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

FINANCIAL STATEMENTS

JUNE 30, 2017

CONNECTICUT AIRPORT AUTHORITY
CONTENTS

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Independent Auditors' Report

Mr. Charles Gray, 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, 2017 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, 2017 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 26 and the schedules of net pension liability and contributions on pages 49 to 50 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 statements of the Authority as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated October 10, 2016, 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, 2016 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 2016 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 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2017 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 solely 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 effectiveness of the Authority's 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
September 30, 2017

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, 2017. 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 enterprise fund to account for the operations of Bradley airport and the General Aviation Airports enterprise 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 Car Rental 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 2017, Bradley financially outperformed budget expectations. Total operating revenue was 3.0% less than budget while operating & maintenance expenses excluding depreciation were 15.3% less than budget. Operating income excluding depreciation was 63.0% greater than budget. Airline revenues are a derivative of Bradley's operating expenses therefore causing operating revenue to be below budget. Compared to FY 2016, total operating revenue increased 3.3% to $69.1 million while total operating expenses before depreciation increased 4.7% to $50.9 million. Operating income before depreciation decreased 0.4% to $18.2 million. Net non-operating revenue increased from $5,025 in FY 2016 to $17,978 in FY 2017. This increase is largely due to the decrease in expensed capital improvement costs. FY 2016 non-operating expenses included significant costs related to the demolition of Terminal B which is now completed. In addition, non-operating revenues increased due to an increase in the actuarial pension gain from $439 in FY 2016 to $2,380 in FY 2017. Total net position at year end totaled $301.2 million, a 9.0% increase over FY 2016. Total assets increased by $18.1 million or 3.9% and total liabilities increased by $2,356 or 1.1%. Bradley generated debt service coverage of 338.0%, which is well above the 120.0% required by bond indenture.

An increase in passenger traffic was again realized in FY 2017 for the fourth straight year. In FY 2017, enplanements increased 4.8% over the FY 2016 enplanements and 5.0% over FY 2015 enplanements. The 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.

Net Position

The net position of Bradley is summarized in Table 1. Net position is a measurement of the financial condition of a fund/entity at a point in time. Bradley's net position increased $24,751 from June 30, 2016 to June 30, 2017. This result is predominantly driven by an increase in total assets of $18,098 offset by an increase in total liabilities of $2,356 as well as the inclusion of deferred outflows and inflows of resources. The increase in total assets was largely driven by an increase in cash and short-term investments as well as growth in Car Rental Facility Charge (CFC) investment balances. The change in deferred pension outflows and deferred pension inflows along with an increase to the recognized net pension liability contributed $2,380 to the growth in net position.

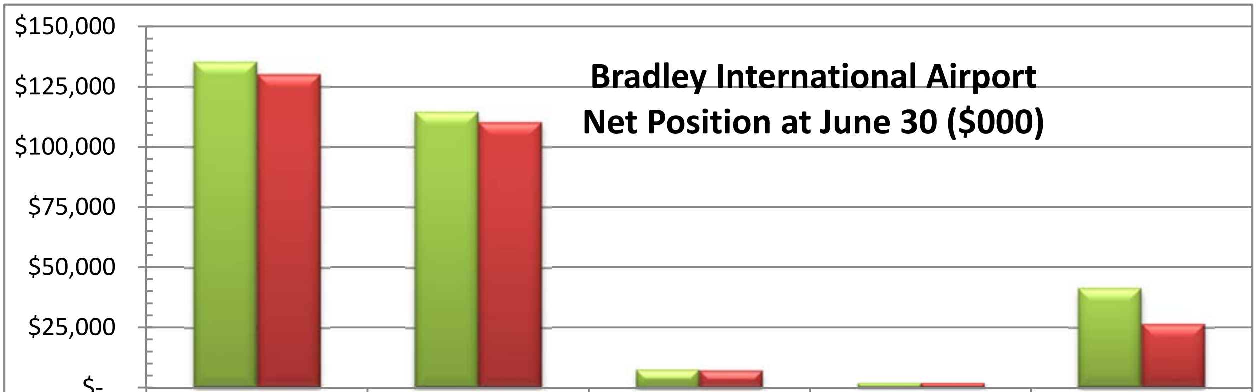
Table 1 also indicates that Bradley's assets including deferred outflows of resources exceeded its liabilities including deferred inflows of resources by $301,153 as of June 30, 2017. This net position includes $135,388 invested in capital assets net of related debt (an increase of 4.0%), assets restricted for PFC, CFC and bond indenture purposes of $124,379 (an increase of 3.9%) and unrestricted assets of $41,386 (an increase of 55.9%) from fiscal year 2016.

As of June 30, 2017, total revenue bonds payable less current maturities of $109,330 equate to $35.07 per enplaned passenger based on fiscal year 2017 enplaned passengers of 3,117, a 10.3% decrease from FY 2016 bonds payable of $39.09 per enplaned passenger.

TABLE 1
BALANCE SHEET
JUNE 30, 2017 AND 2016
(In thousands)

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
ASSETS				
Current and Other Assets	$ 228,730	$ 208,557	$ 20,173	9.7%
Net Capital Assets	254,084	256,159	(2,075)	-0.8%
TOTAL ASSETS	**482,814**	**464,716**	**18,098**	**3.9%**
DEFERRED OUTFLOWS OF RESOURCES				
Interest Rate Swap	16,265	23,871	(7,606)	-31.9%
Deferred Loss on Bond refunding	1,753	1,876	(123)	-6.6%
Deferred Pension Outflows	19,059	-	19,059	100.0%
Total Deferred Outflows of Resources	37,077	25,747	11,330	44.0%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 519,891**	**$ 490,463**	**$ 29,428**	**6.0%**
LIABILITIES				
Long-term Debt Outstanding	$ 109,330	$ 116,290	$ (6,960)	-6.0%
Other Liabilities	27,628	25,065	2,564	10.2%
Interest Rate Swap	16,265	23,871	(7,606)	-31.9%
Net Pension Liability	61,956	47,598	14,358	30.2%
TOTAL LIABILITIES	**215,179**	**212,824**	**2,356**	**1.1%**
DEFERRED INFLOWS OF RESOURCES				
Change in Projected Pension Investment Earnings	3,559	1,238	2,321	187.5%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 218,738**	**$ 214,061**	**$ 4,677**	**2.2%**
NET POSITION				
Net Investments in Capital Assets	135,388	130,173	5,215	4.0%
Restricted	124,379	119,687	4,692	3.9%
Unrestricted	41,386	26,542	14,844	55.9%
Total Net Position	**301,153**	**276,402**	**24,751**	**9.0%**
Total Liabilities and Net Position	**$ 519,891**	**$ 490,463**	**$ 29,428**	**6.0%**

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
Net Position at June 30				
Net Investment in Capital Assets	$ 135,388	$ 130,173	$ 5,215	4.0%
Restricted for Capital Projects	114,613	110,309	4,304	3.9%
Restricted for Debt Service	7,664	7,277	387	5.3%
Restricted for Bond Indenture	2,102	2,101	1	0.0%
Unrestricted	41,386	26,542	14,844	55.9%
Total Net Position	**$ 301,153**	**$ 276,402**	**$ 24,751**	**9.0%**



	Net Investment in Capital Assets	Restricted for Capital Projects	Restricted for Debt Service	Restricted for Bond Indenture	Unrestricted
2017	$135,388	114,613	7,664	2,102	41,386
2016	$130,173	110,309	7,277	2,101	26,542

Changes in Net Position

The increase in net position shown on Table 1 was generated from the activity shown on Table 2, Changes in Net Position for the Years Ended June 30, 2017 and 2016. Changes in net position represent the operating results of Bradley. The change in net position for FY 2017 is $24,751 compared to $9,247 in FY 2016. Overall for FY 2017 total net position increased by 9.0%.

The Airport experienced operating income before capital contributions in FY 2017. Operating revenues increased by $2,210 or 3.3%. The increase in revenues was mostly due to an increase in airline terminal rent, terminal concessions and other concessions. Operating expenses before depreciation increased $2,288 or 4.7% compared to FY 2016. Increases were experienced in all categories of expenses except utilities. Depreciation and amortization increased $300 or 1.8% over FY 2016 resulting in operating income of $1,565.

TABLE 2
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
OPERATING REVENUES				
Landing Fees	$ 18,424	$ 18,071	$ 353	2.0%
Airline Terminal Rent	10,393	9,774	619	6.3%
Aircraft Parking	3,924	3,832	92	2.4%
Auto Parking	11,392	11,157	234	2.1%
Rental Cars	8,998	8,798	199	2.3%
Terminal Concessions	4,396	4,026	370	9.2%
Land and Building Rent	4,945	5,152	(207)	-4.0%
Other Concessions	3,960	3,508	452	12.9%
Other Operating Revenue	2,695	2,598	97	3.7%
TOTAL OPERATING REVENUES	69,127	66,917	2,210	3.3%
OPERATING EXPENSES				
Salaries and Related Expenses	21,096	20,822	273	1.3%
Administrative and General	17,957	16,509	1,448	8.8%
Repairs and Maintenance	6,957	6,346	611	9.6%
Utilities	4,894	4,939	(45)	-0.9%
OPER EXPENSE BEFORE DEPRECIATION	50,905	48,617	2,288	4.7%
OPER INCOME BEFORE DEPRECIATION	18,222	18,300	(78)	-0.4%
Depreciation and Amortization	16,658	16,357	300	1.8%
OPERATING INCOME (LOSS)	1,565	1,943	(378)	-19.5%
NONOPERATING REVENUES(EXPENSES)				
Car Rental Facility Charge Revenue	10,222	8,928	1,294	14.5%
Passenger Facility Charge Revenue	12,962	12,063	(367)	-3.0%
Investment Income	572	238	333	139.9%
Revenue Bond Interest Expense	(4,596)	(4,919)	323	-6.6%
Other Non-Operating Expenses	(1,249)	(10,261)	9,012	-87.8%
Airline Net Rev Share Exp	(2,312)	(1,463)	(849)	58.0%
Actuarial Pension Expense	2,380	439	1,941	442.4%
NET NONOPERATING REVENUES (EXPENSE)	17,978	5,025	12,953	257.8%
INCOME BEFORE CAPITAL CONTRIBUTIONS	19,543	6,968	12,575	180.5%
CAPITAL CONTRIBUTIONS	5,209	2,279	2,930	128.5%
Change in Net Position	24,751	9,247	15,504	167.7%
Total Net Position, Beginning of Year	276,402	267,155	9,247	3.5%
Total Net Position, End of Year	$ 301,153	$ 276,402	$ 24,751	9.0%

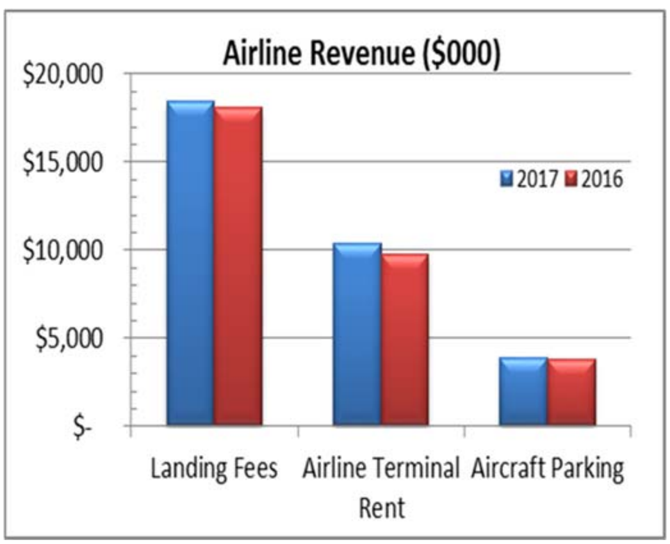
BRADLEY INCOME

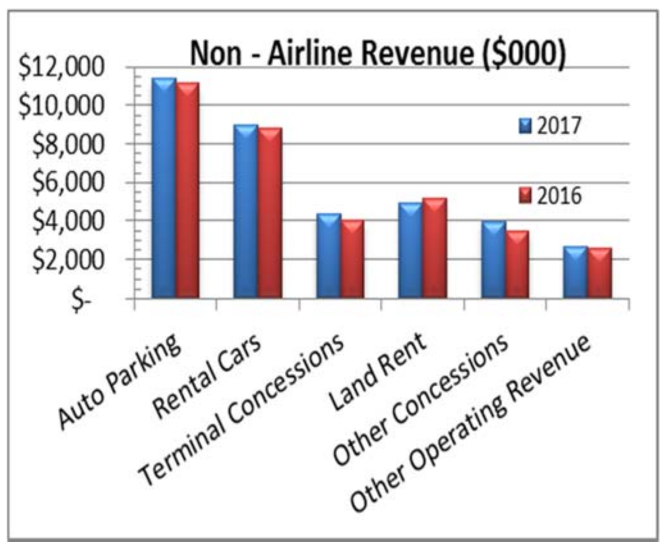
As indicated on Table 2, Bradley generated operating income before depreciation of $18,222, net non-operating revenues (expenses) of $17,978 along with $5,209 of capital contributions. The change in net position for fiscal year 2017 increased to $24,751 from $9,247 in fiscal year 2016, an increase of $15,504. The operating and non-operating revenues and expenditures associated with this income are addressed below.

Operating Revenues

Operating revenues for fiscal year 2017 totaled $69,127, an increase of $2,210 or 3.3% from fiscal year 2016. Operating revenues are segregated between airline and non-airline sources. Airline revenues were $32,741 or 47.4% of total operating revenue, and non-airline revenues were $36,386 or 52.6% of total operating revenue as shown at right and in greater detail below.

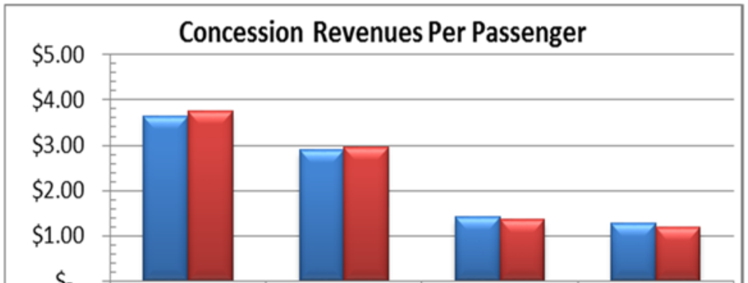
Airline revenues increased by $1,064 or 3.4% from fiscal year 2016 to fiscal year 2017. The Airlines pay rates and charges based on budgeted operating expenditures and debt service allocated to airline cost centers including the landing area, terminal building and aircraft parking aprons. The fiscal year 2017 operating expense budget of $60,118 reflected a 9.8% increase in operating expenses over the fiscal year 2016 operating budget, which was appropriately reflected in budgeted airline rates and charges. That said, the current airline agreement includes a true-up feature which causes airline rates and charges to be recalculated based on actual operating expenditures rather than budgeted operating expenditures. Fiscal year 2017 operating expenditures were 15.3% under budget which in turn caused operating revenues to be 3.0% below budget due to the true-up feature applied to airline revenues.





Deducting cargo airline landing fees of $3,673 and airline net revenue share of $2,312 from total airline revenue of $32,741 results in passenger airline revenue of $26,756. This equates to a fiscal year 2017 Cost per Enplaned Passenger (CPE) of $8.58 based on fiscal year 2017 enplaned passengers of 3,117, a 3.8% decrease from the fiscal year 2016 CPE of $8.92.

Total non-airline revenues increased by $1,146 or 3.3% from fiscal year 2016. 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 $28,746. The largest source of concession revenue is vehicle parking operations which totaled $11,392. 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.



	Auto Parking	Rental Cars	Terminal	Other
2017	$3.65	$2.89	$1.41	$1.27
2016	$3.75	$2.96	$1.35	$1.18

Total concession revenue of $28,746 equates to $9.22 per enplaned passenger based on fiscal year 2017 enplaned passengers of 3,117, a .02% decrease from fiscal year 2016 concession revenue per enplaned passenger of $9.24. The division of revenues per passenger among the various concessions is shown above.

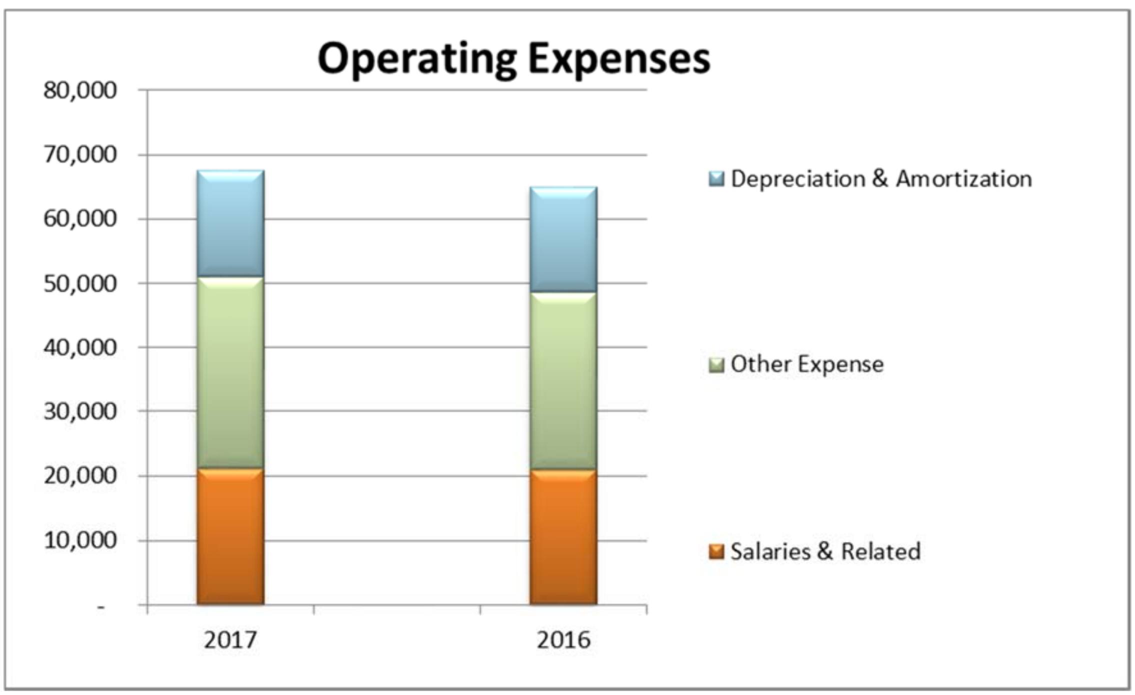
Operating Expenses

Operating expenses in fiscal year 2017 totaled $67,562, an increase of $2,588 from fiscal year 2016. Operating expenses include salaries and related expenses, security costs, administration costs, repairs & maintenance, energy and utilities, and depreciation. The distribution and comparison of fiscal year 2017 and fiscal year 2016 operating expenses is shown in Table 3.

As indicated on Table 3, an increase in overtime and fringe benefit costs, along with increases in administrative & general expenses and repairs & maintenance expenses are offset by decreases in salaries, other payroll, security and utilities. The increase in overtime was experienced in both regular and snow overtime. The increase in administrative & general costs was largely due to airline marketing incentive costs related to the reestablishment of international service to Bradley and the increase experienced in repairs and maintenance was mostly due to equipment rental for snow removal. Depreciation and amortization increased by $300 or 1.8% over fiscal year 2016.

TABLE 3
OPERATING EXPENSES
JUNE 30, 2017 AND 2016
(In thousands)

			2017 - 2016	
Salaries & Related	**2017**	**2016**	**Change ($)**	**Change (%)**
Salaries	$ 10,037	$ 10,107	$ (70)	-0.7%
Overtime	1,013	825	189	22.9%
Other Payroll	366	411	(45)	-11.0%
Fringe Benefit	9,680	9,480	200	2.1%
Salaries & Related	21,096	20,822	273	1.3%
Other Expense				
Payment In Lieu of Tax	4,679	4,679	0	0.0%
Security	7,376	7,481	(106)	-1.4%
Administrative & General Costs	5,903	4,349	1,554	35.7%
Equipment	102	80		
Repairs and Maintenance	6,855	6,266		
Repairs and Maintenance	6,957	6,346	611	9.6%
Utilities	4,894	4,939	(45)	-0.9%
Other Expense	29,809	27,794	2,015	7.2%
Expenses Before Depreciation	**50,905**	**48,617**	**2,288**	**4.7%**
Depreciation & Amortization	16,658	16,357	300	1.8%
Total Operating Expenses	**$ 67,562**	**$ 64,974**	**$ 2,588**	**4.0%**



Net Non-operating Revenue (Expense)

Non-operating revenues and (expenses) include Bradley's Passenger Facility Charges (PFCs), Car Rental Facility Charges (CFCs), investment income, revenue bond interest expense, other non-operating expenses, actuarial pension gain, and airline net revenue share expense. 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 Federal Aviation Administration (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 2017, Bradley collected total PFCs (excluding PFC interest) of $12,579, an increase of 5.9% from fiscal year 2016. Bradley is also authorized by contract with the rental car companies to assess a CFC per rental car transaction day. In December 2016 the existing rate of $6.00 per rental car transaction day was increased to $6.95. 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 2017 totaled $9,978 (excluding interest), an increase of 12.9%. Investment income from all accounts totaled $1,198, a 134.3% increase from fiscal year 2016 investment income of $511. Investments 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 fiscal year 2017 totaled $4,596 a decrease of 6.6% from fiscal year 2016. Non-operating other expenses for fiscal year 2017 equaled $1,249 which is an 87.8% decrease from fiscal year 2016. This was the result of the completion of Terminal B demolition which accounted for a significant portion of fiscal year 2016 non-operating other expenses. The CAA executed an Airline Operating Agreement and Terminal Building Lease with the signatory air carriers at Bradley airport effective July 1st, 2015. The lease provides for the potential sharing of net revenues with the airlines. If enough net revenue is available (excluding restricted sources such as PFC's and CFC's) after all operating expenses and bond costs are satisfied, those net revenues are shared with the airline pursuant to a formula outlined in the airline lease. For FY 2017, the airlines will share in $2,312 which is reflected as a non-operating expense to the Airport. The larger actuarial pension gain recognized in FY 2017 compared to FY 2016 was also a large driver of change in overall non-operating revenue (expense). In FY 2016, the airport realized a $439 actuarial pension gain, and in FY 2017 the airport had a $2,380 actuarial pension gain. Net non-operating revenues (expense) increased $12,953 over FY 2016, and net income before capital contributions for fiscal year 2017 is $19,543. Overall, net income along with capital contributions of $5,209 increased net position for the airport by $24,751.

CAPITAL CONTRIBUTIONS

Total FY 2017 capital contributions equaled $5,209, an increase of $2,930 from fiscal year 2016 capital contributions of $2,279.

In fiscal year 2017 $5,195 of the capital contributed was generated from the FAA's 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. The remaining $14 of capital contributed was received from the State Department of Energy and Environmental Protection for the installation of electric vehicle charging stations at the Airport. Projects and capital contributions are summarized below.

Capital Contributions ($000)	2017	2016	2017 - 2016 Change ($)	Change (%)
Terminal Demolition / Redevelopment	$ -	$ 230	$ (230)	-100.0%
Planning Studies	4	155	(151)	-97.5%
Repair Drainage Structures	2,489	-	2,489	100.0%
Taxiways	2,476	1,894	582	30.7%
Purchase of Squitters	225	-	225	100.0%
EV Charging Stations	14	-	14	100.0%
Total	$ 5,209	$ 2,279	$ 2,930	128.5%

BUDGET TO ACTUAL PERFORMANCE

Bradley's annual operating budget for fiscal year 2017 was developed pursuant to procedures established in applicable State Statute as well as in the Airline Operating Agreement and Terminal Building Lease between the CAA and the signatory air carriers which went into effect July 1st, 2015. These procedures provide for preparation of the budget, submission to and approval of the budget by the Authority's Board of Directors (the Board) and consultation with signatory airlines before the beginning of each fiscal year. 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. Budget to actual performance for fiscal year 2017 is shown in Table 4.

Total operating revenues were 3% less than budget. All categories of airline revenue were less than budget as a result of performing an airline rates and charges true-up. FY 2017 airline rates and charges are initially set based on FY 2017 operating budget. Pursuant to the airline operating agreement, once the full year actual operating results are available, the airline rates and charges are recalculated using actual, rather than budgeted, operating expenses as the base for the calculation. Given operating expenses were substantially under budget, there was a $4.3 million true-up to airline operating revenues. Non-airline revenues were over budget by $1,016 or 2.9%. A positive variance was experienced in all categories of non-airline revenues. PFC revenue and related interest was $410 or 3.3% over budget. CFC revenue and related interest was also over budget by $730 or 7.7% due to the increase in the CFC rate from $6.00 to $6.95 in December 2016. Total operating expenses before depreciation were 15.3% under budget with surpluses realized in all categories of expense except other payroll.

Table 4
FY 2017 Budget to Actual Performance ($000)

	Budget	Actual	Variance Greater (Less) Than Budget ($000)	Percent
Airline Revenue	$ 35,927	$ 32,741	$ (3,186)	-8.9%
Non-Airline Revenue	35,369	36,386	1,016	2.9%
Total Operating Revenue	**71,296**	**69,127**	**(2,170)**	**-3.0%**
Passenger Facility Charges & PFC Interest	12,552	12,962	410	3.3%
Car Rental Facility Charge Revenue & CFC Interest	9,492	10,222	730	7.7%
Operating & Maintenance Expenses before Depreciation	**$ 60,118**	**$ 50,905**	**$ (9,213)**	**-15.3%**

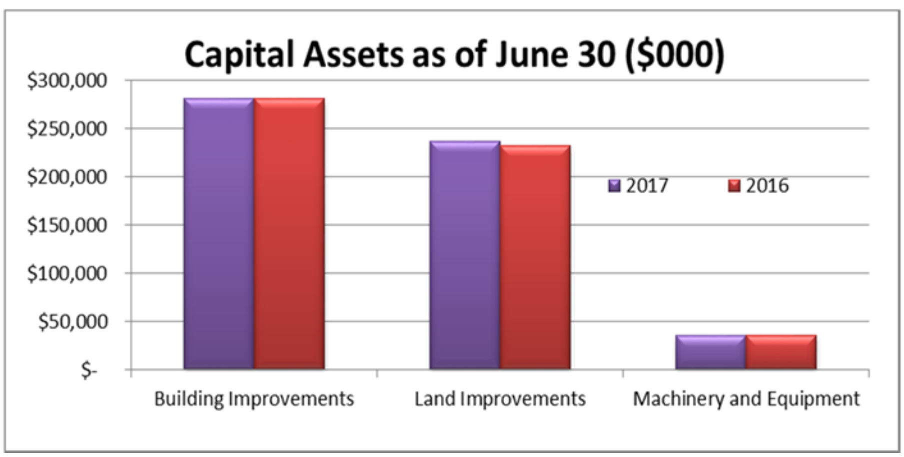
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Bradley's capital assets increased $12.8 million for the year ended June 30, 2017. Changes in detailed capital asset categories are summarized in Table 5 below. The large increase in land improvements is a result of the capitalization for the rehab of Taxiway E & F along with repair of the drainage structure on Terminal A's apron. The increase in construction in progress reflects the ongoing work on the CONRAC facility, the new roadway system and the elevator design and construction in the new terminal.

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

	2017	2016	2017 - 2016 Additions
Building Improvements	$ 280,990	$ 280,935	$ 56
Land Improvements	236,893	232,221	4,672
Machinery and Equipment	35,180	36,047	(868)
Total Depreciable	**553,063**	**549,203**	**3,860**
Land	2,657	2,657	-
Construction in Progress	14,503	5,607	8,896
Total Non - Depreciable	**17,160**	**8,264**	**8,896**
Total	**$ 570,223**	**$ 557,467**	**$ 12,756**



Debt

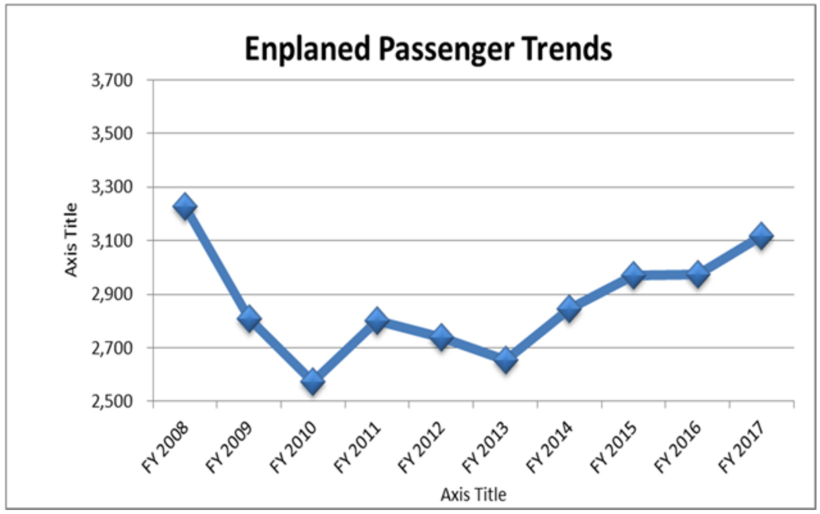
At year end, Bradley had $116,290 in General Airport Revenue Bonds outstanding versus $122,980 in fiscal year 2016 - a decrease of $6,690 or 5.4%. Bradley had two outstanding series of bonds at June 30, 2017. These include the Series 2011 A and Series 2011 B issued to refund the bonds previously issued in support of Bradley's terminal expansion and improvement program. Principal outstanding on these bonds as of June 30 is shown below:

		2017-2016	
Principal Outstanding	**2017**	**2016**	**Change**
Series 2011A	$ 69,775	$ 73,790	$ 4,015
Series 2011B	46,515	49,190	2,675
Total Principal Outstanding*	$116,290	$122,980	$ 6,690

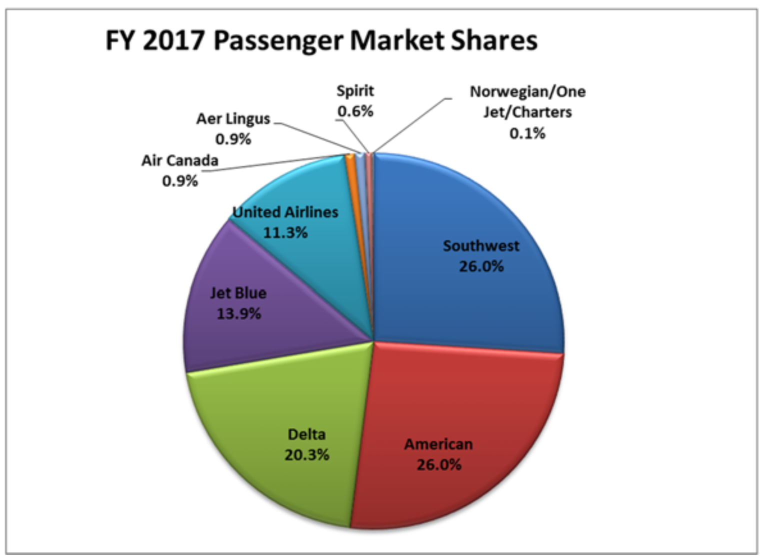
* Less current maturities of $6,960 results in revenue bonds payable (Long Term Portion) of $109,330 as of June 30, 2017. For a more detailed description of long-term debt obligations see Note 6 in the accompanying financial statements.

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 experienced a prolonged period of industry challenges reflecting the 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. The industry has significantly rebounded and has shown consistent growth over the past several years. Sustained low jet fuel costs and an overall rebounding economy has allowed airlines to enjoy record profits recently. Bradley has shown consistent growth in passenger traffic over the past four years reflecting the CAA's efforts in route development and a rebounding economy. Bradley's strong airline cost recovery structure and its non-airline revenue structure have provided consistent financial performance.



In fiscal year 2017, Bradley enplaned 3.117 million passengers, a 4.8% increase from fiscal year 2016. Through diligent route development efforts, the Authority has been able to add several new routes as well as new airlines to the Bradley menu of services. International service was restored in September 2016 with new non-stop service to Dublin, Ireland with Aer Lingus. In addition, the Airport also added international service to Edinburgh Scotland with Norwegian Air that started in June 2017. In addition to these two international airlines, Spirit Airlines started domestic service to Orlando, Fort Lauderdale and seasonal flights to Myrtle Beach. United Airlines also added non-stop service to San Francisco in June 2017.



In fiscal year 2017, the airport continued to maintain a strong diverse market share amongst 10 main carriers. Air Canada increased the most with an 18.7% increase in passengers. United Airlines had the second largest increase with 17.0% growth in their passenger count for fiscal year 2017, followed by American Airlines with an 8.4% increase. Although Southwest had a slight reduction in passengers in fiscal year 2017, they continue to be the largest carrier at Bradley with 26.04% of the market share. Following very closely in second is American with 25.97% of the market share. Delta Airlines is the third largest carrier with its market share of 20.3%, a slight decrease from fiscal year 2016.

	Enplaned Passengers				
Carrier	**2017**	**2016**	**FY 2017 Growth (Decline)**	**% of Total FY 2017 Growth**	**Carrier Year over Year Growth**
Southwest	811,642	822,452	(10,810)	-7.6%	-1.3%
American	809,469	746,756	62,713	44.1%	8.4%
Delta	633,412	644,882	(11,470)	-8.1%	-1.8%
Jet Blue	432,901	434,670	(1,769)	-1.2%	-0.4%
United Airlines	353,336	302,062	51,274	36.1%	17.0%
Air Canada	27,698	23,333	4,365	3.1%	18.7%
Aer Lingus	27,047	-	27,047	19.0%	100.0%
Spirit	17,626	-	17,626	12.4%	100.0%
Norwegian/One Jet/Charters	4,335	1,149	3,186	2.2%	277.3%
Total	**3,117,466**	**2,975,304**	**142,162**	**100.0%**	**4.8%**

These market shares reflect the activity of Bradley's major air carriers combined with the enplaned passengers of their affiliated or contracted regional commuter / express operators. As of June 2017, American, United, Delta, Southwest, Air Canada, Jet Blue, Spirit, Aer Lingus, Norwegian, One Jet and 22 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 fiscal year 2017 and fiscal year 2016 are shown below in Table 6.

Table 6
Bradley International Airport
Passenger Market Share Trends

	2017 Enplaned Passengers			2016 Enplaned Passengers		
Carrier	**Mainline**	**Regional / Express Operations**	**Total**	**Mainline**	**Regional / Express Operations**	**Total**
Southwest	811,642	-	**811,642**	822,452	-	**822,452**
American	551,759	257,710	**809,469**	327,363	419,393	**746,756**
Delta	550,377	83,035	**633,412**	563,832	81,050	**644,882**
Jet Blue	432,901	-	**432,901**	434,670	-	**434,670**
United Airlines	209,543	143,793	**353,336**	91,645	210,417	**302,062**
Aer Lingus	27,047	-	**27,047**	-	-	**-**
Air Canada	-	27,698	**27,698**	-	23,333	**23,333**
Spirit	17,626		**17,626**	-	-	**-**
Norwegian/One Jet/Charters	955	3,380	**4,335**	-	1,149	**1,149**
Total	**2,601,850**	**515,616**	**3,117,466**	**2,239,962**	**735,342**	**2,975,304**

	2017 Market Shares			2016 Market Shares		
Carrier	**Mainline**	**Regional / Express Operations**	**Total**	**Mainline**	**Regional / Express Operations**	**Total**
Southwest	26.0%	0.0%	**26.0%**	27.6%	0.0%	**27.6%**
American	17.7%	8.3%	**26.0%**	11.0%	14.1%	**25.1%**
Delta	17.7%	2.7%	**20.3%**	19.0%	2.7%	**21.7%**
Jet Blue	13.9%	0.0%	**13.9%**	14.6%	0.0%	**14.6%**
United Airlines	6.7%	4.6%	**11.3%**	3.1%	7.1%	**10.2%**
Aer Lingus	0.9%	0.0%	**0.9%**	0.0%	0.0%	**0.0%**
Air Canada	0.0%	0.9%	**0.9%**	0.0%	0.8%	**0.8%**
Spirit	0.6%	0.0%	**0.6%**	0.0%	0.0%	**0.0%**
Norwegian/One Jet/Charters	0.0%	0.1%	**0.1%**	0.0%	0.0%	**0.0%**
Total	**83.5%**	**16.5%**	**100.0%**	**75.3%**	**24.7%**	**100.0%**

The Authority has worked diligently with the air carriers to attract additional flights in order to increase passenger traffic. Management will continue to work with the airlines and in order to support continued growth of passenger traffic will continue to offer 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 new nonstop scheduled 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 Air Service Incentive 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.

Management at Bradley continuously monitors 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 (the State). 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 were 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. .

The balance sheet for the General Aviation Airports shows total assets including deferred outflow of resources for fiscal year 2017 to be $79,557, an increase of $4,181 or 5.5% from fiscal year 2016. Total assets are broken down by current assets of $10,967 and net capital assets of $64,872. The deferred outflow of resources represents the consumption of net assets by the State that is applicable to a future reporting period. For fiscal year 2017 the amount for deferred outflow of resources is $3,718 which represents the deferred pension outflow. For fiscal year 2016 the amount for deferred outflow of resources was zero.

Total liabilities including deferred inflow of resources for fiscal year 2017 equal $16,510 reflecting an increase of $3,924 or 31.2% from fiscal year 2016. The increase in liabilities is mostly due to an increase in accrued liabilities and an increase in the net pension liability. The increase in the accrued liabilities is largely attributed to construction work in process for capital projects that are currently ongoing. The net pension liability is the only long term liability for the General Aviation Airports. The net pension liability also increased from $9,785 in fiscal year 2016 to $ 12,586 in fiscal year 2017. The change in the deferred inflows for pensions increased from fiscal year 2016 by $453. Overall the total net position for the General Aviation Airports increased from $62,791 in fiscal year 2016 to $63,047 in fiscal year 2017. Table 7 below shows the details for total net position.

TABLE 7
BALANCE SHEET - GENERAL AVIATION AIRPORTS
JUNE 30, 2017
(in thousands)

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
ASSETS				
Current and other assets	$ 10,967	$ 8,922	$ 2,045	22.9%
Net capital assets	64,872	66,454	(1,582)	-2.4%
TOTAL ASSETS	**$ 75,839**	**$ 75,376**	**$ 463**	**0.6%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	$ 3,718	$ -	$ 3,718	100.0%
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	**$ 79,557**	**$ 75,376**	**$ 4,181**	5.5%
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,033	$ 1,456	$ 577	39.6%
Due to Affiliate/State/Muni	992	912	81	8.9%
Deferred Revenue and Other	191	178	13	7.1%
Net Pension Liability	12,586	9,785	2,801	28.6%
TOTAL LIABILITIES	$ 15,802	$ 12,331	$ 3,471	28.2%
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount for Pensions	707	254	453	177.9%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 16,510**	**$ 12,585**	**$ 3,924**	**31.2%**
NET POSITION				
Net Investments in Capital Assets	64,872	66,454	(1,582)	-2.4%
Restricted	-	-	-	n/a
Unrestricted	(1,825)	(3,663)	1,839	-50.2%
TOTAL NET POSITION	**$ 63,047**	**$ 62,791**	**$ 257**	**0.4%**
TOTAL LIABILITIES AND NET POSITION	**$ 79,557**	**$ 75,376**	**$ 4,181**	**5.5%**

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
NET POSITION at JUNE 30				
Invested in Capital Assets (net)	$ 64,872	$ 66,454	$ (1,582)	-2.4%
Unrestricted	(1,825)	(3,663)	1,839	-50.2%
TOTAL NET POSITION	**$ 63,047**	**$ 62,791**	**$ 257**	**0.4%**

Net Position

The General Aviation Airport Enterprise Fund received operating subsidy from the State of Connecticut through the Department of Transportation for fiscal year 2017. 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 $62,791. Net position for fiscal year 2017 is $63,047, an increase of $ 257. Operating revenues for fiscal year 2017 totaled $2,710 which essentially remained flat from fiscal year 2016. Revenues consisted of airline revenue totaling $235 and non-airline revenue of $2,475. 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 before depreciation totaled $5,407 which is also a decrease of $311 or 5.4% over fiscal year 2016. Operating expenses include salaries and related expenses, administrative and general, repairs and maintenance, and energy and utilities. Depreciation expense for fiscal year 2017 is $3,805 which is $158 or 4.3% higher than fiscal year 2016. The net non-operating revenue for fiscal year 2017 is $4,038 which is lower than fiscal year 2016 by $214 or 5.0%. The non-operating revenue includes the State's operating subsidy of $4,166 and investment income of $53 offset by non-operating expenses of $645 which is predominately made up of various capital projects (planning studies) that were expensed. In addition, similar to Bradley, the General Aviation Airports recorded a $464 actuarial pension gain in fiscal year 2017 compared to a $93 actuarial pension gain in fiscal year 2016. Fiscal year 2017 income (loss) before capital contributions equaled ($2,464) compared to ($2,398) in fiscal year 2016. Capital contributions of $2,721 consist of $2,055 of funding received from State supported bonds to fund capital improvements and $666 of funding from the FAA for capital infrastructure at each of the General Aviation Airports. Table 8 below shows the change in net position.

TABLE 8
CHANGES IN NET POSITION - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	2017	2016	2017 - 2016 Change ($)	2017 - 2016 Change (%)
OPERATING REVENUES				
Landing Fees	$ 38	$ 40	(2)	-4.8%
Airline Terminal Rent	11	11	-	0.0%
Aircraft Parking	186	187	(1)	-0.6%
Rental Cars	166	223	(57)	-25.5%
Terminal Concessions	3	-	3	100.0%
Land Rent	1,218	1,147	71	6.2%
Other Operating Revenue	1,088	1,108	(19)	-1.7%
TOTAL OPERATING REVENUES	2,710	2,716	(5)	-0.2%
OPERATING EXPENSES				
Salaries and Related Expenses	4,039	4,196	(157)	-3.7%
Administrative and General	403	523	(71)	-12.9%
Repairs and Maintenance	693	734	(41)	-5.6%
Energy and utilities	268	264	3	1.2%
Equipment	5	-	5	100.0%
OPER EXPENSES BEFORE DEPRECIATION	5,407	5,718	(311)	-5.4%
OPER LOSS BEFORE DEPRECIATION	(2,697)	(3,002)	306	-10.2%
Depreciation and Amortization	3,805	3,647	158	4.3%
OPERATING (LOSS)	(6,502)	(6,649)	147	-2.2%
NON OPERATING REVENUES(EXPENSES)				
Investment income	53	17	36	212.3%
Other Non operating expenses	(645)	(1,046)	401	-38.3%
State Operating Subsidy	4,166	5,188	(1,022)	-19.7%
Actuarial Pension Gain	464	93	372	400.4%
NET NON OPERATING REVENUES (EXPENSE)	4,038	4,252	(214)	-5.0%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,464)	(2,398)	(66)	2.8%
CAPITAL CONTRIBUTIONS	2,721	3,741	(1,020)	-27.3%
Change in Net Position	257	1,343	(1,087)	-80.9%
Total Net Position, Beginning of Year	62,791	61,448	1,343	2.2%
Total Net Position, End of Year	$ 63,047	$ 62,791	$ 256	0.4%

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 gross receipts reported for 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.

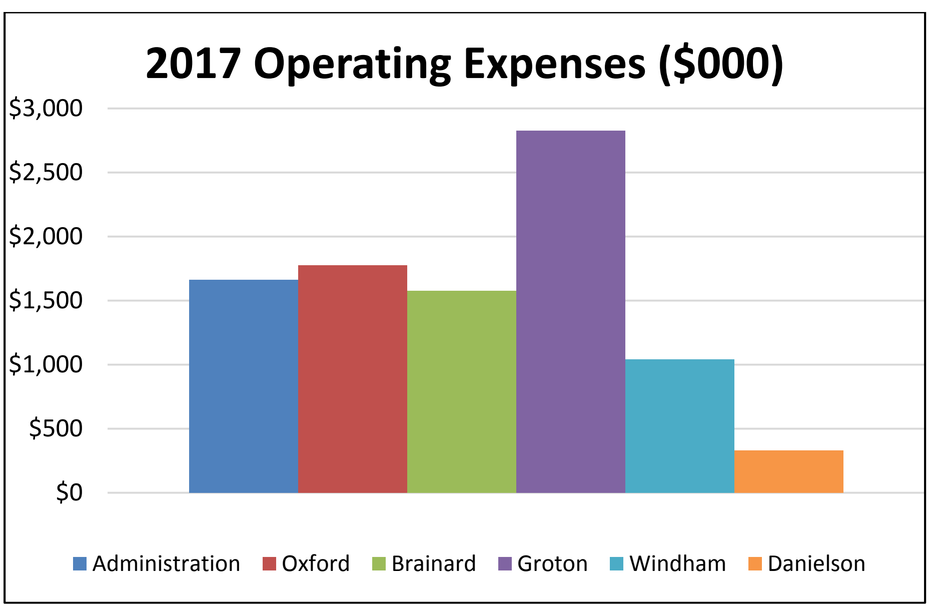
Operating Expenses

Operating expenses in fiscal year 2017 totaled $9,213. 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 2017 is shown on Table 9.

As indicated earlier, the General Aviation Airports Enterprise Fund receives subsidy from the State of Connecticut to support operating expenses incurred. For fiscal year 2017, the Authority received $4,166 from the State of Connecticut to partially fund operating expenses for all five general aviation airports and the general aviation administration. Due to State budget constraints, the operating subsidy was reduced by $1,022 from $5,188 in fiscal year 2016. Operating expenses before depreciation equaled $5,407 which exceeded the operating subsidy received by $1,241. 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 funding. Table 9 below details the fiscal year 2017 operating expenses by Airport by category.

TABLE 9
OPERATING EXPENSES - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2017
(In thousands)

Salaries & Related	**Total 2017**	**GA Airport Administration**	**Oxford**	**Brainard**	**Groton**	**Windham**	**Danielson**
Salaries	$ 2,007	$ 898	$ 247	$ 321	$ 460	$ 42	$ 39
Overtime	241	1	69	73	94	2	2
Other Payroll	31	24	5	(2)	4	0	0
Fringe Benefit	1,760	689	260	339	417	29	27
Salaries & Related	**4,039**	**1,611**	**581**	**731**	**975**	**73**	**69**
Other Expense							
Security	46	-	10	8	10	11	7
Administrative Costs	357	45	67	69	141	22	12
Repairs and Maintenance	693	-	81	156	191	163	102
Utilities	268	2	53	59	127	16	11
Equip/Operating Exp. Misc.	5	-	3	-	2	-	-
Other Expense	**1,368**	**47**	**213**	**293**	**471**	**212**	**132**
Expenses Before Depreciation	**5,407**	**1,658**	**794**	**1,023**	**1,445**	**285**	**201**
Depreciation & Amortization	3,806	7	980	554	1,380	755	130
Total Operating Expenses	**$ 9,213**	**$ 1,665**	**$ 1,774**	**$ 1,577**	**$ 2,825**	**$ 1,041**	**$ 331**



BUDGET TO ACTUAL PERFORMANCE

The fiscal year 2017 budget was presented and approved by the Board of Directors as per the Public Act. However, as explained earlier the State subsidy request for fiscal year 2017 was made during the State's biennial budget process. The amount of the actual subsidy was much less than was reflected in the Board approved budget. The Authority has worked diligently to manage costs within the confines of the lower subsidy amounts instead of the subsidy amounts reflected in the original Board approved budget. Table 10 compares budget to actual for the general aviation airports using the Board approved budget.

TABLE 10
COMPARISON OF BUDGET TO ACTUAL - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2017
in thousands

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUE			
Landing Fees	$ 43	$ 38	$ 5
Terminal Rent - Airline	11	11	-
Aircraft Parking	170	186	(16)
Rental Cars	186	166	20
Terminal Concessions	6	3	3
Land & Building Rent	1,167	1,218	(51)
Other Operating Revenue	887	1,088	(201)
TOTAL OPERATING REVENUES	**$ 2,469**	**$ 2,710**	**$ (241)**
OPERATING EXPENSES			
Salaries & Wages	$ 2,352	$ 2,007	$ 345
Overtime	343	241	103
Other Payroll	63	31	32
Fringe Benefits	2,246	1,760	485
Total Personnel Costs	5,004	4,039	965
Security Services	53	46	6
Administrative Costs	559	357	203
Repairs & Maintenance	712	693	20
Utilities	324	268	56
Equipment	187	5	181
Total Other Expenses	1,835	1,368	466
TOTAL OPERATING EXPENSES	**$ 6,839**	**$ 5,407**	**$ 1,431**

The Authority continues to evaluate options 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. Cash reserves are invested into the State of Connecticut Short Term Investment Fund in order to build a sufficient working capital balance for the General Aviation Airports 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, 2017. 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 SHEETS
JUNE 30, 2017

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
ASSETS			
Current Assets			
Cash	$ 11,884,845	$ 1,344,349	$ 13,229,194
Short-term investments	75,796,351	6,803,465	82,599,816
Accounts receivable, net	7,484,405	170,052	7,654,457
Grants receivable	3,504,152	1,913,795	5,417,947
Restricted investments, current portion	3,215,243	-	3,215,243
Due from State	5,681,314	735,230	6,416,544
Total current assets	107,566,310	10,966,891	118,533,201
Noncurrent Assets			
Restricted assets:			
Car rental facility	43,657,364	-	43,657,364
Passenger facility	66,168,813	-	66,168,813
Bond indenture	11,338,004	-	11,338,004
Capital assets	254,083,933	64,872,026	318,955,959
Total noncurrent assets	375,248,114	64,872,026	440,120,140
Total assets	482,814,424	75,838,917	558,653,341
DEFERRED OUTFLOWS OF RESOURCES			
Interest rate swaps	16,264,598	-	16,264,598
Deferred loss on bond refunding	1,752,908	-	1,752,908
Deferred amount for pensions	19,059,136	3,717,876	22,777,012
Total deferred outflows of resources	37,076,642	3,717,876	40,794,518
Total Assets and Deferred Outflows of Resources	$ 519,891,066	$ 79,556,793	$ 599,447,859
LIABILITIES			
Current Liabilities			
Current maturities of revenue bonds	$ 6,960,000	$ -	$ 6,960,000
Accounts payable and accrued liabilities	13,431,871	2,032,881	15,464,752
Due to State	-	992,424	992,424
Revenue bond interest payable	1,122,043	-	1,122,043
Deferred revenue and other	6,114,556	191,053	6,305,609
Total current liabilities	27,628,470	3,216,358	30,844,828
Noncurrent Liabilities			
Revenue bonds payable, less current maturities	109,330,000	-	109,330,000
Interest rate swap	16,264,598	-	16,264,598
Net pension liability	61,956,274	12,585,970	74,542,244
Total noncurrent liabilities	187,550,872	12,585,970	200,136,842
Total liabilities	215,179,342	15,802,328	230,981,670
DEFERRED INFLOWS OF RESOURCES			
Deferred amount for pensions	3,558,711	707,207	4,265,918
Total Liabilities and Deferred Inflows of Resources	218,738,053	16,509,535	235,247,588
NET POSITION			
Net investment in capital assets	135,387,901	64,872,026	200,259,927
Restricted for:			
Capital projects	114,613,027	-	114,613,027
Debt service	7,664,138	-	7,664,138
Bond indenture requirements	2,102,259	-	2,102,259
Unrestricted	41,385,688	(1,824,768)	39,560,920
Total net position	301,153,013	63,047,258	364,200,271
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 519,891,066	$ 79,556,793	$ 599,447,859

The accompanying notes are an integral part of the financial statements

CONNECTICUT AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
Operating Revenues			
Airline revenue:			
Landing fees	$ 18,423,657	$ 38,118	$ 18,461,775
Airline terminal rent	10,393,232	10,920	10,404,152
Apron and remote aircraft parking	3,924,153	186,060	4,110,213
Total airline revenue	32,741,042	235,098	32,976,140
Nonairline revenue:			
Auto parking	11,391,516	-	11,391,516
Rental cars	8,997,649	166,175	9,163,824
Terminal concessions	4,396,097	3,056	4,399,153
Land rent	4,945,474	1,217,834	6,163,308
Other concessions	3,960,442	-	3,960,442
Other operating revenue	2,694,627	1,088,328	3,782,955
Total nonairline revenue	36,385,805	2,475,393	38,861,198
Total operating revenues	69,126,847	2,710,491	71,837,338
Operating Expenses			
Salaries and related expense	21,095,585	4,039,012	25,134,597
Administrative and general	17,957,217	402,947	18,360,164
Energy and utilities	4,894,488	267,577	5,162,065
Repairs and maintenance	6,957,436	697,855	7,655,291
Depreciation and amortization	16,657,573	3,805,159	20,462,732
Total operating expenses	67,562,299	9,212,550	76,774,849
Operating Income (Loss)	1,564,548	(6,502,059)	(4,937,511)
Nonoperating Revenues (Expenses)			
Car rental facility charge revenue	10,221,866	-	10,221,866
Passenger facility charge revenue	12,961,576	-	12,961,576
Investment income	571,689	52,800	624,489
Bond interest expense	(4,595,692)	-	(4,595,692)
Other nonoperating expenses, net	(1,249,348)	(645,344)	(1,894,692)
Airline revenue share expense	(2,312,026)	-	(2,312,026)
State operating subsidies	-	4,166,125	4,166,125
Actuarial pension gain	2,380,144	464,295	2,844,439
Net nonoperating revenues	17,978,209	4,037,876	22,016,085
Income (Loss) Before Capital Contributions	19,542,757	(2,464,183)	17,078,574
Capital Contributions, Net	5,208,709	2,720,855	7,929,564
Change in Net Position	24,751,466	256,672	25,008,138
Net Position - Beginning of Year	276,401,547	62,790,586	339,192,133
Net Position - End of Year	$ 301,153,013	$ 63,047,258	$ 364,200,271

The accompanying notes are an integral part of the financial statements

CONNECTICUT AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Bradley International Airport Fund	General Aviation Airports Fund	Total Connecticut Airport Authority
Cash Flows from Operating Activities			
Received from concessionaires	$ 68,197,467	$ 2,778,230	$ 70,975,697
Payments to employees for services	(20,726,976)	(4,028,315)	(24,755,291)
Payments to suppliers for goods and services	(29,935,196)	(1,078,811)	(31,014,007)
Net cash provided by (used in) operating activities	17,535,295	(2,328,896)	15,206,399
Cash Flows from Capital and Related Financing Activities			
Car rental facility charge receipts	9,818,413	-	9,818,413
Passenger facility charge receipts	12,892,821	-	12,892,821
Capital contributions	3,740,339	2,424,995	6,165,334
Receipt of State operating subsidies	-	4,166,125	4,166,125
Advances to (repayments from) State, net	(1,608,698)	50,939	(1,557,759)
Principal paid on capital debt	(6,690,000)	-	(6,690,000)
Interest paid on capital debt	(4,683,626)	-	(4,683,626)
Planning and studies outlays	(1,249,348)	(645,344)	(1,894,692)
Acquisition of capital assets	(15,094,108)	(1,899,767)	(16,993,875)
Net cash provided by (used in) capital and related financing activities	(2,874,207)	4,096,948	1,222,741
Cash Flows from Investing Activities			
Net purchases of investments	(13,470,937)	(1,058,496)	(14,529,433)
Interest on investments	523,329	51,081	574,410
Net cash used in investing activities	(12,947,608)	(1,007,415)	(13,955,023)
Net Increase in Cash	1,713,480	760,637	2,474,117
Cash - Beginning of Year	10,171,365	583,712	10,755,077
Cash - End of Year	$ 11,884,845	$ 1,344,349	$ 13,229,194
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	$ 1,564,548	$ (6,502,059)	$ (4,937,511)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	16,657,573	3,805,159	20,462,732
(Increase) decrease in operating assets:			
Accounts receivable and prepaid expenses	(1,401,863)	102,338	(1,299,525)
Increase in operating liabilities:			
Accounts payable and accrued liabilities	225,992	253,475	479,467
Deferred revenue and other	489,045	12,191	501,236
Net Cash Provided by (Used In) Operating Activities	$ 17,535,295	$ (2,328,896)	$ 15,206,399

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. 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.

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 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.

- Car Rental Facility Charges - Car rental facility charge revenue is recognized when the fee is collected by the rental car companies from the rental car customer.

- 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 external investment pools, which are reported at net asset value. See Note 3 for a further discussion of fair values.

There were no significant investment gains or losses for the year ended June 30, 2017.

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 $5,000 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 Inflows and 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, a deferred charge on the refunding of bonds and deferred amounts for pensions. 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. See Note 11 for details on deferred amounts for pensions.

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 deferred amounts for pensions. This amount is deferred and will be included as a reduction of pension expense ratably over the next five years. See Note 11 for details on deferred amounts for pensions.

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. Unclassified employees can accumulate up to a maximum of 120 days of vacation time. Union employees can accumulate up to 60 days of vacation time. Upon termination or death the employee is entitled to be paid for the full amount of vacation time accrued.

In addition to vacation time all employees accumulate time for sick pay. There is no limit placed on the number of sick days that an employee can accumulate. Sick pay leave is only paid out upon retirement, or after 10 years of service upon death. In addition sick pay leave is paid out at 25% of the accrued amount up to a maximum of 60 days. This is true for both unclassified and union employees.

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

Eligible employees of the Authority participate in the State Employees' Retirement System (SERS). Authority contributions are based on a percentage of eligible compensation. 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. 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 $11,440,328 for the year ended June 30, 2017.

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, 2017, $13,279,333 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, 2017:

	Bradley International Airport Fund	General Aviation Airports Fund	Total
State Treasurer's Short-Term Investment Fund	$ 196,973,121	$ 6,803,465	$ 203,776,586
Total Investments	$ 196,973,121	$ 6,803,465	$ 203,776,586

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.

The State Treasurer's Short-Term Investment Fund's rating by Standard & Poor's is 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 - FAIR VALUE

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value. Level 1 inputs consist of quoted market prices in active markets for identical assets; Level 2 inputs consist of significant other observable inputs; Level 3 inputs consist of significant unobservable inputs. Certain items required to be reported at their net asset value (NAV) are not subject to level disclosure.

The Authority had the following recurring fair value measurements as of June 30, 2017:

- The State Treasurer's Short-Term Investment Funds of $203,776,586 are reported at NAV. There are no unfunded commitments with respect to this investment and there are no liquidity restrictions.

- The interest rate swaps liability of $16,264,598 was determined using a "mid-market" price generated by the counterparty's proprietary valuation model, which is based on certain assumptions regarding present and future market conditions or other factors from other sources of pricing information. These valuation inputs are considered be Level 3 inputs.

Activity for the year in the interest rate swap liability is disclosed in Note 7.

NOTE 4 - RESTRICTED ASSETS

Car Rental Facility Charges

Car rental facility charges are restricted for expenditures for a car rental facility at Bradley International Airport. Restricted assets are comprised of the following as of June 30, 2017:

Car rental facility charges receivable	$	1,273,998
Interest receivable		31,957
Investments		42,351,409
	$	43,657,364

Passenger Facility Charges

Passenger facility charges are restricted for expenditures 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, 2017:

Cash	$	11,690
Passenger facility charges receivable		1,833,225
Interest receivable		49,525
Investments		64,274,373
	$	66,168,813

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, 2017:

Investments	$	14,550,988
Less current portion		3,215,243
		17,766,231
Interest receivable		2,259
	$	35,534,721

NOTE 5 - CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions and Reclassifications	Balance June 30, 2017
BRADLEY INTERNATIONAL AIRPORT				
Capital assets not being depreciated:				
Land	$ 2,657,154	$ -	$ -	$ 2,657,154
Construction in progress	5,606,733	16,150,852	(7,254,497)	14,503,088
Total capital assets not being depreciated	8,263,887	16,150,852	(7,254,497)	17,160,242
Capital assets being depreciated:				
Land improvements	232,221,201	4,967,562	(295,374)	236,893,389
Buildings and improvements	280,934,773	59,699	(4,169)	280,990,303
Machinery and equipment	36,047,358	832,196	(1,699,888)	35,179,666
Total capital assets being depreciated	549,203,332	5,859,457	(1,999,431)	553,063,358
Less accumulated depreciation for:				
Land improvements	(167,422,413)	(6,357,458)	1,299	(173,778,572)
Buildings and improvements	(104,220,514)	(8,098,143)	1,971	(112,316,686)
Machinery and equipment	(29,665,264)	(2,078,959)	1,699,814	(30,044,409)
Total accumulated depreciation	(301,308,191)	(16,534,560)	1,703,084	(316,139,667)
Total capital assets being depreciated, net	247,895,141	(10,675,103)	(296,347)	236,923,691
Capital Assets, Net	$ 256,159,028	$ 5,475,749	$ (7,550,844)	$ 254,083,933

	Balance July 1, 2016	Additions	Reductions and Reclassifications	Balance June 30, 2017
GENERAL AVIATION AIRPORTS				
Capital assets not being depreciated:				
Land	$ 29,224,488	$ 302,913	$ -	$ 29,527,401
Construction in progress	981,109	2,811,709	(1,305,784)	2,487,034
Total capital assets not being depreciated	30,205,597	3,114,622	(1,305,784)	32,014,435
Capital assets being depreciated:				
Land improvements	82,304,950	244,972	-	82,549,922
Buildings and improvements	15,658,007	135,381	(14,629)	15,778,759
Machinery and equipment	8,491,876	48,701	(162,413)	8,378,164
Total capital assets being depreciated	106,454,833	429,054	(177,042)	106,706,845
Less accumulated depreciation for:				
Land improvements	(53,933,264)	(3,014,792)	-	(56,948,056)
Buildings and improvements	(8,959,890)	(496,507)	4,266	(9,452,131)
Machinery and equipment	(7,313,354)	(293,860)	158,147	(7,449,067)
Total accumulated depreciation	(70,206,508)	(3,805,159)	162,413	(73,849,254)
Total capital assets being depreciated, net	36,248,325	(3,376,105)	(14,629)	32,857,591
Capital Assets, Net	$ 66,453,922	$ (261,483)	$ (1,320,413)	$ 64,872,026

NOTE 6 - LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations as of June 30, 2017:

	Balance July 1, 2016	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2017
Revenue bonds payable	$ 122,980,000	$ -	$ (6,690,000)	$ 116,290,000
Net pension liability	57,383,197	17,159,047	-	74,542,244
	$ 180,363,197	$ 17,159,047	$ (6,690,000)	$ 190,832,244

Bradley International Airport Fund Revenue Bonds

A summary of Bradley International Airport revenue bonds outstanding as of June 30, 2017 is as follows:

Description	Interest Rates	2017
Series 2011A	Variable - percent of one-month LIBOR	$ 69,775,000
Series 2011B	Variable - percent of one-month LIBOR	46,515,000
Principal outstanding		116,290,000
Less current maturities		6,960,000
Long-Term Portion		$ 109,330,000

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 7, 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, 2017 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 $28,015,000 was outstanding as of June 30, 2017.

NOTE 7 - 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.

Credit Risk

As of June 30, 2017, 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 either of the counterparties' credit ratings fall below A3 as issued by Moody's Investor Service or A- 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, 2017. 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, 2017 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, 2017	$69,775,000	$46,515,000
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, 2017	1.178%	1.178%
Variable interest rate in effect on related bonds	1.398%	1.404%
Credit rating of counterparty:		
Moody's Investors Service	A1	A1
Standard & Poor's	A+	A+
Fitch Ratings Service	A+	A+

The following is a summary of the changes in fair value of the interest rate swaps for the year ended June 30, 2017, which are accounted for as changes in deferred outflows reported in the balance sheet:

		Goldman Sachs		Bank of America		Total
Fair value - July 1, 2016	$	(14,347,463)	$	(9,523,179)	$	(23,870,642)
Change in fair value for the year ended June 30, 2017		4,571,708		3,034,336		7,606,044
Fair Value - June 30, 2017	$	(9,775,755)	$	(6,488,843)	$	(16,264,598)

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, 2017 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		Variable Rate Bonds				Interest Rate		
Ending June 30		Principal		Interest		Swaps, Net		Total
2018	$	6,960,000	$	1,562,302	$	2,800,780	$	11,323,082
2019		7,225,000		1,462,274		2,621,451		11,308,725
2020		7,510,000		1,358,347		2,435,132		11,303,479
2021		7,815,000		1,250,229		2,241,300		11,306,529
2022		8,130,000		1,137,746		2,039,641		11,307,387
2023 - 2027		35,495,000		4,213,178		7,552,931		47,261,109
2028 - 2032		43,155,000		1,448,052		2,595,650		47,198,702
Total	$	116,290,000	$	12,432,128	$	22,286,885	$	151,009,013

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following as of June 30, 2017:

		Bradley International Airport Fund		General Aviation Airports Fund		Total
Accrued payroll and compensated absences	$	4,040,062	$	932,328	$	4,972,390
Accrued operating expenses		6,354,912		286,996		6,641,908
Accounts payable - projects		3,036,897		813,557		3,850,454
	$	13,431,871	$	2,032,881	$	15,464,752

NOTE 9 - 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, 2017:

Car rental facility charge revenue	$	9,977,647
Interest income		244,219
	$	10,221,866

The following Bradley International Airport Fund passenger facility charge revenue and investment income earned thereon is restricted for expenditures for Bradley International Airport federally approved improvement projects or debt service for the year ended June 30, 2017:

Passenger facility rental facility charge revenue	$	12,579,467
Interest income		382,109
	$	12,961,576

NOTE 10 - 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 40 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		
2018	$	32,791,884
2019		32,172,988
2020		32,019,964
2021		18,972,163
2022		19,068,229
	$	135,025,228

Future minimum rental income for fiscal years ending June 30, 2018 through June 30, 2022 are estimated using minimum guarantee payments outlined in the leases.

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		
2018	$	1,109,690
2019		824,478
2020		826,256
2021		701,466
2022		688,363
	$	4,150,253

Future minimum rental income for fiscal years ending June 30, 2018 through June 30, 2022 are estimated using minimum guarantee payments outlined in the leases.

NOTE 11 - 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 of 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 to 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 and Tier III 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.

There were no changes in benefit terms in the valuation for the year ended June 30, 2016.

As of June 30, 2017, the Authority reported a liability of $74,542,244 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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 0.32462% as of June 30, 2016.

For the year ended June 30, 2017, the Authority recognized pension expense of $7,118,077. Pension expense represents reported contributions and the change in deferred outflows for contributions subsequent to the measurement date, less the actuarial pension gain. As of June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
BRADLEY INTERNATIONAL AIRPORT		
Difference between expected and actual experience	$ 1,732,744	$ -
Net difference between projected and actual investment earnings on pension plan investments	1,955,996	-
Change of assumptions	11,121,006	-
Contributions subsequent to the measurement date	4,249,390	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(3,558,711)
	$ 19,059,136	$ (3,558,711)

		Deferred Outflows of Resources		Deferred Inflows of Resources
GENERAL AVIATION AIRPORTS				
Difference between expected and actual experience	$	338,007	$	-
Net difference between projected and actual investment earnings on pension plan investments		381,557		-
Change of assumptions		2,169,382		-
Contributions subsequent to the measurement date		828,930		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		-		(707,207)
	$	3,717,876	$	(707,207)

Amounts reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year Ending June 30		
2018	$	2,718,876
2019		2,718,876
2020		3,183,030
2021		2,917,989
2022		1,894,009

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% - 19.50% including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

There were changes in the actuarial assumptions used in the actuarial valuation as of June 30, 2016, in comparison to the assumptions used in the prior valuation as of June 30, 2014. Assumptions used in the valuation as of June 30, 2014 are included below for comparative purposes:

Inflation	2.75%
Salary increases	4.0% - 20.0% including inflation
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

The RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females is used for the period after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females is used for the period after disability. In our opinion, the projection of the mortality rates with Scale BB provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2011 through June 30, 2015.

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 pension 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected
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 Bond	4.0%	3.7%
Inflation Linked Bonds	5.0%	1.0%
Cash	4.0%	0.4%

Discount Rate

The discount rate used to measure the TPL at June 30, 2016 was the long-term rate of return, 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2136.

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 6.90%, as well as 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 (5.90%) or higher (7.90%) than the current rate.

	1% Decrease (5.90)%	Discount Rate (6.90)%	1% Increase (7.90)%
Authority's proportionate share of the net pension liability	$ 88,459,268	$ 74,542,244	$ 62,960,094

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 12 - 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 $992,424 at June 30, 2017.

Amounts due from the State as presented in the balance sheet totaled $6,416,544 at June 30, 2017.

NOTE 13 - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 11, the State provides post-employment health care and life insurance benefits in accordance with State statutes, Sections 5-257(d) and 5 259(a), to all eligible employees who retire from the State, including employees of the Authority.

When employees retire, the State pays up to 100% of their health care insurance premium cost (including dependent's coverage) depending upon the plan. The State currently pays up to 20% of the cost for retiree dental insurance (including dependent's coverage) depending upon the plan. In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than $10,000; (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest $100. The State finances the cost of post-employment health care and life insurance benefits on a pay-as you-go basis through an appropriation in the State's General Fund.

In accordance with the Revised State Employees Bargaining Agent Coalition (SEBAC) 2011 Agreement between the State of Connecticut and the SEBAC, all employees shall pay the three percent (3%) retiree health care insurance contribution for a period of ten (10) years or retirement, whichever is sooner. In addition, participants of Tier III shall be required to have fifteen (15) years of actual State service to be eligible for retirement health insurance. Deferred vested retirees who are eligible for retiree health insurance shall be required to meet the rule of seventy-five (75), which is the combination of age and actual State service equaling seventy-five (75) in order to begin receiving retiree health insurance based on applicable SEBAC agreement.

The costs of these benefits to the Authority for the year ended June 30, 2017 cannot be determined because postretirement benefits are paid by the State and included in the state calculated fringe rate charged to the Authority.

NOTE 14 - RISK MANAGEMENT

The Authority is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. 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 15 - COMMITMENTS

Consistent with airport industry practice, the Authority offers incentives to airlines through its Air Service Incentive Program to aid in air service development at Bradley Airport. This program is used to attract new airlines and to add additional air service routes for the existing airlines at Bradley Airport. This program offers incentives for fixed rents discounts, landing fee discounts and cooperative marketing assistance for new airlines. The level of assistance varies and is dependent upon the routes served. The cooperative marketing assistance component of the program creates future cost sharing commitments to airlines. As of June 30, 2017 the Authority has incentive agreements with five different airlines that include cooperative marketing assistance. The aggregate original commitment for the marketing incentive to these airlines is $5,038,000. The amount of marketing assistance spent through June 30, 2017 was approximately $2,144,000 leaving a remaining commitment of approximately $2,894,000.

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

	2017	2016	2015
Authority's proportion of the net pension liability	0.32462%	0.34727%	0.35817%
Authority's proportionate share of the net pension liability	$ 74,542,244	$ 57,383,197	$ 57,358,655
Authority's covered - employee payroll	$ 12,079,000	$ 12,565,000	$ 12,017,000
Plan fiduciary net position as a percentage of the total pension liability	31.69%	39.23%	39.54%

Valuation date: June 30, 2016

*Note: No information by component is available prior to the June 30, 2014 valuation.

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CONNECTICUT STATE EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS*

	2017	2016	2015
Actuarially required contribution	$ 4,875,231	$ 4,763,304	4,544,829
Amount contributed in relation to actuarially required contribution	4,875,231	4,763,304	4,544,829
Contribution deficiency	$ -	$ -	$ -
Authority's covered payroll	$ 12,079,000	$ 12,565,000	$ 12,017,000
Contributions as a percentage of covered employer payroll	40.36%	37.91%	37.82%

Valuation date: June 30, 2016

*Note: No information by component is available prior to the June 30, 2014 valuation.

CONNECTICUT AIRPORT AUTHORITY
BRADLEY INTERNATIONAL AIRPORT FUND
BALANCE SHEETS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash	$ 11,884,845	$ 10,171,365
Short-term investments	75,796,351	66,545,973
Accounts receivable, net	7,484,405	6,017,620
Grants receivable	3,504,152	2,035,782
Restricted investments, current portion	3,215,243	3,110,253
Due from State	5,681,314	4,083,434
Prepaid expenses and other	-	16,562
Total current assets	107,566,310	91,980,989
Noncurrent Assets		
Restricted assets:		
Car rental facility	43,657,364	35,728,714
Passenger facility	66,168,813	63,642,560
Bond indenture	11,338,004	17,205,130
Capital assets	254,083,933	256,159,028
Total noncurrent assets	375,248,114	372,735,432
Total assets	482,814,424	464,716,421
DEFERRED OUTFLOWS OF RESOURCES		
Interest rate swaps	16,264,598	23,870,642
Deferred loss on bond refunding	1,752,908	1,875,919
Deferred amount for pensions	19,059,136	-
Total deferred outflows of resources	37,076,642	25,746,561
Total Assets and Deferred Outflows of Resources	$ 519,891,066	$ 490,462,982
LIABILITIES		
Current Liabilities		
Current maturities of revenue bonds	$ 6,960,000	$ 6,690,000
Accounts payable and accrued liabilities	13,431,871	11,528,494
Due to State	-	10,818
Revenue bond interest payable	1,122,043	1,209,977
Deferred revenue and other	6,114,556	5,625,511
Total current liabilities	27,628,470	25,064,800
Noncurrent Liabilities		
Revenue bonds payable, less current maturities	109,330,000	116,290,000
Interest rate swap	16,264,598	23,870,642
Net pension liability	61,956,274	47,598,087
Total noncurrent liabilities	187,550,872	187,758,729
Total liabilities	215,179,342	212,823,529
DEFERRED INFLOWS OF RESOURCES		
Deferred amount for pensions	3,558,711	1,237,906
Total Liabilities and Deferred Inflows of Resources	218,738,053	214,061,435
NET POSITION		
Net investment in capital assets	135,387,901	130,173,432
Restricted for:		
Capital projects	114,613,027	110,309,263
Debt service	7,664,138	7,276,378
Bond indenture requirements	2,102,259	2,101,016
Unrestricted	41,385,688	26,541,458
Total net position	301,153,013	276,401,547
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 519,891,066	$ 490,462,982

CONNECTICUT AIRPORT AUTHORITY
BRADLEY INTERNATIONAL AIRPORT FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Operating Revenues		
Airline revenue:		
Landing fees	$ 18,423,657	$ 18,070,765
Airline terminal rent	10,393,232	9,774,063
Apron and remote aircraft parking	3,924,153	3,831,742
Total airline revenue	32,741,042	31,676,570
Nonairline revenue:		
Auto parking	11,391,516	11,157,216
Rental cars	8,997,649	8,798,437
Terminal concessions	4,396,097	4,025,919
Land rent	4,945,474	5,152,449
Other concessions	3,960,442	3,508,277
Other operating revenue	2,694,627	2,597,635
Total nonairline revenue	36,385,805	35,239,933
Total operating revenues	69,126,847	66,916,503
Operating Expenses		
Salaries and related expense	21,095,585	20,822,313
Administrative and general	17,957,217	16,509,026
Energy and utilities	4,894,488	4,939,300
Repairs and maintenance	6,957,436	6,346,133
Depreciation and amortization	16,657,573	16,357,175
Total operating expenses	67,562,299	64,973,947
Operating Income	1,564,548	1,942,556
Nonoperating Revenues (Expenses)		
Car rental facility charge revenue	10,221,866	8,928,045
Passenger facility charge revenue	12,961,576	12,062,845
Investment income	571,689	238,312
Bond interest expense	(4,595,692)	(4,918,630)
Other nonoperating expenses, net	(1,249,348)	(10,261,334)
Airline revenue share expense	(2,312,026)	(1,463,061)
Actuarial pension gain	2,380,144	438,814
Net nonoperating revenues	17,978,209	5,024,991
Income Before Capital Contributions	19,542,757	6,967,547
Capital Contributions	5,208,709	2,279,475
Change in Net Position	24,751,466	9,247,022
Net Position - Beginning of Year	276,401,547	267,154,525
Net Position - End of Year	$ 301,153,013	$ 276,401,547

CONNECTICUT AIRPORT AUTHORITY
COMBINING BALANCE SHEETS - GENERAL AVIATION AIRPORTS FUND
JUNE 30, 2017
(With Comparative Totals for 2016)

	2017							2016
	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
ASSETS								
Current Assets								
Cash	$ -	$ -	$ -	$ -	$ -	$ 1,344,349	$ 1,344,349	$ 583,712
Short-term investments	-	-	-	-	-	6,803,465	6,803,465	5,744,969
Accounts receivable, net	69,328	14,340	40,800	1,139	13,695	30,750	170,052	223,881
Grants receivable	1,373,705	209,423	64,296	-	30,780	235,591	1,913,795	1,617,935
Due from State	-	-	-	-	-	735,230	735,230	705,283
Prepaid expenses and other	-	-	-	-	-	-	-	46,790
Total current assets	1,443,033	223,763	105,096	1,139	44,475	9,149,385	10,966,891	8,922,570
Noncurrent Assets								
Capital assets, as restated	37,745,025	6,248,124	15,261,636	989,594	4,589,133	38,514	64,872,026	66,453,922
Total noncurrent assets	37,745,025	6,248,124	15,261,636	989,594	4,589,133	38,514	64,872,026	66,453,922
Total Assets	39,188,058	6,471,887	15,366,732	990,733	4,633,608	9,187,899	75,838,917	75,376,492
DEFERRED OUTFLOWS OF RESOURCES								
Deferred amount for pensions	-	-	-	-	-	3,717,876	3,717,876	-
Total Assets and Deferred Outflows of Resources	$ 39,188,058	$ 6,471,887	$ 15,366,732	$ 990,733	$ 4,633,608	$ 12,905,775	$ 79,556,793	$ 75,376,492
LIABILITIES								
Current Liabilities								
Accounts payable and accrued liabilities	$ 753,718	$ 106,830	$ 265,047	$ 11,609	$ 6,158	$ 889,519	$ 2,032,881	$ 1,455,910
Due to State	689,459	207,889	64,296	-	30,780	-	992,424	911,538
Deferred revenue and other	72,347	18,058	66,332	19,950	5,626	8,740	191,053	178,862
Total current liabilities	1,515,524	332,777	395,675	31,559	42,564	898,259	3,216,358	2,546,310
Noncurrent Liabilities								
Net pension liability	-	-	-	-	-	12,585,970	12,585,970	9,785,110
Total liabilities	1,515,524	332,777	395,675	31,559	42,564	13,484,229	15,802,328	12,331,420
DEFERRED INFLOWS OF RESOURCES								
Deferred amount for pensions	-	-	-	-	-	707,207	707,207	254,486
Total Liabilities and Deferred Inflows of Resources	1,515,524	332,777	395,675	31,559	42,564	14,191,436	16,509,535	12,585,906
NET POSITION								
Net investment in capital assets	37,745,025	6,248,124	15,261,636	989,594	4,589,133	38,514	64,872,026	66,453,922
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Bond indenture requirements	-	-	-	-	-	-	-	-
Unrestricted	(72,491)	(109,014)	(290,579)	(30,420)	1,911	(1,324,175)	(1,824,768)	(3,663,336)
Total net position	37,672,534	6,139,110	14,971,057	959,174	4,591,044	(1,285,661)	63,047,258	62,790,586
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 39,188,058	$ 6,471,887	$ 15,366,732	$ 990,733	$ 4,633,608	$ 12,905,775	$ 79,556,793	$ 75,376,492

CONNECTICUT AIRPORT AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - GENERAL AVIATION AIRPORTS FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	2017							2016
	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	$ 38,118	$ -	$ -	$ -	$ -	$ -	$ 38,118	$ 40,054
Airline terminal rent	-	-	10,920	-	-	-	10,920	10,920
Apron and remote aircraft parking	64,645	68,100	23,850	-	29,465	-	186,060	187,180
Total airline revenue	102,763	68,100	34,770	-	29,465	-	235,098	238,154
Nonairline revenue:								
Rental cars	49,628	2,412	114,135	-	-	-	166,175	223,149
Terminal concessions	-	-	3,056	-	-	-	3,056	-
Land rent	406,497	376,341	322,288	48,700	64,008	-	1,217,834	1,146,808
Other operating revenue	637,616	48,195	222,874	11,552	17,404	150,687	1,088,328	1,107,661
Total nonairline revenue	1,093,741	426,948	662,353	60,252	81,412	150,687	2,475,393	2,477,618
Total operating revenues	1,196,504	495,048	697,123	60,252	110,877	150,687	2,710,491	2,715,772
Operating Expenses								
Salaries and related expense	580,811	730,706	974,547	68,654	73,433	1,610,861	4,039,012	4,196,291
Administrative and general	74,858	74,201	148,794	18,045	33,140	53,909	402,947	523,309
Energy and utilities	52,705	59,077	126,776	10,707	16,263	2,049	267,577	264,277
Repairs and maintenance	84,051	156,094	193,186	101,897	162,627	-	697,855	734,577
Depreciation and amortization	980,075	553,967	1,379,909	130,317	755,369	5,522	3,805,159	3,646,912
Total operating expenses	1,772,500	1,574,045	2,823,212	329,620	1,040,832	1,672,341	9,212,550	9,365,366
Operating Loss	(575,996)	(1,078,997)	(2,126,089)	(269,368)	(929,955)	(1,521,654)	(6,502,059)	(6,649,594)
Nonoperating Revenues (Expense)								
Investment income	-	-	-	-	-	52,800	52,800	16,908
Other nonoperating expenses, net	(131,421)	(74,427)	(18,142)	-	(131,275)	(290,079)	(645,344)	(1,046,348)
State operating subsidies	-	-	-	-	-	4,166,125	4,166,125	5,188,259
Actuarial pension gain	-	-	-	-	-	464,295	464,295	92,777
Net nonoperating revenues (expense)	(131,421)	(74,427)	(18,142)	-	(131,275)	4,393,141	4,037,876	4,251,596
Income (Loss) Before Capital Contributions	(707,417)	(1,153,424)	(2,144,231)	(269,368)	(1,061,230)	2,871,487	(2,464,183)	(2,397,998)
Capital Contributions	2,001,853	12,828	104,419	9,707	130,871	461,177	2,720,855	3,741,038
Interfund Transfers	(1,033,128)	43,225	(46,984)	119,109	162,754	755,024	-	-
Change in Net Position	261,308	(1,097,371)	(2,086,796)	(140,552)	(767,605)	4,087,688	256,672	1,343,040
Net Position - Beginning of Year	37,411,226	7,236,481	17,057,853	1,099,726	5,358,649	(5,373,349)	62,790,586	61,447,546
Net Position - End of Year	$ 37,672,534	$ 6,139,110	$ 14,971,057	$ 959,174	$ 4,591,044	$ (1,285,661)	$ 63,047,258	$ 62,790,586

CONNECTICUT AIRPORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGE EXPENDITURES - BRADLEY INTERNATIONAL AIRPORT
FOR THE QUARTERS ENDED SEPTEMBER 30, 2016, DECEMBER 31, 2016,
MARCH 31, 2017 AND JUNE 30, 2017

Project Description	Cumulative Expenditures through June 30, 2016	Net Expenditures for the Quarter Ended September 30, 2016	December 31, 2016	March 31, 2017	June 30, 2017	Cumulative Expenditures through June 30, 2017		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	91,395,513	4,813,199	-	1,659,186	-	97,867,898		***
	102,996,563	4,813,199	-	1,659,186	-	109,468,948		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
ARRF 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 Relocate Runway 1	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 Installation Program-Pkg 1 2B	265,479	-	-	-	-	265,479		270,644
Residential Sound Installation 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 Insulation Program 2B	-	-	-	-	-	-		-
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	3,237,685	-	-	-	-	3,237,685		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	94,760	-	-	-	-	94,760		150,000
Refurbish Two Outbound Conveyors	5,180	-	-	-	-	5,180		25,000
Installation of Barriers in Front of Terminal	-	-	-	-	-	-		50,000
Terminal Demolition Design	1,435,230	-	-	-	-	1,435,230		1,435,230
New Roadway System Design	745,804	-	3,750	1,525	-	751,079		1,057,556
Rehabilitate Taxiway C North	1,249,538	-	-	-	-	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	4,859	-	-	-	-	4,859		240,000
Rehabilitate Taxiways S West, U & J	113,145	3,967	-	-	701,789	818,901		2,500,000
Design for the Rehabilitate Taxiways E & F (165-002)	338,524	-	-	8,921	-	347,445		350,000
Demolition of Term B	13,250,927	576,340	322,924	126,842	27,115	14,304,148		16,028,238
Purchase of Structural Pumper	835,568	-	-	-	-	835,568		835,569
Purchase of 4 Snow Removal Equipment Vehicles	-	-	-	-	-	-		3,200,000
Purchase 9-ton Truck	-	-	155,000	-	-	155,000		155,000
New Roadway System	-	-	-	-	-	-		5,780,000
Rehabilitate Taxiway E & F	-	885,493	372,088	50,939	21,769	1,330,289		1,400,784
Purchase Four (4) Snow Removal Vehicles	-	-	-	-	-	-		3,600,000
Master Plan Update	-	-	-	110,206	153,035	263,241		1,000,000
Purchase ARFF Vehicle	-	-	-	-	-	-		975,000
Trailer Mounted Snow Melter	-	-	-	-	-	-		625,000
On Airport Obstruction Removal	-	-	-	-	-	-		264,744
Terminal A Elevator Construction	-	-	-	-	441,235	441,235		3,550,000
Installation of New FIDS System	-	-	-	-	-	-		400,000
Purchase of (4) Snow Removal Vehicles 10615029	-	-	-	-		-		3,900,000
Installation of CUTE System	-	-	-	-		-		60,000
	$ 184,759,737	$ 6,278,999	$ 853,762	$ 1,957,619	$ 1,344,943	$ 195,195,060		$ 372,584,969

*** 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

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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*

Mr. Charles Gray, 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, 2017 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 September 30, 2017.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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
September 30, 2017

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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

Mr. Charles Gray, 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, 2017.

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, 2017.

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 a 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 a 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
September 30, 2017