport Administration		(420,388)		(9,356,574)		(9,776,962)
	$	385,798,075	$	54,858,589	$	330,939,486

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR*

Authority's proportion of the net pension liability	0.35817%
Authority's proportionate share of the net pension liability	$ 57,358,655
Authority's covered - employee payroll	$ 12,017,000
Plan fiduciary net position as a percentage of the total pension liability	39.54%

* The amounts presented were determined as of June 30, 2014

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS - LAST TEN FISCAL YEARS*
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2015

Actuarially required contribution	$	4,544,829
Amount contributed in relation to actuarially required contribution		4,544,829
Contribution deficiency	$	-
Authority's covered payroll	$	12,017,000
Contributions as a percentage of covered employer payroll		37.82%

*Note: Information presented is as of June 30, 2014, no information prior to that is available.

CONNECTICUT AIRPORT AUTHORITY
BRADLEY INTERNATIONAL AIRPORT FUND
BALANCE SHEETS
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash	$ 12,288,149	$ 892,051
Short-term investments	53,523,419	49,370,867
Accounts receivable, net	5,949,304	5,916,587
Grants receivable	5,396,921	1,485,196
Restricted investments, current portion	3,020,083	2,933,524
Due from State	4,534,453	14,024,882
Prepaid expenses and other	118,151	64,799
Total current assets	84,830,480	74,687,906
Noncurrent Assets		
Restricted assets:		
Car rental facility	27,787,871	22,535,930
Passenger facility	69,677,626	72,389,827
Bond indenture	11,537,002	9,383,676
Capital assets	266,314,476	275,324,735
Total noncurrent assets	375,316,975	379,634,168
Total assets	460,147,455	454,322,074
DEFERRED OUTFLOWS OF RESOURCES		
Interest rate swaps	19,290,583	19,645,534
Deferred loss on bond refunding	1,998,930	2,121,941
Total deferred outflows of resources	21,289,513	21,767,475
Total Assets and Deferred Outflows of Resources	$ 481,436,968	$ 476,089,549
LIABILITIES		
Current Liabilities		
Current maturities of revenue bonds	$ 6,435,000	$ 6,185,000
Accounts payable and accrued liabilities	12,462,098	6,994,625
Due to State	946,228	1,803,110
Revenue bond interest payable	1,284,106	1,531,305
Deferred revenue and other	1,609,621	1,550,398
Total current liabilities	22,737,053	18,064,438
Noncurrent Liabilities		
Revenue bonds payable, less current maturities	122,980,000	129,415,000
Interest rate swap	19,290,583	19,645,534
Net pension liability	47,575,674	-
Total noncurrent liabilities	189,846,257	149,060,534
Total liabilities	212,583,310	167,124,972
DEFERRED INFLOWS OF RESOURCES		
Changes in projected pension investment earnings	1,699,133	-
Total Liabilities and Deferred Inflows of Resources	214,282,443	167,124,972
NET POSITION		
Net investment in capital assets	132,752,036	140,622,655
Restricted for:		
Capital projects	102,498,662	98,681,125
Debt service	7,423,588	6,449,098
Bond indenture requirements	2,100,332	2,112,734
Unrestricted	22,379,907	61,098,965
Total net position	267,154,525	308,964,577
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 481,436,968	$ 476,089,549

CONNECTICUT AIRPORT AUTHORITY
BRADLEY INTERNATIONAL AIRPORT FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating Revenues		
Airline revenue:		
Landing fees	$ 16,760,104	$ 15,759,127
Airline terminal rent	10,020,913	9,937,716
Apron and remote aircraft parking	3,813,858	3,672,452
Total airline revenue	30,594,875	29,369,295
Nonairline revenue:		
Auto parking	10,927,728	10,702,968
Rental cars	8,783,025	8,694,763
Terminal concessions	4,000,893	3,945,782
Land rent	4,411,262	4,052,077
Other concessions	3,271,916	3,270,891
Other operating revenue	2,510,680	2,303,853
Total nonairline revenue	33,905,504	32,970,334
Total operating revenues	64,500,379	62,339,629
Operating Expenses		
Salaries and related expense	19,980,965	19,795,988
Administrative and general	15,923,076	15,026,067
Energy and utilities	5,875,009	5,450,255
Repairs and maintenance	7,387,519	7,390,869
Depreciation and amortization	15,817,411	16,426,077
Total operating expenses	64,983,980	64,089,256
Operating Loss	(483,601)	(1,749,627)
Nonoperating Revenues (Expense)		
Car rental facility charge revenue	5,514,522	5,191,426
Passenger facility charge revenue	12,247,888	11,737,745
Investment income	121,184	103,018
Bond interest expense	(5,027,842)	(5,930,308)
Other nonoperating expenses	(9,955,279)	(4,962,796)
Actuarial pension expense	(3,772,792)	-
Net nonoperating revenues (expense)	(872,319)	6,139,085
Income (Loss) Before Capital Contributions	(1,355,920)	4,389,458
Contribution of Airports by the State	-	299,940,038
Other Capital Contributions	5,047,883	4,635,081
Change in Net Position	3,691,963	308,964,577
Net Position - Beginning of Year, as Restated	263,462,562	-
Net Position - End of Year	$ 267,154,525	$ 308,964,577

CONNECTICUT AIRPORT AUTHORITY
COMBINING BALANCE SHEET - GENERAL AVIATION AIRPORTS FUND
JUNE 30, 2015
(With Comparative Totals for 2014)

	2015								2014
	Oxford Airport	Brainard Airport	Groton New London Airport	Danielson Airport	Windham Airport	GA Airport Administration	Interfund Eliminations	Total General Aviation Airports Fund	Total General Aviation Airports Fund
ASSETS									
Current Assets									
Cash	$ 577	$ 240	$ 1,372	$ 2,824	$ 165	$ 711,680	$ -	$ 716,858	$ 10,595
Short-term investments	30,500	14,500	54,811	19,950	5,000	3,637,321	-	3,762,082	2,463,298
Accounts receivable, net	68,820	51,697	36,632	4,303	7,586	-	-	169,038	94,814
Grants receivable	2,543,104	203,012	175,524	-	177,492	149,959	-	3,249,091	1,413,596
Due from State	664,382	53,136	551,601	-	69,975	-	-	1,339,094	705,000
Prepaid expenses and other	-	-	-	-	-	93,580	-	93,580	-
Interfund receivables	1,943,247	790,279	846,108	237,896	55,799	-	(3,873,329)	-	-
Total current assets	5,250,630	1,112,864	1,666,048	264,973	316,017	4,592,540	(3,873,329)	9,329,743	4,687,303
Noncurrent Assets									
Capital assets	35,185,087	7,201,496	28,931,838	1,240,391	5,669,703	169,727	-	78,398,242	74,665,196
Total noncurrent assets	35,185,087	7,201,496	28,931,838	1,240,391	5,669,703	169,727	-	78,398,242	74,665,196
Total Assets	$ 40,435,717	$ 8,314,360	$ 30,597,886	$ 1,505,364	$ 5,985,720	$ 4,762,267	$ (3,873,329)	$ 87,727,985	$ 79,352,499
LIABILITIES									
Current Liabilities									
Accounts payable and accrued liabilities	$ 1,743,343	$ 241,387	$ 294,847	$ 35,486	$ 163,543	$ 588,458	$ -	$ 3,067,064	$ 683,779
Due to State	929,312	203,011	-	132,321	9,446	705,510	-	1,979,600	1,674,699
Deferred revenue and other	41,020	15,927	76,698	20,060	5,784	9,643	-	169,132	160,523
Interfund payables	-	-	-	-	-	3,873,329	(3,873,329)	-	-
Total current liabilities	2,713,675	460,325	371,545	187,867	178,773	5,176,940	(3,873,329)	5,215,796	2,519,001
Noncurrent Liabilities									
Net pension liability	-	-	-	-	-	9,782,981	-	9,782,981	
Total liabilities	2,713,675	460,325	371,545	187,867	178,773	14,959,921	(3,873,329)	14,998,777	2,519,001
DEFERRED INFLOWS OF RESOURCES									
Changes in projected pension investment earnings	-	-	-	-	-	349,392	-	349,392	-
Total Liabilities and Deferred Inflows of Resources	2,713,675	460,325	371,545	187,867	178,773	15,309,313	(3,873,329)	15,348,169	2,519,001
NET POSITION									
Net investment in capital assets	35,185,087	7,201,496	28,931,838	1,240,391	5,669,703	169,727	-	78,398,242	74,665,196
Restricted for:									
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Bond indenture requirements	-	-	-	-	-	-	-	-	-
Unrestricted	2,536,955	652,539	1,294,503	77,106	137,244	(10,716,773)	-	(6,018,426)	2,168,302
Total net position	37,722,042	7,854,035	30,226,341	1,317,497	5,806,947	(10,547,046)	-	72,379,816	76,833,498
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 40,435,717	$ 8,314,360	$ 30,597,886	$ 1,505,364	$ 5,985,720	$ 4,762,267	(3,873,329)	$ 87,727,985	$ 79,352,499

CONNECTICUT AIRPORT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - GENERAL AVIATION AIRPORTS FUND
FOR THE YEAR ENDED JUNE 30, 2015
(With Comparative Totals for 2014)

	2015							2014
	Oxford Airport	Brainard Airport	Groton New London Airport	Danielson Airport	Windham Airport	GA Airport Administration	Total General Aviation Airports Fund	Total General Aviation Airports Fund
Operating Revenues								
Airline revenue:								
Landing fees	$ 54,481	$ 7,065	$ 15,189	$ -	$ -	$ -	$ 76,735	$ 88,683
Airline terminal rent	-	-	12,520	-	-	-	12,520	6,082
Apron and remote aircraft parking	70,099	60,390	24,930	13,510	30,430	-	199,359	201,797
Total airline revenue	124,580	67,455	52,639	13,510	30,430	-	288,614	296,562
Nonairline revenue:								
Rental cars	41,489	-	83,344	-	-	-	124,833	85,246
Land rent	345,849	369,317	307,464	35,879	55,008	-	1,113,517	1,081,918
Other operating revenue	580,714	36,010	222,701	116,042	6,234	3,450	965,151	858,175
Total nonairline revenue	968,052	405,327	613,509	151,921	61,242	3,450	2,203,501	2,025,339
Total operating revenues	1,092,632	472,782	666,148	165,431	91,672	3,450	2,492,115	2,321,901
Operating Expenses								
Salaries and related expense	575,776	826,459	664,815	-	-	2,072,067	4,139,117	3,754,743
Administrative and general	63,183	51,186	278,940	33,604	29,268	91,239	547,420	584,091
Energy and utilities	59,963	64,797	126,729	15,713	20,659	450	288,311	259,798
Repairs and maintenance	102,478	81,861	107,784	194,170	153,486	33,360	673,139	677,795
Depreciation and amortization	932,803	597,852	1,580,714	132,028	526,487	390	3,770,274	3,986,997
Total operating expenses	1,734,203	1,622,155	2,758,982	375,515	729,900	2,197,506	9,418,261	9,263,424
Operating Loss	(641,571)	(1,149,373)	(2,092,834)	(210,084)	(638,228)	(2,194,056)	(6,926,146)	(6,941,523)
Nonoperating Revenues (Expense)								
Investment income	-	-	-	-	-	5,430	5,430	1,612
Other nonoperating expenses	(141,100)	(16,374)	(3,011)	(2,897)	(140,104)	(347,573)	(651,059)	(832,138)
State operating subsidies	971,093	783,229	1,085,154	89,889	191,872	2,041,527	5,162,764	5,144,738
Actuarial pension expense	-	-	-	-	-	(775,799)	(775,799)	-
Net nonoperating revenues	829,993	766,855	1,082,143	86,992	51,768	923,585	3,741,336	4,314,212
Income (Loss) Before Capital Contributions	188,422	(382,518)	(1,010,691)	(123,092)	(586,460)	(1,270,471)	(3,184,810)	(2,627,311)
Contribution of Airports by the State	-	-	-	-	-	-	-	71,244,126
Other Capital Contributions	6,016,956	252,801	435,318	-	882,240	500,387	8,087,702	8,216,683
Change in Net Position	6,205,378	(129,717)	(575,373)	(123,092)	295,780	(770,084)	4,902,892	76,833,498
Net Position - Beginning of Year, as Restated	31,516,664	7,983,752	30,801,714	1,440,589	5,511,167	(9,776,962)	67,476,924	-
Net Position - End of Year	$ 37,722,042	$ 7,854,035	$ 30,226,341	$ 1,317,497	$ 5,806,947	$ (10,547,046)	$ 72,379,816	$ 76,833,498

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE EXPENDITURES - BRADLEY INTERNATIONAL AIRPORT
FOR THE QUARTERS ENDED SEPTEMBER 30, 2014, DECEMBER 31, 2014,
MARCH 31, 2015 AND JUNE 30, 2015

	Cumulative Expenditures	Net Expenditures for the Quarter Ended				Cumulative Expenditures		
Project Description	through June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015	through June 30, 2015		Approved Amount
Terminal building and concourse	$ 11,601,050	$ -	$ -	$ -	$ -	$ 11,601,050	a	$ 207,373,251
Purchase and install jetways	-	-	-	-	-	-	b	23,750,895
Terminal building apron	-	-	-	-	-	-	c	18,645,121
Terminal roadways and glycol piping	-	-	-	-	-	-	d	7,765,140
Debt service payments	78,140,809	4,794,675	-	1,878,564	-	84,814,048		***
	89,741,859	4,794,675	-	1,878,564	-	96,415,098		257,534,407
Construction of taxiway	1,043,000	-	-	-	-	1,043,000		1,043,000
Equipment acquisition	3,263,971	-	-	-	-	3,263,971		3,263,971
Glycol collection facility	14,659,913	-	-	-	-	14,659,913		14,659,913
Surface monitoring system	45,914	-	-	-	-	45,914		45,914
New aircraft ramps	1,226,394	-	-	-	-	1,226,394		1,226,394
Terminal B roadway system	3,036,483	-	-	-	-	3,036,483		3,036,483
Peak mountain lights	715,438	-	-	-	-	715,438		715,438
Design of glycol collection system	1,807,806	-	-	-	-	1,807,806		1,808,894
Snow removal equipment	1,848,891	-	-	-	-	1,848,891		1,848,891
Security fencing	306,448	-	-	-	-	306,448		306,448
New firehouse	378,950	-	-	-	-	378,950		378,950
Remote ramp lights	471,174	-	-	-	-	471,174		471,174
New maintenance garage	6,257,923	-	-	-	-	6,257,923		6,257,923
Taxiway S East	4,557,853	-	-	-	-	4,557,853		4,557,854
ARFF 300 Gal	1,049,896	-	-	-	-	1,049,896		1,102,000
Security improvements and training system	3,027,775	-	-	-	-	3,027,775		3,050,000
Reconstruction T/W E&T and relocate R/W1	1,399,312	-	-	-	-	1,399,312		1,399,531
Reconstruct L, T and M	965,858	-	-	-	-	965,858		975,043
Reconstruction of Runway 6-24	3,685,046	-	-	-	-	3,685,046		3,967,768
Construction of Taxiway W off RW 15	715,286	-	-	-	-	715,286		715,288
Purchase of two mobile Glycol Collection Units	762,256	-	-	-	-	762,256		762,256
Pilot Noise Insulation Program	556,919	-	-	-	-	556,919		633,406
Residential Sound Insulation Program-Pkg 1 2B	265,479	-	-	-	-	265,479		270,644
Residential Sound Insulation Program-Pkg 2 2B	242,260	-	-	-	-	242,260		261,723
Residential Sound Installation Program	-	-	-	-	-	-		284,227
Purchase Two ARFF Trucks	1,444,871	-	-	-	-	1,444,871		1,475,000
Design of Airfield Lighting Vault	750,000	-	-	-	-	750,000		1,100,000
Installation of Co-Gen Engine	2,520,000	-	-	-	-	2,520,000		2,664,965
Residential Sound Installation Program (165-450NP) 2C	346,586	-	-	-	-	346,586		347,848
Residential Sound Installation Program (165-450NC) 2C	277,152	-	-	-	-	277,152		277,152
Relocate Airfield Lighting Vault	2,971,439	-	150,649	-	-	3,122,088		3,500,000
New Term Dev Schematic PE Study and Des	657,152	-	-	-	-	657,152		698,181
Replace Two 1997 Snow Blower Attachments	-	-	-	-	-	-		220,000
Replace Two 1997 Snow Broom Attachments	-	-	-	-	-	-		200,000
Residential Sound Installation Program - (165-450NC) 2C	605,207	-	-	-	-	605,207		706,892
Residential Sound Installation Program	-	-	-	-	-	-		168,108
Purchase Land for Bird Mitigation	-	-	-	-	1,271,519	1,271,519		1,271,519
Rehabilitate Taxiway C North Design	83,903	-	-	-	-	83,903		238,702
Installation of Emergency Power for Security	13,319	-	-	-	-	13,319		24,500
Replace Upper and Lower Level Vestibule Doors	-	-	-	-	-	-		150,000
Refurbish Two Outbound Conveyors	-	-	-	-	-	-		25,000
Installation of Barriers in Front of Terminal	-	-	-	-	-	-		50,000
Terminal Demolition Design	-	-	-	1,210,772	224,458	1,435,230		1,435,230
New Roadway System Design	-	-	228,029	120,657	354,153	702,839		1,057,556
Rehabilitate Taxiway C North	-	-	154,799	1,094,739	-	1,249,538		1,333,441
FIDS Monitor Replacement	-	-	-	172,000	-	172,000		179,000
Install 4 Microphone Systems for Audio Paging System	-	-	-	20,000	-	20,000		20,000
Residential Sound Installation Program	-	-	-	-	-	-		240,000
Rehabilitate Taxiways S West, U & J	-	-	-	9,090	-	9,090		2,500,000
Design for the Rehabilitate Taxiways E & F (165-002)	-	-	3,498	-	225,580	229,078		350,000
Demolition of Term B	-	-	-	907,924	1,502,460	2,410,385		16,028,238
Purchase of Structural Pumper	-	-	636,523	-	-	636,523		835,569
Purchase of 4 Snow Removal Equipment Vehicles	-	-	-	-	-	-		3,200,000
Purchase 9-ton Truck	-	-	-	-	-	-		155,000
	$ 151,701,733	$ 4,794,675	$ 1,173,498	$ 5,413,746	$ 3,578,171	$ 166,661,822		$ 351,029,441

*** Represents the debt service on items a, b, c and d, which are being funded with the proceeds of the $194,000,000 Series 2001A Bonds

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF INSURANCE COVERAGE - BRADLEY INTERNATIONAL AIRPORT
JUNE 30, 2015
(*Unaudited*)

Type of Insurance	Property Covered	Amount of Coverage
Comprehensive Crime Policy	Employee theft; ERISA; forgery or alteration computer crime, funds transfer, claim expense	$2,000,000 limit, $25,000 claims expense $15,000 deductible
Kidnap & Ransom	Kidnap and ransom, extortion, detention and hijack, in-transit delivery, additional expense and legal liability	$1,000,000 - $0 deductible
	Personal accident	$250,000 limit
	Rest and Rehab expenses	$50,000 limit
Fiduciary	Limit of Liability	$1,000,000 - $0 deductible
	Settlement program limit, HIPAA, 502 © penalties limit	$100,000 Limit
Paramedic Professional		$1,000,000 limit of liability $3,000,000 aggregate limit $250,000 abuse molestation limits
Police Professional		$1,000,000 maximum limit of liability - each claimant/each claim $1,000,000 aggregate limit $25,000 deductible
Public Official		$10,000,000 limit of liability each claim/aggregate $100,000 deductible for A.2; B: C
Pollution	Pollution legal liability, onsite/offsite clean up costs, non-owned disposal site, inbound and outbound contingent transpiration	$20,000,000 limit and aggregate limit
	Contracting service pollution liability	$1,000,000 limit and aggregate limit
	On site cleanup costs for biohazards	$50,000/$100,000
	Business interruption or Contingent Bus	$5,000,000
	Retention poll legal liability, clean up costs contracting service pollution liability and non-owned disposal site, Contingent transpiration	$50,000 deductible
	Business interruption or Contingent Bus	3 days
Automobile Policy	Comprehensive and Collision coverage for CAA automobiles	$1,000,000 Liability limit $5,000 medical payments $1,000,000 uninsured motorist $1,000,000 underinsured motorist $1,000 deductible - collision and comprehensive
Equipment	Blanket schedule coverage	$20,965,512 max limit any one occurrence
	Maximum any one item	$1,200,000
	Property lease or rented from others	$500,000 value of any one not exceed
	Rental expense	$25,000 limit
	Unschedule equipment	$50,000 limit $100,000 deductible - Groton only (flood only) $25,000 deductible - Hartford only (flood only) $2,500 deductible all other locations and perils
Property	Earthquake-runways, aprons & T/W's, flood runways, aprons, & /T/W's, utilities services direct damage an time element (including boiler and machinery, airport runways, aprons and T/W per endorsement #1 - GA's	$10,000,000 limit
	Airport runway, apron & T/W - BDL	$50,000,000 limit
	Earthquake, flood zone B, X and X-500	$25,000,000 limit
	Building and Personal Property	total insured value $724,836,322 - $500,000,000 limit
	Boiler and machinery insured loc only	$250,000,000 limit
	Flood zone A	$2,500,000 limit
	Earthquake, flood zone A, airport runway, apron & T/W, windstorm Groton	$250,000 deductible
	Boiler and machinery any one accident, utility services	$100,000 deductible
	Soft costs	24 hours
Airport Liability	All airports	$200,000,000 each occurrence limit $1,000,000 damage to premises rented to you limit $10,000 medical expenses/any one person $50,000,000 personal & advertising injury aggregate limit $200,000,000 products completed operations aggregate limit $200,000,000 Hangar keepers lime/each aircraft limit/each loss limit $50,000,000 xs $1,000,000 excess auto liability/employers liability $50,000 deductible per occurrence/aggregate
Excess Flood (Groton only)	Policies related to Flood Insurance for Groton New London Airport	$1,250,000 per occ p/o $2,500,000 x/s $2,500,000 $1,500,000 per occ p/o $5,000,000 x/s $5,000,000 $3,500,000 per occ p/o $5,000,000 x/s $5,000,000 deductible: $500,00 real property per building $500,000 personal property - per building $250,000 time element - per occurrence
	Tower Ave - building and contents coverage	$500,000 ea - deductible $1,250 ea.

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Independent Auditors' 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*

Ms. Mary Ellen S. Jones, Chair
Connecticut Airport Authority
Windsor Locks, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of each fund of the Connecticut Airport Authority (the Authority) (a component unit of the State of Connecticut), which comprise the balance sheet as of June 30, 2015 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting, described below. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Accounting for Federal Grant Revenue

Criteria	For cost reimbursement grants, grant revenue is recognized to the extent that allowable expenditures have been incurred.
Condition	The Authority accrued construction costs on projects funded by federal grants, but did not accrue the resulting additional grant revenue and receivables.
Context	The auditor initiated an entry to accrue federal grant revenue totaling $4,322,155.
Effect	The effect is grant revenue and receivables were understated, before the correcting entry was posted.
Cause	Management did not believe that the Authority was entitled to grant revenue until the allowable costs were paid.
Recommendation	We recommend that grant revenue be accrued on the basis of allowable costs incurred going forward.
Management Response and Planned Corrective Action	Management appreciates the clarification and will accrue grant revenue based on allowable costs incurred in the future.

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*.

Authority's Response to Findings

The Authority's response to the findings identified in our audit is described above. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
October 19, 2015

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Passenger Facility Charge Program and on Internal Control over Compliance

Ms. Mary Ellen S. Jones, Chair
Connecticut Airport Authority
Windsor Locks, Connecticut

Report on Compliance

We have audited the compliance of Connecticut Airport Authority (the Authority) (a component unit of the State of Connecticut) with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2015.

Management's *Responsibility*

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the types of compliance requirements referred to above. 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 on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on its passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Blum, Shapiro + Company, P.C.

West Hartford, Connecticut
October 19, 2015