Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Financial Report
with Supplemental Information
June 30, 2018

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Contents

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Independent Auditor's Report

To the Board of Directors
Bradley International Airport Enterprise Fund and
General Aviation Airports Enterprise Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Bradley International Airport Enterprise Fund (BDL) and the General Aviation Airports Enterprise Fund (GA) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund as of June 30, 2018 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in detail in Note 1, the financial statements present only each fund and do not purport to, and do not, present the financial position of the Connecticut Airport Authority as of June 30, 2018 or the changes in its financial position or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

To the Board of Directors
Bradley International Airport Enterprise Fund and
General Aviation Airports Enterprise Fund

As explained in Note 15 to the basic financial statements, the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund restating net position for the recognition of the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund's other postemployment benefit-related activity incurred prior to July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Report on Prior Year Financial Statements

The basic financial statements of each fund as of and for the year ended June 30, 2017 were audited by a predecessor auditor, which expressed an unmodified opinion on each fund. The predecessor auditor's report was dated September 30, 2017.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise each fund's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

To the Board of Directors
Bradley International Airport Enterprise Fund and
General Aviation Airports Enterprise Fund

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018 on our consideration of each fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering each fund's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Bradley International Airport Enterprise Fund (BDL or Bradley) and the General Aviation Airports Enterprise Fund (GA) (collectively, the "Funds"), financial performance provides an overview for the year ended June 30, 2018. Please read it in conjunction with the Funds' 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 Funds' financial positions and the results of their operations.

As discussed in Note 1 to the financial statements, the Connecticut Airport Authority (CAA, or 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. Connecticut State Statute Title 15 Chapter 267B 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 CAA.

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 Funds' financial statements consist of a Statement of Net Position; 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 operations of the Funds are included on the statements of net position, and that revenues and expenses are recognized when earned and incurred, respectively, on the statements 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 Funds, 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 statements of revenues, expenses, and changes in net position. Net position is reported as restricted when constraints are placed on those assets by creditors, grantors, laws or imposed by law through constitutional provisions or enabling legislation. The restrictions in place at Bradley originate from indentures of trust associated with the sale of its airport revenue bonds, and regulations associated with its use of Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs).

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues and expenses and non-operating revenue and expenses of the Funds 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 Statements of Cash Flows report 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 Enterprise Fund and the General Aviation Airports Enterprise 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 ENTERPRISE 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 2018, Bradley financially outperformed budget expectations. Total operating revenue was 1.7% less than budget while operating & maintenance expenses excluding depreciation were 10.8% less than budget. Operating income excluding depreciation was 47.3% greater than budget. Airline revenues are a derivative of Bradley's operating expenses; accordingly, operating revenue results are below budget. Compared to FY 2017, total operating revenue increased 2.7% to $71,001, while total operating expenses before depreciation increased 6.7% to $54,325. Operating income before depreciation decreased 8.5% to $16,676. Net non-operating revenue increased from $17,978 in FY 2017 to $20,060 in FY 2018. This increase is primarily attributable to increases in PFC and CFC collections, further enhanced by interest income on those revenues, offset by increased expensed capital improvement costs and reduced actuarial pension gains. In addition, the adoption of GASB 75 for the Other Post-Employment Benefit (OPEB) in the current fiscal year added $594 in actuarial gain. Total net position at year-end totaled $262,244, an 8.2% increase from FY 2017's restated net position (restated due to the implementation of GASB 75). Total assets increased by $12.4 million or 2.6% and total liabilities increased by $44.1 million or 20.5%. The increase in liabilities was primarily due to adding $58,840 of OPEB liability with the implementation of GASB 75. Bradley generated debt service coverage of 343.7%, which is well above the 120.0% required by bond indenture.

An increase in passenger traffic was again realized in FY 2018 for the fifth straight year. In FY 2018, enplanements increased 4.5% over the FY 2017 enplanements and 9.5% over FY 2016 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 $19,773 from the restated net position for June 30, 2017 to June 30, 2018. The increase in Net Position was primarily due to PFC and CFC collections offset by bond interest expense, expensed capital project costs and airline net revenue share expense.

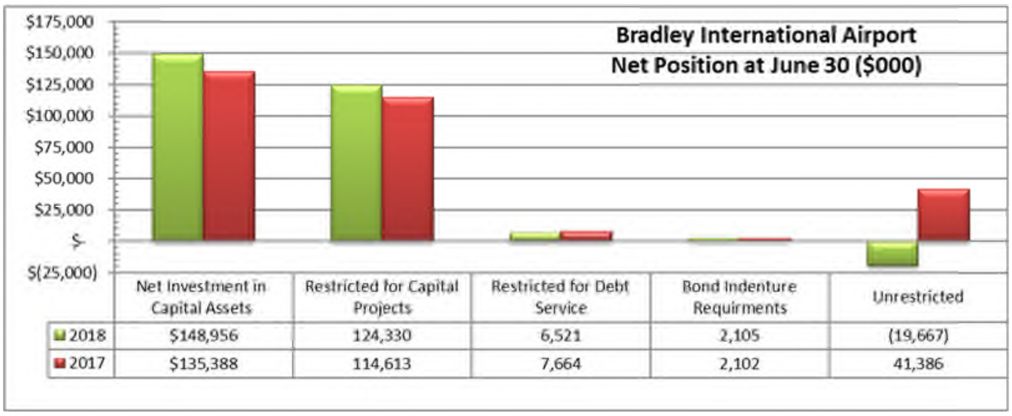
Table 1 also illustrates Bradley's assets (including deferred outflows of resources) exceeded its liabilities (including deferred inflows of resources) by $262,244 as of June 30, 2018. This net position includes $148,956 invested in capital assets net of related debt (an increase of 10.0%), assets restricted for PFC, CFC and bond indenture purposes of $132,955 (an increase of 6.9%) and unrestricted assets of ($19,667) (a decrease of 147.5%) from fiscal year 2017. The steep reduction in unrestricted assets is primarily attributable to a prior period adjustment of 58,682 related to the adoption of GASB 75 and the recording of the OPEB liability.

As of June 30, 2018, total revenue bonds payable less current maturities of $102,105 equate to $31.35 per enplaned passenger based on fiscal year 2018 enplaned passengers of 3,257, a 10.6% decrease from FY 2017 bonds payable of $35.07 per enplaned passenger.

TABLE 1
BALANCE SHEET
JUNE 30, 2018 AND 2017
(In thousands)

	2018	2017	2018 - 2017 Change ($)	Change (%)
ASSETS				
Current and Other Assets	$ 238,556	$ 228,730	$ 9,826	4.3%
Net Capital Assets	256,656	254,084	2,572	1.0%
TOTAL ASSETS	**495,212**	**482,814**	**12,398**	**2.6%**
DEFERRED OUTFLOWS OF RESOURCES				
Interest Rate Swap	10,999	16,265	(5,265)	-32.4%
Deferred Loss on Bond refunding	1,630	1,753	(123)	-7.0%
Deferred Pension Outflows	15,742	19,059	(3,317)	-17.4%
Deferred OPEB Outflows	2,433	-	2,433	100.0%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 30,804	$ 37,077	$ (6,272)	-16.9%
LIABILITIES				
Long-term Debt Outstanding	$ 102,105	$ 109,330	$ (7,225)	-6.6%
Other Liabilities	29,295	27,628	1,666	6.0%
Interest Rate Swap	10,999	16,265	(5,265)	-32.4%
Net Pension Liability	57,991	61,956	(3,966)	-6.4%
Net OPEB Liability	58,840	-	58,840	100.0%
TOTAL LIABILITIES	**259,230**	**215,179**	**44,050**	**20.5%**
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Inflows	2,861	3,559	(697)	-19.6%
Deferred OPEB Inflows	1,682	-	1,682	100.0%
TOTAL DEFERRED INFLOWS OF RESOURCES	**$ 4,543**	**$ 3,559**	**$ 984**	**27.7%**
NET POSITION				
Net Investments in Capital Assets	148,956	135,388	13,568	10.0%
Restricted	132,955	124,379	8,576	6.9%
Unrestricted	(19,667)	41,386	(61,053)	-147.5%
TOTAL NET POSITION	**262,244**	**301,153**	**(38,909)**	**-12.9%**

	2018	2017	2018 - 2017 Change ($)	Change (%)
Net Position at June 30				
Net Investment in Capital Assets	$ 148,956	$ 135,388	$ 13,568	10.0%
Restricted for Capital Projects	124,330	114,613	9,717	8.5%
Restricted for Debt Service	6,521	7,664	(1,143)	-14.9%
Bond Indenture Requirments	2,105	2,102	3	0.1%
Unrestricted	(19,667)	41,386	(61,053)	-147.5%
Total Net Position	**$ 262,244**	**$ 301,153**	**$ (38,909)**	**-12.9%**



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, 2018 and 2017. Changes in net position represent the fiscal year financial results of Bradley. The change in net position for FY 2018 is $19,773 compared to $24,751 in FY 2017. Overall for FY 2018 total net position increased 8.2% compared to the restated FY17 Net Position.

Bradley experienced net income before capital contributions in FY 2018. Operating revenues increased by $1,875 or 2.7%, attributable to modest increases in results across most core revenue streams, including airline terminal rent, terminal concessions and other concessions. Slight reductions in rental car revenues and landing fees offset this generally favorable increase year over year. Operating expenses before depreciation increased $3,421 or 6.7% compared to FY 2017, outweighing the positive revenue performance experience in the current year. Increases were experienced in all categories of expenses except utilities. Depreciation and amortization increased $1,022 or 6.1% over FY 2017 resulting in an operating loss of $1,004.

TABLE 2
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

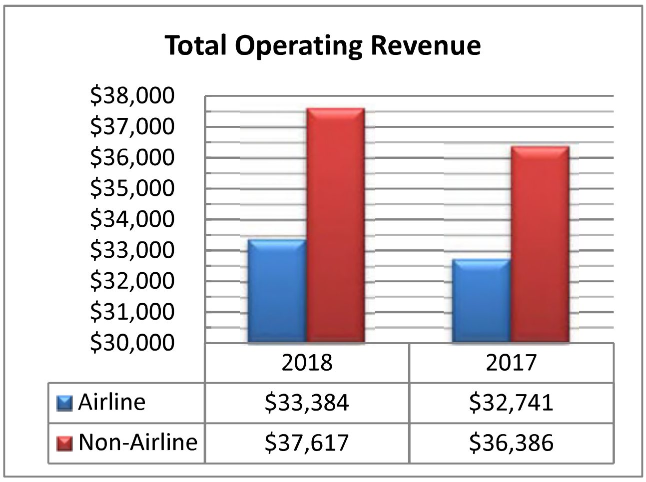
	2018	2017	2018 - 2017 Change ($)	2018 - 2017 Change (%)
OPERATING REVENUES				
Landing Fees	$ 18,133	$ 18,424	$ (291)	-1.6%
Airline Terminal Rent	10,897	10,393	503	4.8%
Aircraft Parking	4,354	3,924	430	11.0%
Auto Parking	11,631	11,392	239	2.1%
Rental Cars	8,501	8,998	(497)	-5.5%
Terminal Concessions	4,762	4,396	366	8.3%
Land and Building Rent	5,081	4,945	136	2.7%
Other Concessions	4,811	3,960	851	21.5%
Other Operating Revenue	2,832	2,695	137	5.1%
TOTAL OPERATING REVENUES	71,001	69,127	1,875	2.7%
OPERATING EXPENSES				
Salaries and Related Expenses	21,869	21,096	774	3.7%
Administrative and General	20,477	17,957	2,520	14.0%
Repairs and Maintenance	7,118	6,957	161	2.3%
Utilities	4,861	4,894	(34)	-0.7%
OPER EXPENSE BEFORE DEPRECIATION	54,326	50,905	3,421	6.7%
OPER INCOME BEFORE DEPRECIATION	16,676	18,222	(1,546)	-8.5%
Depreciation and Amortization	17,680	16,658	1,022	6.1%
OPERATING INCOME (LOSS)	(1,004)	1,565	(2,569)	-164.2%
NONOPERATING REVENUES(EXPENSES)				
Car Rental Facility Charge Revenue	11,356	10,222	1,134	11.1%
Passenger Facility Charge Revenue	14,197	12,962	1,235	9.5%
Investment Income	1,476	572	905	158.2%
Revenue Bond Interest Expense	(4,348)	(4,596)	248	-5.4%
Other Non-Operating Expenses	(2,484)	(1,249)	(1,234)	98.8%
Airline Net Rev Share Exp	(2,077)	(2,312)	236	-10.2%
Actuarial Pension Gain	1,346	2,380	(1,034)	-43.4%
Actuarial OPEB Gain	594	-	594	100.0%
NET NONOPERATING REVENUES (EXPENSE)	20,060	17,978	2,082	11.6%
INCOME BEFORE CAPITAL CONTRIBUTIONS	19,056	19,543	(487)	-2.5%
CAPITAL CONTRIBUTIONS	717	5,209	(4,491)	-86.2%
Change in Net Position	19,773	24,751	(4,978)	-20.1%
Net Position, Beginning of year, as previously reported	301,153	276,402	24,751	9.0%
Cumulative Effect of Change in Accounting (Note 15)	(58,682)	-	(58,682)	-100.0%
Total Net Position, Beginning of Year (as restated)	242,471	276,402	(33,931)	-12.3%
Total Net Position, End of Year	$ 262,244	$ 301,153	$ (38,909)	-12.9%

BRADLEY INCOME

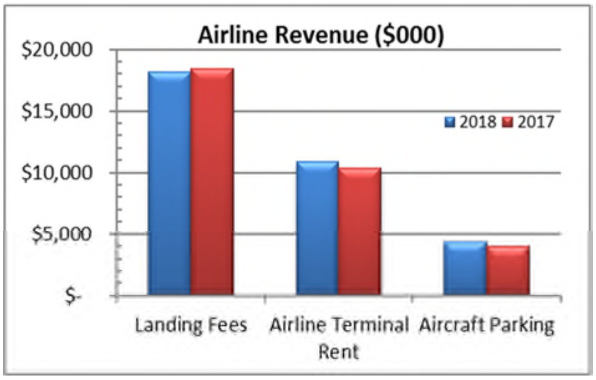
As indicated on Table 2, Bradley generated operating income before depreciation of $16,676, net non-operating revenues (expenses) of $20,060 and $717 of capital contributions. The change in net position for fiscal year 2018 was $19,773 as compared to the prior year change in net position of $24,751. The operating and non-operating revenues and expenditures associated with this income are addressed below.

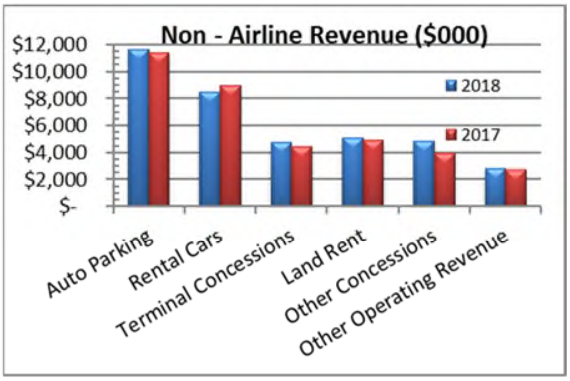
Operating Revenues

Operating revenues for fiscal year 2018 totaled $71,001, an increase of $1,875 or 2.7% from fiscal year 2017. Operating revenues are segregated between airline and non-airline sources. Airline revenues were $33,384 or 47.0% of total operating revenue, and non-airline revenues were $37,617 or 53.0% of total operating revenue as shown at right and in greater detail below.



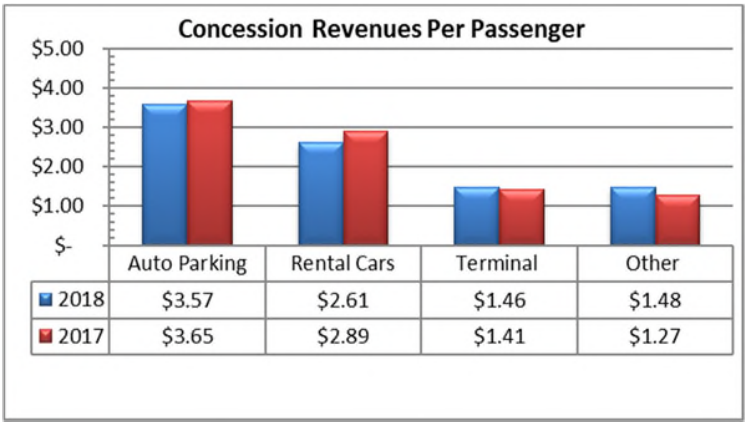
Airline revenues increased by $643 or 2.0% from fiscal year 2017 to fiscal year 2018. The Airlines pay rates and charges based on budgeted operating expenditures and debt service allocated to airline cost centers including the landing area, terminal building and aircraft parking aprons. The fiscal year 2018 operating expense budget of $60,881 reflected a 1.3% increase in operating expenses over the fiscal year 2017 operating budget, which was appropriately reflected in budgeted airline rates and charges. The current airline agreements include 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 2018 operating expenditures were 10.8% under budget which in turn caused operating revenues to be 1.7% below budget due to the true-up feature applied to airline revenues.





Deducting cargo airline landing fees of $3,736 and airline net revenue share of $2,077 from total airline revenue of $33,384 results in passenger airline revenue of $27,571. This equates to a fiscal year 2018 Cost per Enplaned Passenger (CPE) of $8.47 based on fiscal year 2018 enplaned passengers of 3,257, a 1.3% decrease from the fiscal year 2017 CPE of $8.58.

Total non-airline revenues increased by $1,232 or 3.4% from fiscal year 2017. Non-airline revenues are comprised of the various concessions operating at Bradley, land rent and other operating revenue. Concession operations include auto parking, rental cars, terminal concessions and other concessions, which combine for total revenue of $29,704. The largest source of concession revenue is vehicle parking operations which totaled $11,631. Terminal concessions include food and beverage, retail, advertising and miscellaneous services provided in the terminal. Other concessions include in-flight food catering, the Sheraton Hotel located in the terminal, ground transportation services and others.



Total concession revenue of $29,704 equates to $9.12 per enplaned passenger based on fiscal year 2018 enplaned passengers of 3,257, a 1.1% decrease from fiscal year 2017 concession revenue per enplaned passenger of $9.22. The division of revenues per passenger among the various concessions is shown above.

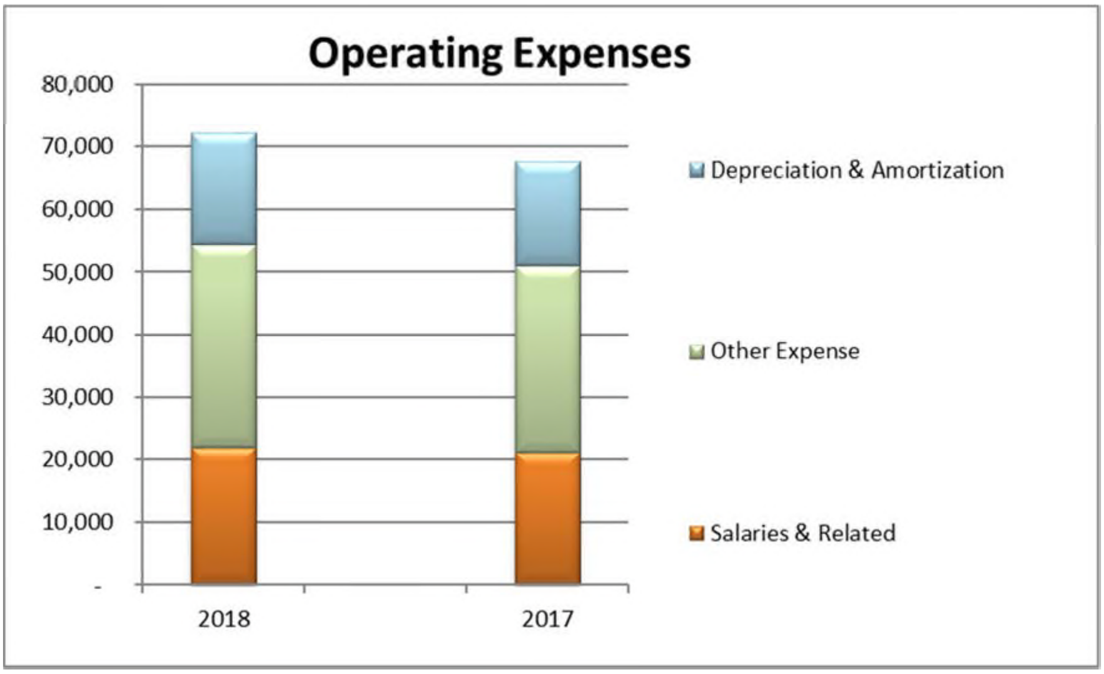
Operating Expenses

Operating expenses in fiscal year 2018 totaled $72,005, an increase of $4,443 from fiscal year 2017. 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 2018 and fiscal year 2017 operating expenses is shown in Table 3.

As indicated on Table 3, an increase in salaries, fringe benefits, security costs along with increases in administrative & general expenses and repairs & maintenance expenses are offset by decreases in overtime, other payroll, and utilities. The increase in fringe benefit was largely due to the percentage increase for SERS, and the increase in administrative & general costs was due to airline marketing incentive costs related to the continuation of international service to Bradley. The increase experienced in repairs and maintenance was mostly due to contract services at the airport and winter storm supplies. Depreciation and amortization increased by $1,022 or 6.1% over fiscal year 2017.

TABLE 3
OPERATING EXPENSES
JUNE 30, 2018 AND 2017
(In thousands)

			2018 - 2017	
Salaries & Related	**2018**	**2017**	**Change ($)**	**Change (%)**
Salaries	$ 10,229	$ 10,037	$ 192	1.9%
Overtime	916	1,013	(97)	-9.6%
Other Payroll	325	366	(41)	-11.1%
Fringe Benefit	10,400	9,680	720	7.4%
Salaries & Related	21,869	21,096	774	3.7%
Other Expense				
Payment In Lieu of Tax	4,679	4,679	(0)	0.0%
Security	8,324	7,376	948	12.9%
Administrative & General Costs	7,475	5,903	1,572	26.6%
Repairs and Maintenance	7,118	6,957	160	2.3%
Utilities	4,861	4,894	(34)	-0.7%
Other Expense	32,456	29,809	2,647	8.9%
Expenses Before Depreciation	**54,325**	**50,905**	**3,420**	**6.7%**
Depreciation & Amortization	17,680	16,658	1,022	6.1%
Total Operating Expenses	**$ 72,005**	**$ 67,562**	**$ 4,443**	**6.6%**



Net Non-operating Revenue (Expense)

Non-operating revenues and (expenses) includes Bradley's Passenger Facility Charges (PFCs), Car Rental Facility Charges (CFCs), investment income, revenue bond interest expense, other non-operating expenses, actuarial pension and OPEB gain/loss, 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 charge 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 2018, Bradley collected total PFCs (excluding PFC interest) of $13,306, an increase of 5.8% from fiscal year 2017. Bradley is also authorized by contract with the rental car companies to assess a CFC per rental car transaction day. The existing rate for this is $6.95 per rental car transaction day. The revenue associated with this charge is recognized according to criteria established by bond indenture and subsequently transferred to a project account dedicated to design, engineer and construct a ground transportation center at Bradley, of which the largest component will be a consolidated rental car facility. CFC collections commenced December 2009 and revenues for fiscal year 2018 totaled $10,753 (excluding interest), an increase of 7.8%. Investment income from all accounts totaled $2,970, a 147.9% increase from fiscal year 2017 investment income of $1,198. 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 2018 totaled $4,348, a decrease of 5.4% from fiscal year 2017. Non-operating other expenses for fiscal year 2018 equaled $2,484, which is a 98.8% increase from fiscal year 2017. The CAA executed an Airline Operating Agreement and Terminal Building Lease with the signatory air carriers at Bradley airport that was 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 2018, the airlines will share in $2,077 which is reflected as a non-operating expense to Bradley. A reduced actuarial pension gain recognized in FY 2018 compared to FY 2017 was also a large driver of change in overall non-operating revenue (expense). In FY 2017, the airport realized a $2,380 actuarial pension gain, versus $1,346 in FY 2018. With the implementation of GASB 75 in FY 2018, BDL also recognized an incremental actuarial gain of $594. Net non-operating revenues (expense) for fiscal 2018 is $20,060, an increase of $2,082 over FY 2017. Net income before capital contributions for fiscal year 2018 is $19,056. Overall, net income along with capital contributions of $717 increased net position for Bradley by $19,773.

CAPITAL CONTRIBUTIONS

Total FY 2018 capital contributions equaled $717, a decrease of $4,492 from fiscal year 2017 capital contributions of $5,209. 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 Bradley. Projects and capital contributions are summarized below.

Capital Contributions ($000)	2018	2017	2018 - 2017 Change ($)	2018 - 2017 Change (%)
Obstruction Removal	$ 733	$ -	$ 733	100.0%
Planning Studies	-	4	(4)	-100.0%
Repair Drainage Structures	33	2,489	(2,456)	-98.7%
Taxiways	(49)	2,477	(2,526)	-102.0%
Purchase of Squitters	-	225	(225)	-100.0%
EV Charging Stations	-	14	(14)	-100.0%
Total	$ 717	$ 5,209	$ (4,492)	-86.2%

BUDGET TO ACTUAL PERFORMANCE

Bradley's annual operating budget for fiscal year 2018 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 2018 is shown in Table 4.

Total operating revenues were 1.7 % less than budget. All categories of airline revenue were less than budget as a result of performing an airline rates and charges true-up entry. FY 2018 airline rates and charges are initially set based on FY 2018 operating budget. Pursuant to the airline operating agreement, once the full year of 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 $2.6M true-up to airline operating revenues. Non-airline revenues were over budget by $1,967 or 5.5%. A positive variance was experienced in all categories of non-airline revenues. PFC revenue and related interest was $1,689 or 13.5% over budget. CFC revenue and related interest was also over budget by $684 or 6.4%. Total operating expenses before depreciation were 10.8% under budget with surpluses realized in almost all categories of expenses.

Table 4
FY 2018 Budget to Actual Performance ($000)

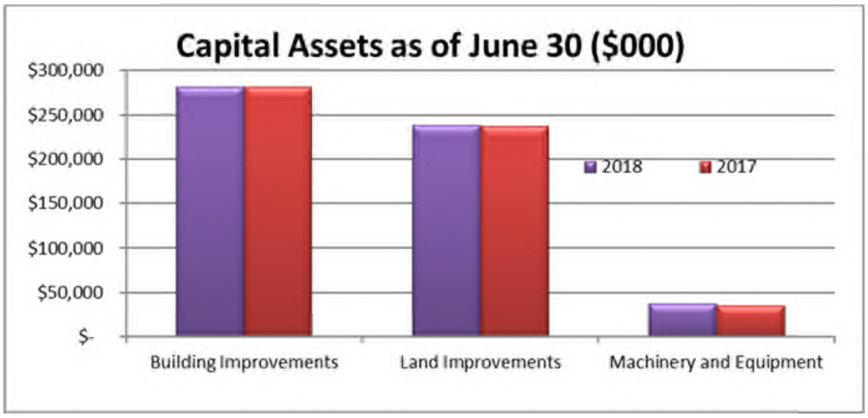
			Variance Greater (Less) Than Budget	
	Budget	**Actual**	**($000)**	**Percent**
Airline Revenue	$ 36,550	$ 33,384	$ (3,166)	-8.7%
Non-Airline Revenue	35,651	37,617	1,967	5.5%
Total Operating Revenue	$ 72,201	$ 71,001	$ (1,199)	-1.7%
Passenger Facility Charges & PFC Interest	12,507	14,197	1,689	13.5%
Car Rental Facility Charge Revenue & CFC Interest	10,672	11,356	684	6.4%
Operating & Maintenance Expenses before Depreciation	$ 60,881	$ 54,325	$ (6,555)	-10.8%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Bradley's capital assets increased $12.9 million for the year ended June 30, 2018. Changes in detailed capital asset categories are summarized in Table 5 below. The large increase in Construction in Progress reflects the ongoing work on the Ground Transportation Center, the new roadway system and the elevator design and construction in the new terminal.

Table 5 Capital Assets as of June 30 ($000)			
	2018	2017	2018 - 2017 Additions
Building Improvements	$ 281,175	$ 280,990	$ 184
Land Improvements	238,554	236,893	1,660
Machinery and Equipment	36,831	35,180	1,651
Total Depreciable	**556,559**	**553,063**	**3,495**
Land	2,657	2,657	0
Construction in Progress	23,908	14,503	9,405
Total Non - Depreciable	**26,566**	**17,160**	**9,405**
Total	**$ 583,124**	**$ 570,223**	**$ 12,901**



Debt

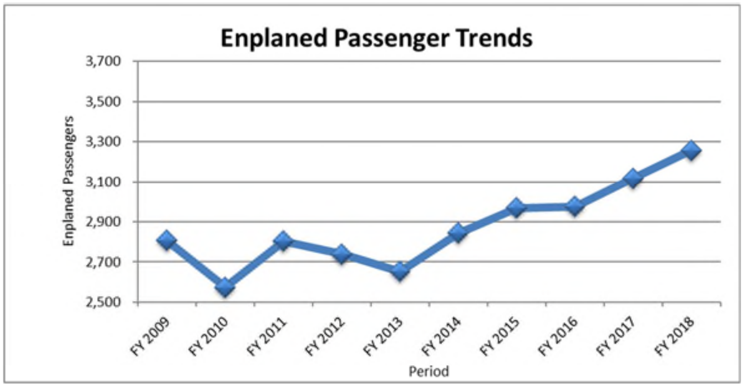
At year-end, Bradley had $109,330 in General Airport Revenue Bonds outstanding versus $116,290 in fiscal year 2017 - a decrease of $6,960 or 6.0%. Bradley had two outstanding series of bonds at June 30, 2018. These include the Series 2011A and Series 2011B issued to refund the bonds previously issued in support of Bradley's terminal expansion and improvement program. Principal outstanding on these bonds as of June 30 is shown below:

Principal Outstanding	2018	2017	2018-2017 Change
Series 2011A	$ 65,600	$ 69,775	$ (4,175)
Series 2011B	43,730	46,515	(2,785)
Total Principal Outstanding*	$ 109,330	$ 116,290	$ (6,960)

* Less current maturities of $7,225 results in revenue bonds payable (Long Term Portion) of $102,105 as of June 30, 2018. For a more detailed description of long-term debt obligations see Note 6 in the accompanying financial statements.

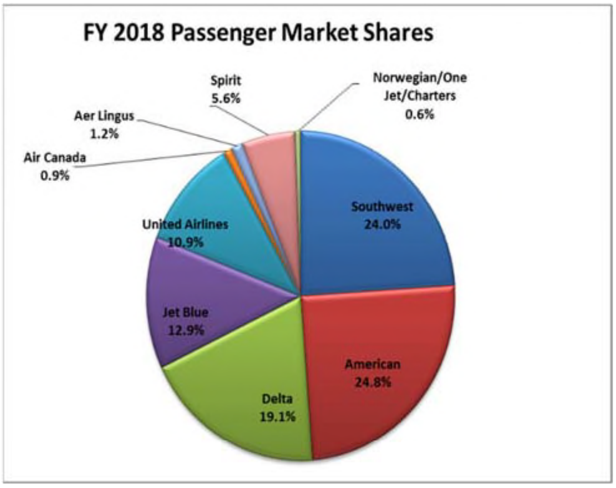
ECONOMIC FACTORS AND OUTLOOK

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 five 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 2018, Bradley enplaned 3.257 million passengers, a 4.5% increase from fiscal year 2017. 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 non-stop service to Dublin, Ireland with Aer Lingus. This non-stop service to Ireland has recently been extended for an additional four years, taking the Aer Lingus commitment to Bradley out to 2022. In addition to this new international service, Spirit Airlines started domestic service to Orlando, FL, Fort Lauderdale, FL and seasonal flights to Myrtle Beach, SC. Later in FY 2018 they added seasonal flights to Tampa, FL and Fort Myers, FL. Southwest Airlines has also added a new flight to St. Louis, MO starting in August 2018.



In fiscal year 2018, Bradley continued to maintain a strong diverse market share amongst 8 main carriers. Year over year, Spirit increased the most due to the additional flights and a full fiscal year of operations on other flights. Aer Lingus had the second largest increase with 48.9% growth in their passenger count for fiscal year 2018, reflecting a full fiscal year of operations, followed by Air Canada with a 6.8% increase. American is the largest carrier at Bradley with 24.8% of the market following closely by Southwest with 24.0% of the market. Both carriers experienced a slight decrease in market share compared to fiscal year 2017. Delta is the third largest carrier 19.3% of the market, a slight decrease from fiscal year 2017.

	2018 Enplaned Passengers			2017 Enplaned Passengers		
Carrier	Mainline	Regional / Express Operations	Total	Mainline	Regional / Express Operations	Total
American	575,569	231,937	**807,506**	551,759	257,710	**809,469**
Southwest	780,671	-	**780,671**	811,642	-	**811,642**
Delta	552,237	76,070	**628,307**	550,377	83,035	**633,412**
Jet Blue	420,471	-	**420,471**	432,901	-	**432,901**
United Airlines	213,876	140,686	**354,562**	209,543	143,793	**353,336**
Spirit	181,828	-	**181,828**	17,626	-	**17,626**
Aer Lingus	40,271	-	**40,271**	27,047	-	**27,047**
Air Canada	-	29,580	**29,580**	-	27,698	**27,698**
Norwegian/One Jet/Charters	11,107	2,675	**13,782**	955	3,380	**4,335**
Total	**2,776,030**	**480,948**	**3,256,978**	**2,601,850**	**515,616**	**3,117,466**

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 2018, American, United, Delta, Southwest, Air Canada, Jet Blue, Spirit, Aer Lingus, One Jet and 21 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 2018 and fiscal year 2017 are shown below in Table 6.

Table 6
Bradley International Airport
Passenger Market Share Trends

	2018 Enplaned Passengers			2017 Enplaned Passengers		
Carrier	Mainline	Regional / Express Operations	Total	Mainline	Regional / Express Operations	Total
American	575,569	231,937	**807,506**	551,759	257,710	**809,469**
Southwest	780,671	-	**780,671**	811,642	-	**811,642**
Delta	552,237	76,070	**628,307**	550,377	83,035	**633,412**
Jet Blue	420,471	-	**420,471**	432,901	-	**432,901**
United Airlines	213,876	140,686	**354,562**	209,543	143,793	**353,336**
Spirit	181,828	-	**181,828**	17,626	-	**17,626**
Aer Lingus	40,271	-	**40,271**	27,047	-	**27,047**
Air Canada	-	29,580	**29,580**	-	27,698	**27,698**
Norwegian/One Jet/Charters	11,107	2,675	**13,782**	955	3,380	**4,335**
Total	**2,776,030**	**480,948**	**3,256,978**	**2,601,850**	**515,616**	**3,117,466**

	2018 Market Shares			2017 Market Shares		
Carrier	Mainline	Regional / Express Operations	Total	Mainline	Regional / Express Operations	Total
American	17.7%	7.1%	**24.8%**	17.7%	8.3%	**26.0%**
Southwest	24.0%	0.0%	**24.0%**	26.0%	0.0%	**26.0%**
Delta	17.0%	2.3%	**19.3%**	17.7%	2.7%	**20.3%**
Jet Blue	12.9%	0.0%	**12.9%**	13.9%	0.0%	**13.9%**
United Airlines	6.6%	4.3%	**10.9%**	6.7%	4.6%	**11.3%**
Spirit	5.6%	0.0%	**5.6%**	0.6%	0.0%	**0.6%**
Aer Lingus	1.2%	0.0%	**1.2%**	0.9%	0.0%	**0.9%**
Air Canada	0.0%	0.9%	**0.9%**	0.0%	0.9%	**0.9%**
Norwegian/One Jet/Charters	0.0%	0.1%	**0.4%**	0.0%	0.1%	**0.1%**
Total	**85.2%**	**14.8%**	**100.0%**	**83.5%**	**16.5%**	**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 in order to support continued growth of passenger traffic. Bradley continues 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 2018 to be $90,864, an increase of $11,308 or 14.2% from fiscal year 2017. Total assets are broken down by current assets of $18,245 and net capital assets of $69,075. 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 2018 the amount for deferred outflow of resources is $3,543 which represents the deferred pension and OPEB outflows. For fiscal year 2017 the amount for deferred outflow of resources was $3,718 (which only included the outflow for pension).

Total liabilities including deferred inflow of resources for fiscal year 2018 equal $32,102, reflecting an increase of $15,593 or 94.4% from fiscal year 2017. The increase in liabilities is mostly due to an increase in accrued liabilities and an increase in amounts due to affiliates along with adopting the OPEB liability of $11,632. 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 along with the net OPEB is the only long term liability for the General Aviation Airports. The net pension liability also decreased from $12,586 in fiscal year 2017 to $ 11,802 in fiscal year 2018. The change in the deferred inflows for pensions decreased from fiscal year 2017 by $138, however the deferred amount for the OPEB is $332. Overall, the total net position for the General Aviation Airports is $58,762 compared to the restated net position of $ 51,446 in fiscal year 2017. Table 7 below shows the details for total net position.

TABLE 7
BALANCE SHEET - GENERAL AVIATION AIRPORTS
JUNE 30, 2018
(in thousands)

	2018	2017	2018 - 2017 Change ($)	2018 - 2017 Change (%)
ASSETS				
Current and other assets	$ 18,246	$ 10,967	$ 7,279	66.4%
Net capital assets	69,075	64,872	4,203	6.5%
TOTAL ASSETS	**$ 87,321**	**$ 75,839**	**$ 11,482**	**15.1%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	$ 3,062	$ 3,718	$ (656)	-17.6%
Deferred OPEB Outflows	481	-	481	100.0%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 3,543**	**$ 3,718**	**$ (175)**	-4.7%
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 4,256	$ 2,033	$ 2,223	109.3%
Due to Affiliate/State/Muni	3,321	992	2,329	234.6%
Deferred Revenue and Other	190	191	(1)	-0.7%
Net Pension Liability	11,802	12,586	(784)	-6.2%
Net OPEB Liability	11,632	-	11,632	100.0%
TOTAL LIABILITIES	**$ 31,200**	**$ 15,802**	**$ 15,398**	**97.4%**
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount for Pensions	569.33	707	(138)	-19.5%
Deferred Amount for OPEB	332.47	-	332	100.0%
TOTAL DEFERRED INFLOWS OF RESOURCES	**902**	**$ 707**	**$ 194**	**27.5%**
NET POSITION				
Net Investments in Capital Assets	69,075	64,872	4,203	6.5%
Unrestricted	(10,313)	(1,825)	(8,489)	465.2%
TOTAL NET POSITION	**$ 58,762**	**$ 63,047**	**$ (4,285)**	**-6.8%**

Net Position

In FY 2108, the GA Fund began receiving Aviation Fuel Tax revenue from the State generated by a sales tax imposed by the State on aviation fuel sales. Pursuant to FAA regulations, aviation fuel tax revenues must be used to fund costs of airports. The new aviation fuel tax revenues stream replaced state subsidies received in prior years as a means of supplemental funding to the GA airports' own revenues. These aviation fuel tax revenues are passed to the GA Fund from the State quarterly based on actual amounts collected by the State. In FY 2018 the General Aviation Airports received $5,215 from the tax revenues. Changes in Net Position, Table 8, illustrates the various categories used to calculate the change in net position. Net position at the beginning of the year for the General Aviation Airports Enterprise Fund was $63,047 however due to the implementation of GASB 75 this amount was restated to $51,446. Net position at the end of fiscal 2018 is $58,762. Operating revenues for fiscal year 2018 totaled $3,076 which was a 13.5% increase from fiscal year 2017. Revenues consisted of airline revenue totaling $211 and non-airline revenue of $2,865. 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 $5,603 which is also an increase of 3.6%, over fiscal year 2017. Operating expenses include salaries and related expenses, administrative and general, repairs and maintenance, and energy and utilities. Depreciation expense for fiscal year 2018 is $3,524, which is 7.4% lower than fiscal year 2017. The net non-operating revenue for fiscal year 2018 is $4,284, which is slightly higher than fiscal year 2017 by 6.1%. The non-operating revenue includes the aviation fuel tax receipts of $5,215 and investment income of $106 offset by non-operating expenses of $1,420 which is predominately made up of various capital projects that were expensed. In addition, similar to Bradley, the General Aviation Airports recorded a $266 actuarial pension gain in fiscal year 2018 compared to a $464 actuarial pension gain in fiscal year 2017. For OPEB, the actuarial gain was $117. Fiscal year 2018 income (loss) before capital contributions equaled ($1,767) compared to ($2,464) in fiscal year 2017. Capital contributions are $9,082 which is largely 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, 2018
(In Thousands)

	2018	2017	2018 - 2017 Change ($)	2018 - 2017 Change (%)
OPERATING REVENUES				
Landing Fees	$ 37	$ 38	(1)	-1.9%
Airline Terminal Rent	11	11	-	0.0%
Aircraft Parking	162	186	(24)	-12.7%
Rental Cars	162	166	(4)	-2.3%
Terminal Concessions	11	3	8	267.6%
Land Rent	1,655	1,218	437	35.9%
Other Operating Revenue	1,037	1,088	(52)	-4.7%
TOTAL OPERATING REVENUES	3,076	2,710	366	13.5%
OPERATING EXPENSES				
Salaries and Related Expenses	4,149	4,039	110	2.7%
Administrative and General	371	403	(32)	-8.0%
Repairs and Maintenance	728	693	35	5.1%
Energy and utilities	265	268	(3)	-1.0%
Equipment	90	5	85	1706.7%
OPER EXPENSES BEFORE DEPRECIATION	5,603	5,407	196	3.6%
OPER LOSS BEFORE DEPRECIATION	(2,527)	(2,697)	170	-6.3%
Depreciation and Amortization	3,524	3,805	(281)	-7.4%
OPERATING (LOSS)	(6,051)	(6,502)	451	-6.9%
NON OPERATING REVENUES (EXPENSES)				
Investment income	106	53	53	101.0%
Other Non operating expenses	(1,420)	(645)	(775)	120.1%
State Operating Subsidy	-	4,166	(4,166)	-100.0%
Aviation Fuel Tax Revenue	5,215	-	5,215	100.0%
Actuarial Pension Gain	266	464	(198)	-42.7%
Actuarial OPEB Gain	117	-	117	100.0%
NET NON OPERATING REVENUES (EXPENSE)	4,284	4,038	246	6.1%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,767)	(2,464)	697	-28.3%
CAPITAL CONTRIBUTIONS	9,082	2,721	6,362	233.8%
Change in Net Position	7,316	257	7,059	2748.6%
Net Position, Beginning of year, as previously reported	63,047	62,791		
Cumulative Effect of Change in Accounting (Note 15)	(11,601)	-		
Total Net Position, Beginning of Year (as restated)	51,446	62,791	(11,344)	-18.1%
Total Net Position, End of Year	$ 58,762	$ 63,047	$ (4,285)	-6.8%

Revenues

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

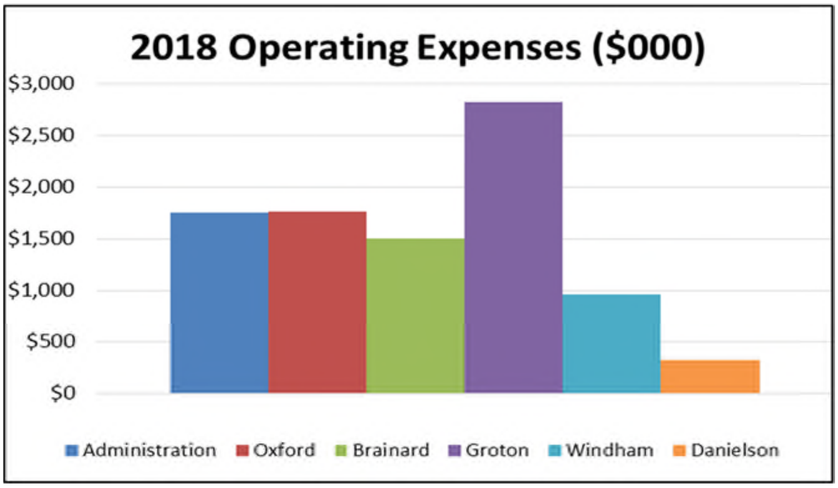
Operating Expenses

Operating expenses in fiscal year 2018 totaled $9,127, which includes salaries and related expenses, security, administrative & general, repairs & maintenance, energy & utilities along with equipment and depreciation. The distribution of operating expenses for fiscal year 2018 is shown on Table 9.

As indicated earlier, the General Aviation Airports Enterprise Fund receives proceeds from the Aviation Fuel tax revenue to support operating expenses and the capital improvement needs of the airports. For fiscal year 2018, the GA Fund received $5,215 from the State of Connecticut to partially fund operating and capital expenses for all five general aviation airports and the general aviation administration. Operating expenses before depreciation equaled $5,603, which exceeded the tax revenue received. It is the intention of the Authority to work toward making the General Aviation airports self-sufficient so that the Enterprise Fund can support operations by its own funding. Table 9 below details the fiscal year 2018 operating expenses by airport by category.

TABLE 9
OPERATING EXPENSES - GENERAL AVIATION AIRPORTS
FOR THE YEAR ENDED JUNE 30, 2018
(In thousands)

Salaries & Related	**Total 2018**	**GA Airport Administration**	**Oxford**	**Brainard**	**Groton**	**Windham**	**Danielson**
Salaries	$ 1,902	$ 873	$ 229	$ 321	$ 395	$ 43	$ 41
Overtime	301	-	86	85	123	3	3
Other Payroll	68	32	13	15	8	0	0
Fringe Benefit	1,878	705	277	373	448	38	36
Salaries & Related	**4,149**	**1,609**	**605**	**794**	**974**	**85**	**80**
Other Expense							
Security	41	-	10	5	12	7	7
Administrative Costs	329	40	62	65	126	23	14
Repairs and Maintenance	728	-	89	92	282	170	96
Utilities	265	2	55	66	116	16	10
Equip/Operating Exp. Misc.	91	91	-	-	-	-	-
Other Expense	**1,454**	**133**	**216**	**227**	**536**	**215**	**127**
Expenses Before Depreciation	**5,603**	**1,742**	**822**	**1,022**	**1,511**	**300**	**207**
Depreciation & Amortization	3,524	8	945	484	1,315	658	115
Total Operating Expenses	**$ 9,127**	**$ 1,750**	**$ 1,766**	**$ 1,506**	**$ 2,825**	**$ 958**	**$ 322**



BUDGET TO ACTUAL PERFORMANCE

The fiscal year 2018 budget was presented and approved by the Board of Directors as per the State Statute Title 15 Chapter 267B. However, as explained earlier the funding for the General Aviation Airports is based on the actual tax revenue received from the aviation fuel tax. The amount of the aviation fuel tax revenue was less than was reflected in the Board approved budget. The Fund's management continues to work diligently to manage costs within the confines of its anticipated funding sources. 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, 2018
in thousands

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUE			
Landing Fees	$ 38	$ 37	$ (1)
Terminal Rent - Airline	11	11	-
Aircraft Parking	183	162	(21)
Rental Cars	174	162	(12)
Terminal Concessions	2	11	9
Land & Building Rent	1,383	1,655	272
Other Operating Revenue	880	1,037	157
TOTAL OPERATING REVENUES	**$ 2,672**	**$ 3,076**	**$ 404**
OPERATING EXPENSES			
Salaries & Wages	$ 2,324	$ 1,902	$ (421)
Overtime	345	301	(44)
Other Payroll	48	68	20
Fringe Benefits	2,352	1,878	(475)
Total Personnel Costs	5,070	4,149	(921)
Security Services	53	41	(11)
Administrative Costs	596	329	(266)
Repairs & Maintenance	823	728	(94)
Utilities	296	265	(31)
Equipment	184	91	(93)
Total Other Expenses	1,950	1,454	(496)
TOTAL OPERATING EXPENSES	**$ 7,020**	**$ 5,603**	**$ (1,417)**

The GA Fund continues to evaluate options to help reduce dependence on outside funding sources, 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 GA Fund is actively exploring new avenues of increasing revenue in an effort to 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 airports and the results of its operations for the fiscal year ended June 30, 2018. The report is consistent with full disclosure so that the reader may gain a solid understanding of the Funds' financial affairs.

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

Fund Statement of Net Position

June 30, 2018

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Assets		
Current assets:		
Cash	$ 4,473,013	$ 529,038
Short-term investments	90,852,283	7,482,649
Current portion of restricted investments	3,330,595	-
Accounts receivable	7,243,262	3,105,122
Due from the State	2,272,270	698,095
Grants receivable	731,153	6,344,321
Prepaid expenses and other assets	28,917	86,744
Total current assets	108,931,493	18,245,969
Noncurrent assets:		
Restricted assets:		
Cash	461	-
Investments	126,471,620	-
Accounts receivable	2,977,749	-
Interest receivable	174,924	-
Capital assets:		
Assets not subject to depreciation	26,565,559	39,374,142
Assets subject to depreciation - Net	230,090,519	29,701,154
Total noncurrent assets	386,280,832	69,075,296
Total assets	495,212,325	87,321,265
Deferred Outflows of Resources		
Interest rate swaps	10,999,429	-
Deferred loss on bond refunding	1,629,896	-
Deferred pension costs	15,742,160	3,062,149
Deferred OPEB costs	2,432,945	480,965
Total deferred outflows of resources	30,804,430	3,543,114
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	15,384,183	4,255,660
Unearned revenue and other	5,611,185	189,795
Due to the State	-	3,320,972
Payables from restricted assets:		
Current portion of revenue bonds payable	7,225,000	-
Revenue bond interest payable	1,074,179	-
Total current liabilities	29,294,547	7,766,427
Noncurrent liabilities:		
Net pension liability	57,990,740	11,802,030
Net OPEB liability	58,839,962	11,631,972
Revenue bonds payable - Net of current portion	102,105,000	-
Interest rate swap	10,999,429	-
Total noncurrent liabilities	229,935,131	23,434,002
Total liabilities	259,229,678	31,200,429
Deferred Inflows of Resources		
Deferred pension cost reductions	2,861,264	569,330
Deferred OPEB cost reductions	1,681,795	332,471
Total deferred inflows of resources	4,543,059	901,801
Net Position		
Net investment in capital assets	148,955,974	69,075,296
Restricted:		
Capital Projects	124,329,702	-
Debt Service	6,520,911	-
Bond Indenture Requirements	2,104,736	-
Unrestricted	(19,667,305)	(10,313,147)
Total net position	**$ 262,244,018**	**$ 58,762,149**

See notes to financial statements.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2018

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Operating Revenue		
Airline revenue:		
Landing fees	$ 18,133,002	$ 37,408
Airline terminal rent	10,896,625	10,920
Apron and remote aircraft parking	4,354,396	162,485
Total airline revenue	33,384,023	210,813
Nonairline revenue:		
Rental cars	8,500,566	162,331
Terminal concessions	4,761,601	11,235
Land rent	5,081,420	1,654,912
Other concessions	4,811,206	-
Other operating revenue	2,831,896	1,036,801
Auto parking	11,630,736	-
Total nonairline revenue	37,617,425	2,865,279
Total operating revenue	71,001,448	3,076,092
Operating Expenses		
Salaries and related expense	21,869,384	4,148,762
Administrative and general	20,477,436	370,522
Repairs and maintenance	7,117,796	818,769
Energy and utilities	4,860,588	264,944
Depreciation and amortization	17,679,926	3,523,743
Total operating expenses	72,005,130	9,126,740
Operating Loss	(1,003,682)	(6,050,648)
Nonoperating Revenue (Expense)		
Passenger facility charge revenue	14,196,631	-
Car rental facility charge revenue	11,355,891	-
Investment income	1,476,258	106,142
Aviation fuel tax revenue	-	5,214,602
Other nonoperating expenses	(2,483,803)	(1,420,193)
Bond interest expense	(4,347,945)	-
Airline revenue share expense	(2,076,502)	-
Noncash pension and OPEB actuarial assumption adjustments	1,939,603	383,438
Total nonoperating revenue	20,060,133	4,283,989
Income (Loss) - Before capital contributions	19,056,451	(1,766,659)
Capital Contributions	716,964	9,082,376
Change in Net Position	19,773,415	7,315,717
Net Position - Beginning of year, as previously reported	301,153,013	63,047,258
Cumulative Effect of Change in Accounting	(58,682,410)	(11,600,826)
Net Position - Beginning of year, as adjusted	242,470,603	51,446,432
Net Position - End of year	**$ 262,244,018**	**$ 58,762,149**

See notes to financial statements.

Fund Statement of Cash Flows

Year Ended June 30, 2018

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Cash Flows from Operating Activities		
Receipts from customers	$ 71,001,448	$ 3,076,092
Payments to suppliers	(24,612,609)	(4,319,371)
Payments to employees and fringes	(21,869,384)	(4,148,762)
Net cash provided by (used in) operating activities	24,519,455	(5,392,041)
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	716,964	9,082,376
Purchase of capital assets	(19,949,085)	(7,727,013)
Principal and interest paid on capital debt	(11,406,309)	-
Car rental facility charge receipts	11,355,891	-
Passenger facility charge receipts	14,196,631	-
Other nonoperating expenses	(2,483,803)	3,794,409
Airline revenue share expense	(2,076,502)	-
Net cash (used in) provided by capital and related financing activities	(9,646,213)	5,149,772
Cash Flows from Investing Activities		
Interest received on investments	1,385,074	106,142
Purchases of investment securities	(23,681,377)	(679,184)
Net cash used in investing activities	(22,296,303)	(573,042)
Net Decrease in Cash	(7,423,061)	(815,311)
Cash - Beginning of year	11,896,535	1,344,349
Cash - End of year	**$ 4,473,474**	**$ 529,038**
Classification of Cash		
Cash and investments	$ 4,473,013	$ 529,038
Restricted cash	461	-
Total cash	**$ 4,473,474**	**$ 529,038**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (1,003,682)	$ (6,050,648)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	17,679,926	3,523,743
Changes in assets and liabilities:		
Receivables	6,423,187	(7,328,461)
Prepaid and other assets	(28,917)	(86,744)
Accounts payable and accrued liabilities	1,952,312	4,551,327
Unearned revenue	(503,371)	(1,258)
Total adjustments	25,523,137	658,607
Net cash provided by (used in) operating activities	**$ 24,519,455**	**$ (5,392,041)**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Nature of Business

The Bradley International Airport Enterprise Fund (BDL) and General Aviation Airports Enterprise Fund (GA) (collectively, the "Funds") are two of the funds included in the Connecticut Airport Authority (CAA). CAA was established by the State of Connecticut (the "State") effective July 1, 2011 to operate Bradley International Airport, as well as the other State-owned (general aviation) airports. CAA is a component unit of the State of Connecticut.

Pursuant to Connecticut General Statute Title 15 Chapter 267B, 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 CAA. BDL was previously accounted for in a separate enterprise fund of ConnDOT, while GA was accounted for in governmental funds of ConnDOT. The act requires establishment of the following funds within CAA:

BDL - To account for the operations of Bradley International Airport.

GA - To account for the operations of the following general aviation airports: Oxford Airport, Brainard Airport, Groton/New London Airport, Danielson Airport, and Windham Airport.

CAA additionally holds a fund that includes the parking garage and surface parking lots located at Bradley International Airport.

Under the operating agreement, the surface parking lots, parking garage, and related bonds are required to be reported in a separate fund and independently audited. The Bradley Parking fund and the overall activity of CAA are not included in these financial statements.

The financial statements present only each fund and do not purport to, and do not, present the financial position of the Connecticut Airport Authority as of June 30, 2018 or the changes in its financial position or cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting and Reporting Principles

The accompanying financial statements of the Funds 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 Funds:

Basis of Presentation

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

The Funds distinguish between operating and nonoperating revenue and expenses. Operating revenue and expenses generally result from providing services in connection with operating airports and related transportation modes. The principal operating revenue of the Funds is charges to airlines, facilities tenants, passengers, and others for fees, rent, and services. Operating expenses include the cost of operating airports and related facilities, administrative expenses, and depreciation and amortization expense on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The major components of the nonoperating revenue sources are interest income from cash and investments, passenger facility charges, car rental facility charges, and aviation fuel tax revenue (for GA only). The major components of nonoperating expense are expenditures for the interest expense and other nonoperating expenses.

Note 1 - Significant Accounting Policies (Continued)

Revenue

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's 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 revenue are recognized when earned.

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program of the Federal Aviation Administration (FAA), with certain matching funds provided by the Funds. 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 revenue, expenses, and changes in net position after nonoperating revenue (expenses) as capital contributions.

Investments

The Funds present all investments at fair value except for external investment pools, which are reported at net asset value. See Note 3 for further discussion of fair values.

Accounts Receivable

Receivables are reported at the original amount billed, less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience, aviation industry trends, and current information regarding the creditworthiness of the debtors. Receivables from state and federal agencies are reported based on reimbursable capital expenditures.

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets consist of monies and other resources whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like or through restrictions imposed by law through constitutional provisions or enabling legislation. The distinction between current and noncurrent cash and investments is that noncurrent cash and investments are restricted for long-term debt service and capital expenditures. These restrictions are described below:

- Restricted for debt service - These assets are restricted by the Master Bond Indenture dated March 1, 2001 for the retirement of the revenue bonds, series 2011A and 2011B.
- Restricted for passenger facility - These assets represent Passenger Facility Charge (PFC) collections based on an approved FAA application to impose such charges on enplaned passengers at BDL and are restricted for designated capital projects.
- Restricted for car rental facility - These assets represent Customer Facility Charge (CFC) (rental cars) collections based on a board-approved resolution to impose such charges on customers of the rental car concessionaires and are restricted for designated capital projects.

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 Funds define capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

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.

Unearned Revenue

Unearned revenue of the Funds represents overpayments and advance payments by concessionaires and other renters.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position also report 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 Funds' 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 10 for details on deferred amounts for pensions.

Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position 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 Funds report 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 10 for details on deferred amounts for pensions.

Long-term Obligations

Long-term debt and other noncurrent obligations are reported as liabilities in the statement of net position. 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. The BDL fund is generally used to liquidate long-term debt.

Interest Rate Swap

BDL'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 statement of net position.

Compensated Absences

Employees of the Funds are considered state employees for the purpose 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 percent 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 statement of net position. The related liability is based upon current compensation levels. BDL and GA are generally used to liquidate compensated absences.

Net Pension Liability

Eligible employees of the Funds participate in the State Employees Retirement System (SERS). The Funds' 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. BDL and GA are generally used to liquidate the net pension liability.

Allocation of Expenses

The financial statements include certain allocations of expenses incurred jointly by the Funds 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 Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund were $10,399,561 and $1,877,714, respectively, for the year ended June 30, 2018.

Note 1 - Significant Accounting Policies (Continued)

Use of Estimates

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

Adoption of New Accounting Pronouncement

As of June 30, 2018, the Funds adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Funds to recognize on the face of the financial statements their proportionate share of the net OPEB liability related to their participation. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). See Note 15 for details on the restatement.

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Funds are currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Funds' financial statements for the year ending June 30, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Funds' financial statements for the June 30, 2021 fiscal year.

Note 2 - Cash and Investments

Deposits and investments are reported in the financial statements as follows:

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Cash	$ 4,473,474	$ 529,038
State Treasurer's Short-term Investment Fund	220,654,498	7,482,649
Total cash and investments	$ 225,127,972	$ 8,011,687

Note 2 - Cash and Investments (Continued)

The Funds' cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Funds' deposits may not be returned to them. The Funds do not have a deposit policy for custodial credit risk. At year end, the Funds had $6,078,749 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. 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. CAA management believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, CAA management evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Funds will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. The Funds do not have a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Because the Funds' investments are composed of the State Treasurer's Short-Term Investment Fund which is a 2a-7 like pool, there is no interest rate risk at June 30, 2018.

Credit Risk

Connecticut General Statutes authorize the Funds to invest in obligations of the U.S. Treasury, including its agencies and instrumentalities, commercial paper, bankers' 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. The Funds have no investment policy that would further limit their investment choices.

Investment	Carrying Value	Rating	Rating Organization
State Treasurer's Short-term investment fund - BDL	$ 220,654,498	AAAm	S&P
State Treasurer's Short-term investment fund - GA	7,482,649	AAAm	S&P
Total	$ 228,137,147		

Concentration of Credit Risk

The Funds' investment policy does not limit the investment in any one investment vehicle. The State Treasurer's Short-Term Investment Fund is a 2a-7 like pooled investment that is not subject to this disclosure.

Note 3 - Fair Value Measurements

The Funds categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the liabilities. Level 1 inputs are quoted prices in active markets for identical liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (NAV) or its equivalent as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Funds' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each liability.

The Funds have the following recurring fair value measurements as of June 30, 2018:

- The interest rate swaps liability of $10,999,429 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.

Note 4 - Restricted Assets

Car Rental Facility Charges

Car rental facility charges, as required by agreement, are restricted for expenditures for a car rental facility at Bradley International Airport. Restricted assets are composed of the following as of June 30, 2018:

Car rental facility charges receivable	$ 1,064,622
Interest receivable	67,811
Investments	44,218,705
Total	$ 45,351,138

Passenger Facility Charges

Passenger facility charges, as required by federal regulations, are restricted for expenditure for federally approved Bradley International Airport improvement projects or debt service of Bradley International Airport. Restricted assets are composed of the following as of June 30, 2018:

Cash	$ 461
Passenger facility charges receivable	1,913,127
Interest receivable	102,377
Investments	66,361,301
Total	$ 68,377,266

Note 4 - Restricted Assets (Continued)

Bond Indenture

Assets are restricted for debt service, as required under the Bond Indenture. Restricted assets are composed of the following as of June 30, 2018:

Investments	$ 19,222,209
Interest receivable	4,736
Total restricted debt service investments	19,226,945
Less current portion of restricted investments	(3,330,595)
Noncurrent restricted debt service investments	$ 15,896,350

Note 5 - Capital Assets

Capital asset activity of the Funds' activities was as follows:

	Balance July 1, 2017	Transfers	Additions	Disposals and Reclassifications	Balance June 30, 2018
Bradley International Airport Enterprise Fund					
Capital assets not being depreciated:					
Land	$ 2,657,154	$ -	$ -	$ -	$ 2,657,154
Construction in progress	14,503,088	-	20,039,084	(10,633,767)	23,908,405
Subtotal	17,160,242	-	20,039,084	(10,633,767)	26,565,559
Capital assets being depreciated:					
Buildings and improvements	280,990,303	-	235,804	(51,585)	281,174,522
Machinery and equipment	35,179,666	(495,748)	3,193,167	(1,046,553)	36,830,532
Land improvements	236,893,389	-	7,322,871	(5,662,489)	238,553,771
Subtotal	553,063,358	(495,748)	10,751,842	(6,760,627)	556,558,825
Accumulated depreciation:					
Buildings and improvements	112,316,686	-	8,082,890	(27,281)	120,372,295
Machinery and equipment	30,044,409	(495,748)	2,126,945	(1,042,392)	30,633,214
Land improvements	173,778,572	-	7,470,091	(5,785,866)	175,462,797
Subtotal	316,139,667	(495,748)	17,679,926	(6,855,539)	326,468,306
Net capital assets being depreciated	236,923,691	-	(6,928,084)	94,912	230,090,519
Net Bradley International Airport Enterprise Fund capital assets	$ 254,083,933	$ -	$ 13,111,000	$ (10,538,855)	$ 256,656,078

Note 5 - Capital Assets (Continued)

	Balance July 1, 2017	Transfers	Additions	Disposals and Reclassifications	Balance June 30, 2018
General Aviation Airports Enterprise Fund					
Capital assets not being depreciated:					
Land	$ 29,527,401	$ -	$ 156,581	$ (22,228)	$ 29,661,754
Construction in progress	2,487,034	-	7,672,098	(446,744)	9,712,388
Subtotal	32,014,435	-	7,828,679	(468,972)	39,374,142
Capital assets being depreciated:					
Buildings and improvements	15,778,759	-	85,757	(840)	15,863,676
Machinery and equipment	8,378,164	495,748	275,860	(25,218)	9,124,554
Land improvements	82,549,922	-	24,213	(202,880)	82,371,255
Subtotal	106,706,845	495,748	385,830	(228,938)	107,359,485
Accumulated depreciation:					
Buildings and improvements	9,452,131	-	480,228	(484)	9,931,875
Machinery and equipment	7,449,067	495,748	223,505	(25,218)	8,143,102
Land improvements	56,948,056	-	2,820,010	(184,712)	59,583,354
Subtotal	73,849,254	495,748	3,523,743	(210,414)	77,658,331
Net capital assets being depreciated	32,857,591	-	(3,137,913)	(18,524)	29,701,154
Net General Aviation Airports Enterprise Fund capital assets	$ 64,872,026	$ -	$ 4,690,766	$ (487,496)	$ 69,075,296

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
BDL - Revenue bonds payable:					
Series 2011A	$ 69,775,000	$ -	$ (4,175,000)	$ 65,600,000	$ 4,335,000
Series 2011B	46,515,000	-	(2,785,000)	43,730,000	2,890,000

The Funds have deferred outflows of $1,629,896 related to deferred charges on bond refundings at June 30, 2018.

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 BDL is amortizing over the life of the refunded debt.

As of June 30, 2018, the outstanding principal balances on the Series 2011A and 2011B bonds were $65,600,000 and $43,730,000, respectively. On the Series 2011A, interest is charged at a variable rate equal to 80 percent of the one-month LIBOR plus 57 basis points. On the Series 2011B, interest is charged at a variable rate equal to 67 percent of the one-month LIBOR plus 87 basis points.

Note 6 - Long-term Debt (Continued)

The 2011 bonds are secured by and payable solely from the gross operating revenue generated by BDL 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. During the current year, net revenue of BDL was $37,475,142, compared to the annual debt requirement of $11,515,614.

Debt Service Requirements to Maturity

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 BDL'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 revenue, and investment earnings are deposited. The disbursement of funds from these accounts for the cost of facilities and debt service is provided for in the various indentures. Amounts on deposit at June 30, 2018 are recognized as restricted assets in the accompanying statement of net position.

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 BDL'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, BDL pays the counterparty a fixed interest rate payment and receives a variable interest rate payment based on the three-month LIBOR. 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, 2018, the Funds had no exposure to credit risk on either of the swap, 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 or Fitch Ratings. No collateral was required to be posted for either of the swaps as of June 30, 2018. BDL is not required to post collateral for either of the swaps.

Basis Risk

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

Note 7 - Interest Rate Swaps (Continued)

Termination Risk

BDL 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, BDL would be liable to the counterparty for a payment approximately equal to the swap's fair value. Under both swap agreements, BDL 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, 2018 by the Funds:

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 value of related bonds	$91,430,000	$60,950,000
Total outstanding amount	$65,600,000	$43,730,000
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 percent of three-month USD LIBOR plus 40 basis points	60 percent of three-month USDLIBOR plus 40 basis points
Variable interest rate in effect under swap as of June 30, 2018	1.801%	1.801%
Variable interest rate in effect on related bonds as of June 30, 2018	2.245%	1.986%
Credit rating of counterparty:		
Moody's Investors Service	A1	Aa3
Standard & Poor's	A+	A+
Fitch Ratings	A+	AA-

The following is a summary of the changes in fair value of the interest rate swaps for the year ended June 30, 2018, which are accounted for as changes in deferred outflows reported in the statement of net position:

	Goldman Sachs	Bank of America	Total
Fair value as of July 1, 2017	$ (9,775,755)	$ (6,488,843)	$ (16,264,598)
Change in fair value	3,155,509	2,109,660	5,265,169
Fair value as of June 30, 2018	$ (6,620,246)	$ (4,379,183)	$ (10,999,429)

Interest Rate Swap Payments and Hedged Debt

Aggregate debt service requirements of the Funds' variable-rate bonds and net receipt/payments on the associated interest rate swap agreements as of June 30, 2018 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 terms. As these rates vary, interest payments on variable-rate bonds and the net receipts/payments on the interest rate swaps will also vary.

Note 7 - Interest Rate Swaps (Continued)

Fiscal Year Ending June 30	Variable-rate Bond Principal	Variable-rate Bond Interest	Interest Rate Swaps, Net	Total
2019	$ 7,225,000	$ 2,224,847	$ 1,962,231	$ 11,412,078
2020	7,510,000	2,065,578	1,821,760	11,397,338
2021	7,815,000	1,899,882	1,675,624	11,390,506
2022	8,130,000	1,727,493	1,523,586	11,381,079
2023	6,555,000	1,578,708	1,392,367	9,526,075
2024-2028	36,905,000	5,606,666	4,944,913	47,456,579
2029-2032	35,190,000	1,355,570	1,195,575	37,741,145
Total	$ 109,330,000	$ 16,458,744	$ 14,516,056	$ 140,304,800

Note 8 - Accounts Payable and Accrued Liabilities

The following is the detail of accounts payable and accrued liabilities as of June 30, 2018:

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Accrued operating expenses	$ 6,747,550	$ 153,598
Accounts payable - Projects	4,360,188	3,046,615
Accrued payroll and compensated absences	4,276,445	1,055,447
Total	$ 15,384,183	$ 4,255,660

Note 9 - Leases

Substantial amounts of real property are leased to various airlines and other tenants. The leases consist of month-to-month, cancelable space and use permits, and noncancelable operating leases for land, buildings, and terminal space. The leases expire over the next 40 years. Future minimum rental income is estimated using minimum guarantee payments outlined in the leases.

Bradley International Airport Enterprise Fund

The future minimum rental income on noncancelable operating leases is as follows:

Fiscal Years Ending	Amount
2019	$ 41,574,066
2020	41,401,305
2021	27,641,172
2022	26,402,763
2023	18,039,871
Total	$ 155,059,177

Note 9 - Leases (Continued)

General Aviation Airports Enterprise Fund

The future minimum rental income on noncancelable operating leases is as follows:

Fiscal Years Ending	Amount
2019	$ 1,061,856
2020	1,128,054
2021	1,104,781
2022	1,086,355
2023	1,065,572
Total	$ 5,446,618

Note 10 - Pension Plan

Plan Description

Eligible employees of the Funds 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.

The Funds' employees are employees of the State of Connecticut. The State charges the Funds for their share of the pension obligation under a cost-sharing methodology in which pension obligations for employees are pooled and plan assets are available to pay the benefits of the employees of all participating employers, regardless of the status of the employers' payment of their pension obligations to the plan.

SERS issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at osc.ct.gov/rbsd/reports.

Benefits Provided

SERS 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 percent 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 with less than 25 years of service or at age 70 with five years of service are entitled to a reduced benefit.

Tier II and Tier IIA employees who retire at or after age 60 with 25 years of service, or at age 65 with 10 years of service, at age 70 with five 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.

Note 10 - Pension Plan (Continued)

Contributions

Tier I requires an employee contribution of either 2 percent or 5 percent of salary, depending on the plan. Tier II is a noncontributory plan. Tier IIA and Tier III require an employee contribution of 2 percent of salary. The Funds' 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, 2017.

Net Pension Liability

At June 30, 2018, the Funds reported a liability of $69,792,770 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Funds' proportion of the net pension liability was based on the Funds' actuarially required contribution for the year ended June 30, 2017 relative to all other contributing employers. At June 30, 2017, the Funds' proportion was 0.33123 percent, which was an increase of 0.00661 percent from their proportion measured as of June 30, 2016. BDL and GA allocate their proportionate share based on the ratio of employee wages between the Funds.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Funds recognized pension expense of $3,910,338.

At June 30, 2018, the Funds reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Bradley International Airport Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,395,234	$ -
Changes in assumptions	8,954,808	-
Net difference between projected and actual earnings on pension plan investments	-	(111,150)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	797,139	(2,750,114)
Employer contributions to the plan subsequent to the measurement date	4,594,979	-
Total	$ 15,742,160	$ (2,861,264)

Note 10 - Pension Plan (Continued)

	General Aviation Airports Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 270,969	$ -
Changes in assumptions	1,739,117	-
Net difference between projected and actual earnings on pension plan investments	-	(22,116)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	154,813	(547,214)
Employer contributions to the plan subsequent to the measurement date	897,250	-
Total	$ 3,062,149	$ (569,330)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will not be included in the presentation below):

Fiscal Years Ending June 30	BDL	GA
2019	$ 2,084,627	$ 397,072
2020	2,482,460	472,849
2021	2,253,836	429,302
2022	1,369,230	260,806
2023	95,764	35,540
Total	$ 8,285,917	$ 1,595,569

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.50 through 19.50 percent, an investment rate of return (net of investment expenses) of 6.90 percent, and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from July 1, 2011 through June 30, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Funds' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10 - Pension Plan (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the June 30, 2018 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. equities	21.00 %	5.80 %
Developed non-U.S. equities	18.00	6.60
Emerging markets (Non-U.S.)	9.00	8.30
Real estate	7.00	5.10
Private equity	11.00	7.60
Alternative investment	8.00	4.10
Fixed income (Core)	8.00	1.30
High-yield bonds	5.00	3.90
Emerging market bond	4.00	3.70
Inflation-linked bonds	5.00	1.00
Cash	4.00	0.40

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Funds, calculated using the discount rate of 6.90 percent, as well as what the Funds' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.9%)	Current Discount Rate (6.9%)	1 Percent Increase (7.9%)
Net pension liability of the State Employees Retirement System - BDL	$ 67,065,145	$ 57,990,740	$ 46,686,353
Net pension liability of the State Employees Retirement System - GA	13,648,815	11,802,030	9,501,409

Note 11 - Related Party Transactions

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

In addition, the Funds receive certain grants and revenue 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 statement of net position totaled $3,320,972 at June 30, 2018.

Amounts due from the State as presented in the statement of net position totaled $2,970,365 at June 30, 2018.

Note 12 - Other Postemployment Benefit Plan

Plan Description

The State provides postemployment healthcare 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 Funds. The benefits are provided through the State of Connecticut State Employee OPEB Plan (the "Plan"), a cost-sharing multiple-employer plan administered by the State of Connecticut. The Plan does not issue stand-alone financial statements; however, financial statements for the Plan are included as part of the State of Connecticut certified annual financial report that is publicly available.

Under a cost-sharing plan, OPEB obligations for employees of all employers are pooled, and plan assets are available to pay the benefits of the employees of any participating employer providing OPEB benefits through the plan, regardless of the status of the employers' payment of their OPEB obligation to the plan. The plan provides healthcare benefits to plan members.

Benefits Provided

When employees retire, the State pays up to 100 percent of their healthcare insurance premium cost (including dependents' coverage) depending upon the plan. The State currently pays up to 20 percent of the cost for retiree dental insurance (including dependents' coverage) depending upon the plan. In addition, the State pays 100 percent 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 postemployment healthcare and life insurance benefits on a pay-as you-go basis through an appropriation in the State's General Fund.

Contributions

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 3 percent retiree healthcare insurance contribution for a period of 10 years or retirement, whichever is sooner. In addition, participants of Tier III and Tier IV shall be required to have 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 75, which is the combination of age and actual state service equaling 75 in order to begin receiving retiree health insurance based on applicable SEBAC agreement.

Net OPEB Liability

At June 30, 2018, the Funds reported a liability of $70,471,934 for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018. The Funds' proportion of the net OPEB liability was based on the Funds' actuarially required contribution for the year ended June 30, 2017 relative to all other contributing employers. At June 30, 2017, the Funds' proportion was 0.406 percent, which was a decrease of 0.002 from its proportion measured as of June 30, 2016.

Note 12 - Other Postemployment Benefit Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Funds recognized OPEB expense of $4,911,838.

At June 30, 2018, the Funds reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Bradley International Airport Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 1,411,627
Net difference between projected and actual earnings on OPEB plan investments	-	66,602
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	-	203,566
Employer contributions to the plan subsequent to the measurement date	2,432,945	-
Total	$ 2,432,945	$ 1,681,795

	General Aviation Airports Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 279,046
Net difference between projected and actual earnings on OPEB plan investments	-	13,170
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	-	40,255
Employer contributions to the plan subsequent to the measurement date	480,965	-
Total	$ 480,965	$ 332,471

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Fiscal Years Ending June 30	BDL	GA
2019	$ 382,075	$ 75,534
2020	382,075	75,534
2021	382,075	75,534
2022	382,082	75,535
2023	153,488	30,334
Total	$ 1,681,795	$ 332,471

Note 12 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using an inflation assumption of 3.68 percent; assumed salary increases (including inflation) of 3.50 percent; an investment rate of return (net of investment expenses) of 6.90 percent; a healthcare cost trend rate of 5.55 percent for 2018, adjusting each year to an ultimate rate of 4.50 percent for 2025 and later years; and the RP-2014 White Collar Mortality Table projected to 2020 by Scale BB at 100 percent for males and 95 percent for females for healthy participants and the RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females for disabled participants. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.68 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Funds' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return best-estimate on OPEB plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of OPEB plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from eight nationally recognized investment consulting firms. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. equities	21.00 %	5.80 %
Developed non-U.S. equities	18.00	6.60
Emerging markets (Non-U.S.)	9.00	8.30
Real estate	7.00	5.10
Private equity	11.00	7.60
Alternative investment	8.00	4.10
Fixed income (core)	8.00	1.30
High-yield bonds	5.00	3.90
Emerging market bonds	4.00	3.70
Inflation-linked bonds	5.00	1.00
Cash or cash equivalents	4.00	0.40

Note 12 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Funds, calculated using the discount rate of 3.68 percent, as well as what the Funds' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.68%)	Current Discount Rate (3.68%)	1 Percent Increase (4.68%)
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - BDL	$ 68,295,549	$ 58,839,962	$ 51,178,921
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - GA	13,501,231	11,631,972	10,117,474

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Funds, calculated using the healthcare cost trend rate gradually decreasing to an ultimate rate of 4.50 percent, as well as what the Funds' net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease	Current Healthcare Cost Trend Rate	1 Percent Increase
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - BDL	$ 50,565,673	$ 58,839,962	$ 69,322,394
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - GA	9,996,242	11,631,972	13,704,226

Note 13 - Risk Management

The Funds are exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Funds have purchased commercial insurance for claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 14 - Commitments

Consistent with airport industry practice, the Funds offer incentives to airlines through their Air Service Incentive Program to aid in air service development at Bradley International Airport. This program is used to attract new airlines and to add additional air service routes for the existing airlines at Bradley International Airport. This program offers incentives for fixed rent 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, 2018, the Funds have 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, 2018 was approximately $3,113,000, leaving a remaining commitment of approximately $1,925,000.

Note 14 - Commitments (Continued)

The Funds have active construction projects at year end. At year end, the Funds' commitments with contractors are as follows:

Project Name	Spent to Date	Remaining Commitment	Airport
New roadway system	$ 4,401,122	$ 6,306,909	Bradley
Snow removal equipment	1,391,625	5,392,318	Bradley
Terminal public restroom renovation	324,256	4,058,971	Bradley
CONRAC facility	11,004,595	2,594,260	Bradley
Fuel station improvements	75,812	1,437,468	Bradley
Reconstruction of Runway 18-36	9,104,739	25,033,390	Oxford
Total	$ 26,302,149	$ 44,823,316	

Note 15 - Change in Accounting Principle

During the current year, the Funds adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* As a result, the financial statements and the proprietary funds now include a liability for the unfunded portion of the Funds' retiree healthcare costs. Some of the change in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan note for further details.

As a result of implementing this statement, the beginning net positions of the Funds have been restated as follows:

	BDL	GA
Net position, June 30, 2017 - As previously stated	$ 301,153,013	$ 63,047,258
Fund's share of beginning plan net OPEB liability	(60,753,680)	(12,010,292)
Fund's share of 2017 employer contributions	2,071,270	409,466
Net position, June 30, 2017 - As restated	$ 242,470,603	$ 51,446,432

Required Supplemental Information

Required Supplemental Information
Bradley International Airport Enterprise Fund
Schedule of the Fund's Proportionate Share of the Net Pension Liability
Connecticut State Employees Retirement System

Last Four Fiscal Years

Plan Years Ended June 30

	2018	2017	2016	2015
Fund's proportion of the net pension liability	0.27716 %	0.27163 %	0.29059 %	0.29971 %
Fund's proportionate share of the net pension liability	$ 57,990,740	$ 61,956,274	$ 47,598,087	$ 47,575,674
Fund's covered employee payroll	$ 10,673,000	$ 10,107,000	$ 10,514,000	$ 10,055,000
Fund's proportionate share of the net pension liability as a percentage of its covered employee payroll	543.34 %	613.00 %	452.71 %	473.15 %
Plan fiduciary net position as a percentage of total pension liability	36.25 %	31.69 %	39.23 %	39.54 %

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

Required Supplemental Information
Bradley International Airport Enterprise Fund
Schedule of Pension Contributions
Connecticut State Employees Retirement System

Last Four Fiscal Years

Years Ended June 30

	2018	2017	2016	2015
Statutorily required contribution	$ 4,274,662	$ 4,079,450	$ 3,985,793	$ 3,802,980
Contributions in relation to the statutorily required contribution	4,274,662	4,079,450	3,985,793	3,802,980
Contribution Deficiency	$ -	$ -	$ -	$ -
Fund's Covered Employee Payroll	$ 10,673,000	$ 10,107,000	$ 10,514,000	$ 10,055,000
Contributions as a Percentage of Covered Employee Payroll	40.05 %	40.36 %	37.91 %	37.82 %

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

Required Supplemental Information
Schedule of the Fund's Proportionate Share of the Net OPEB Liability
Connecticut State Employees Health Plan

Last Two Fiscal Years

Plan Years Ended June 30

	2018	2017
Fund's proportion of the net OPEB liability	0.33889 %	0.34034 %
Fund's proportionate share of the net OPEB liability	$ 58,839,962	$ 58,682,410
Fund's covered employee payroll	$ 10,673,000	$ 10,107,000
Fund's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	551.30 %	580.61 %
Plan fiduciary net position as a percentage of total OPEB liability	3.03 %	1.94 %

* No information by component is available prior to the June 30, 2016 valuation.

Required Supplemental Information
Bradley International Airport Enterprise Fund
Schedule of OPEB Contributions
Connecticut State Employees Health Plan

Last Two Fiscal Years

Years Ended June 30

	2018	2017
Statutorily required contribution	$ 2,261,751	$ 2,071,270
Contributions in relation to the statutorily required contribution	2,261,751	2,071,270
Contribution Deficiency	**$ -**	**$ -**
Fund's Covered Employee Payroll	$ 10,673,000	$ 10,107,000
Contributions as a Percentage of Covered Employee Payroll	21.19 %	20.49 %

* No information by component is available prior to the June 30, 2016 valuation.

Required Supplemental Information
General Aviation Airports Enterprise Fund
Schedule of the Fund's Proportionate Share of the Net Pension Liability
Connecticut State Employees Retirement System

Last Four Fiscal Years

Plan Years Ended June 30

	2018	2017	2016	2015
Fund's proportion of the net pension liability	0.05407 %	0.05299 %	0.05668 %	0.05846 %
Fund's proportionate share of the net pension liability	$ 11,802,030	$ 12,585,970	$ 9,785,110	$ 9,782,981
Fund's covered employee payroll	$ 2,082,000	$ 1,972,000	$ 2,051,000	$ 1,962,000
Fund's proportionate share of the net pension liability as a percentage of its covered employee payroll	566.86 %	638.23 %	477.09 %	498.62 %
Plan fiduciary net position as a percentage of total pension liability	36.25 %	31.69 %	39.23 %	39.54 %

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

Required Supplemental Information
General Aviation Airports Enterprise Fund
Schedule of Pension Contributions
Connecticut State Employees Retirement System

Last Four Fiscal Years

Years Ended June 30

	2018	2017	2016	2015
Statutorily required contribution	$ 833,861	$ 795,781	$ 777,511	$ 741,849
Contributions in relation to the statutorily required contribution	833,861	795,781	777,511	741,849
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**
Fund's Covered Employee Payroll	$ 2,082,000	$ 1,972,000	$ 2,051,000	$ 1,962,000
Contributions as a Percentage of Covered Employee Payroll	40.05 %	40.35 %	37.91 %	37.81 %

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

Required Supplemental Information
Schedule of the Fund's Proportionate Share of the Net OPEB Liability
Connecticut State Employees Health Plan

Last Two Fiscal Years

Plan Years Ended June 30

	2018	2017
Fund's proportion of the net OPEB liability	0.06699 %	0.06728 %
Fund's proportionate share of the net OPEB liability	$ 11,631,972	$ 11,600,826
Fund's covered employee payroll	$ 2,082,000	$ 1,972,000
Fund's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	558.69 %	588.28 %
Plan fiduciary net position as a percentage of total OPEB liability	3.03 %	1.94 %

* No information by component is available prior to the June 30, 2016 valuation.

Required Supplemental Information
General Aviation Airports Enterprise Fund
Schedule of OPEB Contributions
Connecticut State Employees Health Plan

Last Two Fiscal Years

Years Ended June 30

	2018	2017
Statutorily required contribution	$ 447,122	$ 409,466
Contributions in relation to the statutorily required contribution	447,122	409,466
Contribution Deficiency	**$ -**	**$ -**
Fund's Covered Employee Payroll	$ 2,082,000	$ 1,972,000
Contributions as a Percentage of Covered Employee Payroll	21.48 %	20.76 %

* No information by component is available prior to the June 30, 2016 valuation.

Other Supplemental Information

Other Supplemental Information
Statements of Net Position
Bradley International Airport Enterprise Fund

June 30, 2018

(with comparative totals for 2017)

	2018	2017
Assets		
Current assets:		
Cash	$ 4,473,013	$ 11,884,845
Short-term investments	90,852,283	75,796,351
Current portion of restricted investments	3,330,595	3,215,243
Accounts receivable	7,243,262	7,484,406
Grants receivable	731,153	3,504,152
Due from the State	2,272,270	5,681,314
Prepaid expenses and other assets	28,917	-
Total current assets	108,931,493	107,566,311
Noncurrent assets:		
Restricted assets:		
Cash	461	11,690
Investments	126,471,620	117,961,527
Accounts receivable	2,977,749	3,107,222
Interest receivable	174,924	83,740
Capital assets:		
Assets not subject to depreciation	26,565,559	17,160,243
Assets subject to depreciation - Net	230,090,519	236,923,691
Total noncurrent assets	386,280,832	375,248,113
Total assets	495,212,325	482,814,424
Deferred Outflows of Resources		
Interest rate swaps	10,999,429	16,264,598
Deferred loss on bond refunding	1,629,896	1,752,908
Deferred pension costs	15,742,160	19,059,136
Deferred OPEB costs	2,432,945	-
Total deferred outflows of resources	30,804,430	37,076,642
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	15,384,183	15,770,675
Unearned revenue and other	5,611,185	6,114,556
Payables from restricted assets:		
Current portion of revenue bonds payable	7,225,000	6,960,000
Revenue bond interest payable	1,074,179	1,122,043
Total current liabilities	29,294,547	29,967,274
Noncurrent liabilities:		
Net pension liability	57,990,740	61,956,274
Net OPEB liability	58,839,962	-
Revenue bonds payable - Net of current portion	102,105,000	109,330,000
Interest rate swap	10,999,429	16,264,598
Total noncurrent liabilities	229,935,131	187,550,872
Total liabilities	259,229,678	217,518,146

Other Supplemental Information
Statements of Net Position (Continued)
Bradley International Airport Enterprise Fund

June 30, 2018
(with comparative totals for 2017)

	2018	2017
Deferred Inflows of Resources		
Deferred pension cost reductions	$ 2,861,264	$ 3,558,711
Deferred OPEB cost reductions	1,681,795	-
Total deferred inflows of resources	4,543,059	3,558,711
Net Position		
Net investment in capital assets	148,955,974	135,387,901
Restricted:		
Capital Projects	124,329,702	114,613,027
Debt Service	6,520,911	7,664,138
Bond Indenture Requirements	2,104,736	2,102,259
Unrestricted	(19,667,305)	41,385,688
Total net position	**$ 262,244,018**	**$ 301,153,013**

Other Supplemental Information
Statements of Revenue, Expenses, and Changes in Net Position
Bradley International Airport Enterprise Fund

Year Ended June 30, 2018
(with comparative totals for 2017)

	2018	2017
Operating Revenue		
Airline revenue:		
Landing fees	$ 18,133,002	$ 18,423,657
Airline terminal rent	10,896,625	10,393,232
Apron and remote aircraft parking	4,354,396	3,924,153
Total airline revenue	33,384,023	32,741,042
Nonairline revenue:		
Rental cars	8,500,566	8,997,649
Terminal concessions	4,761,601	4,396,097
Land rent	5,081,420	4,945,474
Other concessions	4,811,206	3,960,442
Other operating revenue	2,831,896	2,694,627
Auto parking	11,630,736	11,391,516
Total nonairline revenue	37,617,425	36,385,805
Total operating revenue	71,001,448	69,126,847
Operating Expenses		
Salaries and related expense	21,869,384	21,095,585
Administrative and general	20,477,436	17,957,217
Repairs and maintenance	7,117,796	6,957,436
Energy and utilities	4,860,588	4,894,488
Depreciation and amortization	17,679,926	16,657,573
Total operating expenses	72,005,130	67,562,299
Operating (Loss) Income	(1,003,682)	1,564,548
Nonoperating Revenue (Expense)		
Passenger facility charge revenue	14,196,631	12,961,576
Car rental facility charge revenue	11,355,891	10,221,866
Investment income	1,476,258	571,689
Other nonoperating expenses	(2,483,803)	(1,249,348)
Bond interest expense	(4,347,945)	(4,595,692)
Airline revenue share expense	(2,076,502)	(2,312,026)
Noncash pension and OPEB actuarial assumption adjustments	1,939,603	2,380,144
Total nonoperating revenue	20,060,133	17,978,209
Income - Before capital contributions	19,056,451	19,542,757
Capital Contributions	716,964	5,208,709
Change in Net Position	19,773,415	24,751,466
Net Position - Beginning of year, as previously reported	301,153,013	276,401,547
Cumulative Effect of Change in Accounting	(58,682,410)	-
Net Position - Beginning of year, as adjusted	242,470,603	276,401,547
Net Position - End of year	**$ 262,244,018**	**$ 301,153,013**

Other Supplemental Information
Combining Statements of Net Position
General Aviation Airports Enterprise Fund

June 30, 2018

(with comparative totals for 2017)

	Oxford Airport	Brainard Airport	Groton New London Airport	Danielson Airport	Windham Airport	GA Airport Administration	2018	2017
Assets								
Current assets:								
Cash	$ -	$ -	$ -	$ -	$ -	$ 529,038	$ 529,038	$ 1,344,349
Short-term investments	-	-	-	-	-	7,482,649	7,482,649	6,803,465
Accounts receivable	60,715	95,943	32,413	3,870	29,552	2,882,629	3,105,122	170,052
Grants receivable	6,326,620	8,542	8,414	-	-	745	6,344,321	1,913,795
Due from the State	-	-	-	-	-	698,095	698,095	735,230
Prepaid expenses and other assets	17,350	17,347	17,349	17,347	17,351	-	86,744	-
Total current assets	6,404,685	121,832	58,176	21,217	46,903	11,593,156	18,245,969	10,966,891
Noncurrent assets - Capital assets:								
Assets not subject to depreciation	38,084,645	391,170	547,234	98,601	236,789	15,703	39,374,142	32,014,435
Assets subject to depreciation - Net	6,150,208	5,436,554	13,531,338	775,841	3,694,702	112,511	29,701,154	32,857,591
Total noncurrent assets - Capital assets	44,234,853	5,827,724	14,078,572	874,442	3,931,491	128,214	69,075,296	64,872,026
Total assets	50,639,538	5,949,556	14,136,748	895,659	3,978,394	11,721,370	87,321,265	75,838,917
Deferred Outflows of Resources								
Deferred pension costs	-	-	-	-	-	3,062,149	3,062,149	3,717,876
Deferred OPEB costs	-	-	-	-	-	480,965	480,965	-
Total deferred outflows of resources	-	-	-	-	-	3,543,114	3,543,114	3,717,876
Liabilities								
Current liabilities:								
Accounts payable and other accrued liabilities	3,140,552	174,501	195,120	5,440	6,194	733,853	4,255,660	2,032,881
Unearned revenue and other	72,237	16,285	66,622	19,950	5,961	8,740	189,795	191,053
Due to the State	3,320,972	-	-	-	-	-	3,320,972	992,424
Total current liabilities	6,533,761	190,786	261,742	25,390	12,155	742,593	7,766,427	3,216,358
Noncurrent liabilities:								
Net pension liability	-	-	-	-	-	11,802,030	11,802,030	12,585,970
Net OPEB liability	-	-	-	-	-	11,631,972	11,631,972	-
Total liabilities	6,533,761	190,786	261,742	25,390	12,155	24,176,595	31,200,429	15,802,328
Deferred Inflows of Resources								
Deferred pension cost reductions	-	-	-	-	-	569,330	569,330	707,207
Deferred OPEB cost reductions	-	-	-	-	-	332,471	332,471	-
Total deferred inflows of resources	-	-	-	-	-	901,801	901,801	707,207
Net Position								
Net investment in capital assets	44,234,853	5,827,724	14,078,572	874,442	3,931,491	128,214	69,075,296	64,872,026
Unrestricted	(129,076)	(68,954)	(203,566)	(4,173)	34,748	(9,942,126)	(10,313,147)	(1,824,768)
Total net position	**$ 44,105,777**	**$ 5,758,770**	**$ 13,875,006**	**$ 870,269**	**$ 3,966,239**	**$ (9,813,912)**	**$ 58,762,149**	**$ 63,047,258**

Other Supplemental Information
Combining Statements of Revenue, Expenses, and Changes in Net Position
General Aviation Airports Enterprise Fund

Year Ended June 30, 2018
(with comparative totals for 2017)

	Oxford Airport	Brainard Airport	Groton New London Airport	Danielson Airport	Windham Airport	GA Airport Administration	2018	2017
Operating Revenue								
Airline revenue:								
Landing fees	$ 37,408	$ -	$ -	$ -	$ -	$ -	$ 37,408	$ 38,118
Airline terminal rent	-	-	10,920	-	-	-	10,920	10,920
Apron and remote aircraft parking	55,590	54,450	23,940	-	28,505	-	162,485	186,060
Total airline revenue	92,998	54,450	34,860	-	28,505	-	210,813	235,098
Nonairline revenue:								
Rental cars	51,118	2,587	108,626	-	-	-	162,331	166,175
Terminal concessions	-	-	11,235	-	-	-	11,235	3,056
Land rent	820,756	376,827	337,821	48,700	70,808	-	1,654,912	1,217,834
Other operating revenue	665,220	110,266	227,518	9,934	12,780	11,083	1,036,801	1,088,328
Total nonairline revenue	1,537,094	489,680	685,200	58,634	83,588	11,083	2,865,279	2,475,393
Total operating revenue	1,630,092	544,130	720,060	58,634	112,093	11,083	3,076,092	2,710,491
Operating Expenses								
Salaries and related expense	605,396	794,352	974,473	80,294	85,158	1,609,089	4,148,762	4,039,012
Administrative and general	72,086	69,434	137,878	21,028	29,671	40,425	370,522	402,947
Repairs and maintenance	88,923	92,016	282,050	95,656	169,564	90,560	818,769	697,855
Energy and utilities	55,096	65,801	116,488	10,358	15,597	1,604	264,944	267,577
Depreciation and amortization	944,583	484,025	1,314,602	115,154	657,641	7,738	3,523,743	3,805,159
Total operating expenses	1,766,084	1,505,628	2,825,491	322,490	957,631	1,749,416	9,126,740	9,212,550
Operating Loss	(135,992)	(961,498)	(2,105,431)	(263,856)	(845,538)	(1,738,333)	(6,050,648)	(6,502,059)
Nonoperating Revenue (Expense)								
Investment income	-	-	-	-	-	106,142	106,142	52,800
Aviation fuel tax revenue	-	-	-	-	-	5,214,602	5,214,602	-
State operating subsidies	-	-	-	-	-	-	-	4,166,125
Other nonoperating expenses	(1,341,737)	(33,383)	(18,545)	(1,432)	(1,926)	(23,170)	(1,420,193)	(645,344)
Noncash pension and OPEB actuarial assumption adjustments	-	-	-	-	-	383,438	383,438	464,295
Total nonoperating (expense) revenue	(1,341,737)	(33,383)	(18,545)	(1,432)	(1,926)	5,681,012	4,283,989	4,037,876
(Loss) Income - Before capital contributions	(1,477,729)	(994,881)	(2,123,976)	(265,288)	(847,464)	3,942,679	(1,766,659)	(2,464,183)
Capital Contributions	8,796,122	105,660	63,772	-	-	116,822	9,082,376	2,720,855
Interfund Transfers	(885,150)	508,881	964,153	176,383	222,659	(986,926)	-	-
Change in Net Position	6,433,243	(380,340)	(1,096,051)	(88,905)	(624,805)	3,072,575	7,315,717	256,672
Net Position - Beginning of year, as previously reported	37,672,534	6,139,110	14,971,057	959,174	4,591,044	(1,285,661)	63,047,258	62,790,586
Cumulative Effect of Change in Accounting	-	-	-	-	-	(11,600,826)	(11,600,826)	-
Net Position - Beginning of year, as adjusted	37,672,534	6,139,110	14,971,057	959,174	4,591,044	(12,886,487)	51,446,432	62,790,586
Net Position - End of year	**$ 44,105,777**	**$ 5,758,770**	**$ 13,875,006**	**$ 870,269**	**$ 3,966,239**	**$ (9,813,912)**	**$ 58,762,149**	**$ 63,047,258**