
Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

**Financial Report
with Supplemental Information
June 30, 2020**

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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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, 2020 and the related notes to the financial statements, which collectively comprise the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund's 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, 2020 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, 2020 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

Other Matters

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the 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 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 opinions on the financial statements that collectively comprise each fund's 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 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020 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 & Moreau, PLLC

October 21, 2020

**BRADLEY INTERNATIONAL AIRPORT ENTERPRISE FUND AND
GENERAL AVIATION AIRPORTS ENTERPRISE FUND
JUNE 30, 2020**

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, 2020. 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 general airport revenue bonds, sale of its Customer Facility Charge Revenue Bonds, and regulations associated with its use of Passenger Facility Charges (PFCs).

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues and expenses and nonoperating 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

Fiscal Year 2020 has been marked by a global pandemic caused by an outbreak of a new strain of coronavirus known as COVID-19. The pandemic has caused significant disruptions to domestic and international air travel. Various state and federal travel restrictions and advisories have contributed to the overall downturn in passenger air travel. Bradley began seeing drastic reductions in passenger traffic, airline frequencies, and concession revenue in mid-March 2020. Bradley was severely impacted by the pandemic like almost all airports in the United States and abroad. However, Bradley is well positioned to sustain the downturn until a full recovery to pre-pandemic travel levels is realized due to its strong liquidity, relatively small debt profile, diverse air carrier mix and CARES Act grant assistance.

As a result of the pandemic's effect on air travel, Bradley's FY 2020 net operating income (excluding depreciation & amortization) fell short of budget expectations by \$1.6 million, or 11.2%. As the pandemic began to impact air travel, Bradley immediately instituted several cost saving measures including implementing a hiring freeze, cutting 10% of FY20 operating expense budgets, and deferring non-critical capital projects. These measures, along with CAA's conservative management approach, yielded budget surpluses in almost all major operating expense categories. Despite numerous cost containment efforts, operating revenues were still impacted by the effects of the pandemic on air travel resulting in FY20 operating revenues falling 12.6% below budget. Airline revenues are a derivative of Bradley's operating expenses; accordingly, operating revenue results are below budget due to both operating expenses being below budget as well as due to the pandemic. Compared to FY 2019, total operating revenue decreased 4% to \$70,469, while total operating expenses before depreciation decreased 1.3% to \$55,069. Operating income before depreciation decreased 12.5% to \$15,399 versus prior year.

Net nonoperating expenses of (\$10,187) in FY20 was a significant shift from the \$18,115 net nonoperating revenue realized in FY19. PFC and CFC revenues were severely impacted by the reduced passenger traffic resulting in year over year reductions of \$5.1 million and \$300, respectively. Other nonoperating expenses increased \$9.4 million over prior year, partially attributable to a one-time \$7.0 million expense recognition for capital project costs incurred on a State-owned roadway. Also factoring into the overall year over year increase in nonoperating expenses was a \$4.3 million increase in bond interest expense, which was the result of incurring a full fiscal year of debt service on the 2019 CFC Revenue Bonds which were issued in April 2019. Other contributors to nonoperating expense growth include \$1.9 million of bad debt expense related to reserving against receivables for airport tenants suffering from effects of the pandemic as well as actuarial losses experienced on pension and Other Post-Employment Benefits (OPEB) of \$5.6 million and \$7.0 million, respectively.

Total net position at year-end totaled \$278,852, a 1.4% decrease from FY 2019's net position. Total assets decreased by \$1,008, or 0.1%, and total liabilities increased by \$30,377, or 7.3%. Bradley generated debt service coverage of 235.2% for its General Airport Revenue Bonds, which is well above the 120.0% required by bond indenture. Bond proceeds from Bradley's CFC Revenue Bonds were partially used to fund a capitalized interest account held by the trustee which covers debt service through June 2020, the first fifteen months of the bond term.

After six straight years of passenger growth, the pandemic resulted in a drastic reduction in air travel across the country resulting in Bradley recording 2.448 million enplanements in FY20, a 27.9% decrease over prior year.

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 decreased \$3,821 from June 30, 2019 to June 30, 2020. The decrease in Net Position was primarily due to lower operating revenues, increased depreciation of fixed assets, lower PFC revenues, higher bond interest expense, expensed capital project

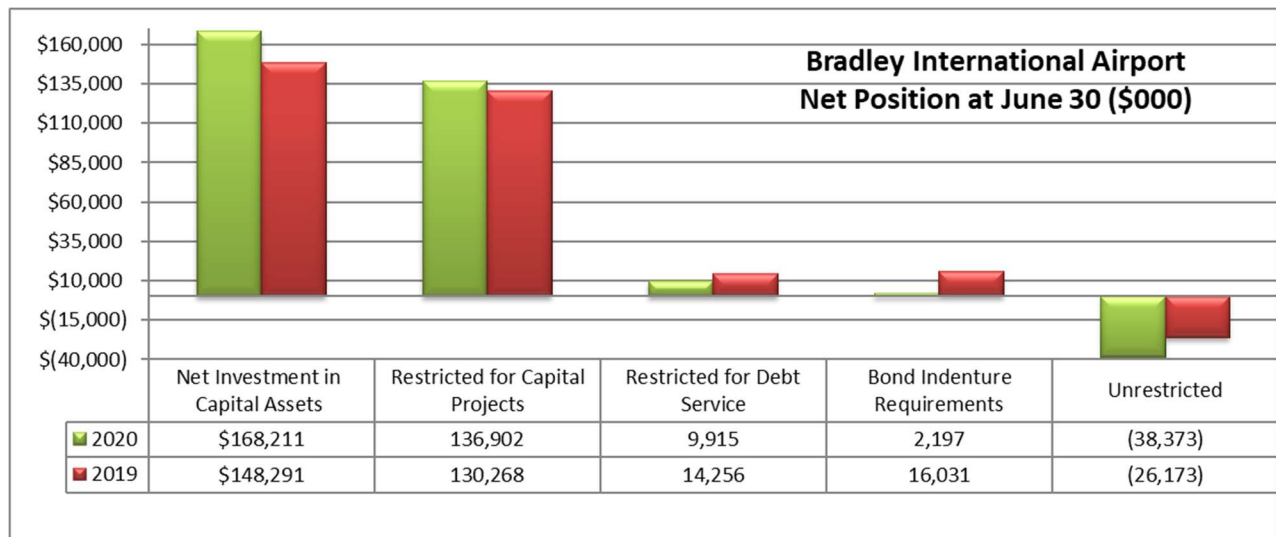
costs, and recognition of actuarial losses related to net pension and OPEB liabilities, offset partially by \$11.3 million in capital contributions.

Table 1 also illustrates Bradley's assets (including deferred outflows of resources) exceeded its liabilities (including deferred inflows of resources) by \$278,852 as of June 30, 2020. This net position includes \$168,211 invested in capital assets net of related debt (an increase of 13.4%), assets restricted for PFC, CFC and bond indenture purposes of \$149,014 (a decrease of 7.2%) and unrestricted net position of (\$38,373) (a decrease of 46.6%) from fiscal year 2019.

As of June 30, 2020, total general airport revenue bonds payable and CFC revenue bonds payable (excluding current maturities and bond premium) of \$237,880 equate to \$97.16 per enplaned passenger based on fiscal year 2020 enplaned passengers of 2,448, a 34.2% increase from FY 2019 bonds payable of \$72.39 per enplaned passenger. This increase is primarily attributable to the significant reduction in enplanements toward the end of FY20 that were realized from the effects of the COVID-19 pandemic on air travel volumes.

Table 1
Statement of Net Position
June 30, 2020 and 2019
(In thousands)

	2020	2019	2020 - 2019	
			Change (\$)	Change (%)
ASSETS				
Current and Other Assets	\$ 358,854	\$ 402,696	\$ (43,842)	-10.9%
Net Capital Assets	313,614	270,780	42,834	15.8%
TOTAL ASSETS	672,468	673,476	(1,008)	-0.1%
DEFERRED OUTFLOWS OF RESOURCES				
Interest Rate Swaps	17,370	13,740	3,630	26.4%
Deferred Loss on Bond Refunding	1,384	1,507	(123)	-8.2%
Other Deferred Costs - Net	43	47	(4)	-7.8%
Deferred Pension Outflows	20,663	15,613	5,050	32.3%
Deferred OPEB Outflows	22,866	3,105	19,761	636.4%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	62,326	34,012	28,314	83.2%
LIABILITIES				
Long-term Debt Outstanding	241,073	248,998	(7,925)	-3.2%
Other Liabilities	34,779	36,770	(1,991)	-5.4%
Interest Rate Swap	17,370	13,740	3,630	26.4%
Net Pension Liability	73,091	61,596	11,495	18.7%
Net OPEB Liability	82,702	57,534	25,168	43.7%
TOTAL LIABILITIES	449,015	418,638	30,377	7.3%
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Cost Reductions	1,329	2,133	(804)	-37.7%
Deferred OPEB Cost Reductions	5,598	4,044	1,554	38.4%
TOTAL DEFERRED INFLOWS OF RESOURCES	6,927	6,177	750	12.1%
NET POSITION				
Net Investments in Capital Assets	168,211	148,291	19,920	13.4%
Restricted	149,014	160,555	(11,541)	-7.2%
Unrestricted	(38,373)	(26,173)	(12,200)	-46.6%
TOTAL NET POSITION	278,852	282,673	(3,821)	-1.4%
	2020	2019	2020 - 2019	
			Change (\$)	Change (%)
Net Position at June 30				
Net Investment in Capital Assets	\$ 168,211	\$ 148,291	\$ 19,920	13.4%
Restricted for Capital Projects	136,902	130,268	6,634	5.1%
Restricted for Debt Service	9,915	14,256	(4,341)	-30.5%
Bond Indenture Requirements	2,197	16,031	(13,834)	-86.3%
Unrestricted	(38,373)	(26,173)	(12,200)	-46.6%
Total Net Position	\$ 278,852	\$ 282,673	\$ (3,821)	-1.4%



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, 2020 and 2019. Changes in net position represent the fiscal year financial results of Bradley. The change in net position for FY 2020 is (\$3,821) compared to \$20,429 in FY 2019. Overall, for FY 2020, total net position decreased 1.4% compared to FY 2019.

Bradley experienced a net loss before capital contributions in FY 2020. Operating revenues decreased by \$2,925, or 4.0%, attributable to drastically reduced passenger traffic resulting in lower activity-based passenger driven revenues such as concessions, parking, and rental car revenue. Operating expenses before depreciation decreased \$722, or 1.3%, compared to FY 2019, largely due to lower repairs & maintenance expenses stemming from cost containment measures in reaction to the pandemic. Depreciation and amortization increased \$3,112, or 18.1%, from FY 2019 contributing to an operating loss of \$4,927.

Table 2
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020
(In Thousands)

	2020	2019	2020 - 2019	
			Change (\$)	Change (%)
OPERATING REVENUES				
Landing fees	\$ 19,558	\$ 18,914	\$ 644	3.4%
Airline terminal rent	11,862	11,690	171	1.5%
Apron and remote aircraft parking	4,932	4,165	766	18.4%
Rental cars	7,565	8,753	(1,188)	-13.6%
Terminal concessions	4,012	5,016	(1,004)	-20.0%
Land rent	6,226	5,072	1,154	22.8%
Other concessions	4,280	5,016	(736)	-14.7%
Other operating revenue	2,890	2,892	(2)	-0.1%
Auto parking	9,144	11,875	(2,731)	-23.0%
TOTAL OPERATING REVENUES	70,469	73,394	(2,925)	-4.0%
OPERATING EXPENSES				
Salaries and related expenses	23,920	24,010	(90)	-0.4%
Administrative and general	19,284	18,928	357	1.9%
Repairs and maintenance	6,934	7,866	(933)	-11.9%
Utilities	4,931	4,987	(56)	-1.1%
OPERATING EXPENSES BEFORE DEPRECIATION	55,069	55,791	(722)	-1.3%
OPERATING INCOME BEFORE DEPRECIATION	15,399	17,603	(2,204)	-12.5%
Depreciation and amortization	20,326	17,215	3,112	18.1%
OPERATING INCOME (LOSS)	(4,927)	388	(5,315)	-1369.5%
NONOPERATING REVENUES (EXPENSES)				
Passenger Facility Charge Revenue	10,099	15,179	(5,079)	-33.5%
Car Rental Facility Charge Revenue	13,225	13,538	(312)	-2.3%
Investment Income	1,802	2,614	(812)	-31.1%
Other nonoperating expenses	(11,173)	(1,741)	(9,432)	541.7%
Bond interest expense	(9,995)	(5,657)	(4,337)	76.7%
Airline revenue share expense	(1,542)	(2,428)	886	-36.5%
Actuarial Pension Gain (Loss)	(5,641)	(3,006)	(2,636)	87.7%
Actuarial OPEB Gain (Loss)	(6,962)	(384)	(6,577)	1711.6%
NET NONOPERATING REVENUES (EXPENSES)	(10,186)	18,115	(28,301)	-156.2%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(15,113)	18,503	(33,616)	-181.7%
CAPITAL CONTRIBUTIONS	11,292	1,926	9,366	486.3%
Change in Net Position	(3,821)	20,429	(24,250)	-118.7%
Total Net Position, Beginning of Year	282,673	262,244	20,429	7.8%
Total Net Position, End of Year	278,852	\$ 282,673	\$ (3,822)	-1.4%

BRADLEY INCOME

As indicated on Table 2, Bradley generated operating income before depreciation of \$15,399, net nonoperating expenses of (\$10,186) and \$11,292 of capital contributions. The change in net position for fiscal year 2020 was (\$3,821) as compared to the prior year change in net position of \$20,429. The operating and nonoperating revenues and expenditures associated with this income are addressed below.

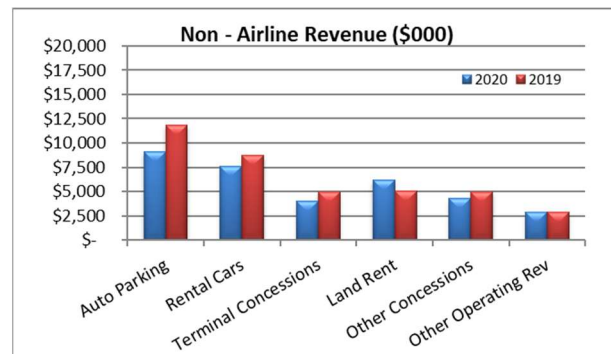
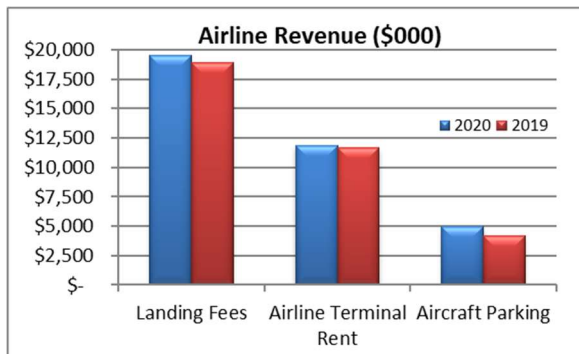
Operating Revenues

Operating revenues for fiscal year 2020 totaled \$70,469, a decrease of \$2,925 or 4.0% from fiscal year 2019.

Operating revenues are split between airline and non-airline sources. Airline revenues were \$36,352 or 51.6% of total operating revenue, and non-airline revenues were \$34,117 or 48.4% of total operating revenue as shown at right and in greater detail below.



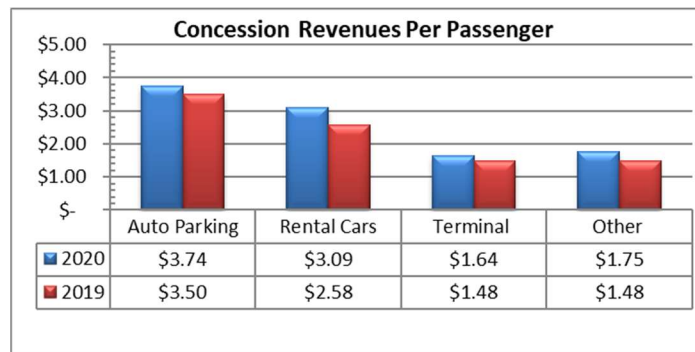
Airline revenues increased by \$1,582, or 4.6%, from fiscal year 2019 to fiscal year 2020. The Airlines pay rates and charges based on budgeted operating expenditures and debt service allocated to airline cost centers including the landing area, terminal building and aircraft parking aprons. The fiscal year 2020 operating expense budget of \$65,920 reflected a 4.2% increase in operating expenses over the fiscal year 2019 operating budget, which was accordingly 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 2020 operating expenditures were 16.5% under budget which in turn caused airline revenues to be 10.3% below budget due to the true-up feature applied to airline revenues.



Deducting cargo airline landing fees of \$4,614 and airline net revenue share of \$1,542 from total airline revenue of \$36,352 results in passenger airline revenue of \$30,196. This equates to a fiscal year 2020 Cost per Enplaned Passenger (CPE) of \$12.33 based on fiscal year 2020 enplaned passengers of 2,448, a 46.1% increase from the fiscal year 2019 CPE of \$8.44.

Total non-airline revenues decreased by \$4,507, or 11.7%, from fiscal year 2019. 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 \$25,001. The largest source of concession revenue is vehicle parking operations which totaled \$9,144. Effective May 31, 2020, the CAA

amicably terminated the complex lease agreement with the parking operator SP Plus. Under the terms of the old lease agreement, the parking operating results were recorded in a separate enterprise fund (not reflected as a part of these audited financial statements). The old parking lease provided for a stream of guaranteed revenue payments to be made to the Bradley Enterprise Fund which are represented by the \$9,144 recorded in the financial statements presented here. Following the termination, the CAA entered into a new parking management services agreement whereby SP Plus will be paid a management fee for administering parking operations at Bradley. Going forward in FY21, all pure customer driven parking revenues and parking operating expenses will be reflected in the Bradley Enterprise Fund financial statements. 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. Non-airline revenues were 14.9% below budget due to the effects of the pandemic on passenger activity-based revenues (i.e. concession, parking, and rental car revenue).



Total concession revenue of \$25,001 equates to \$10.22 per enplaned passenger based on fiscal year 2020 enplaned passengers of 2,448, a 13.0% increase from fiscal year 2019 concession revenue per enplaned passenger of \$9.04. The division of revenues per passenger among the various concessions is shown above.

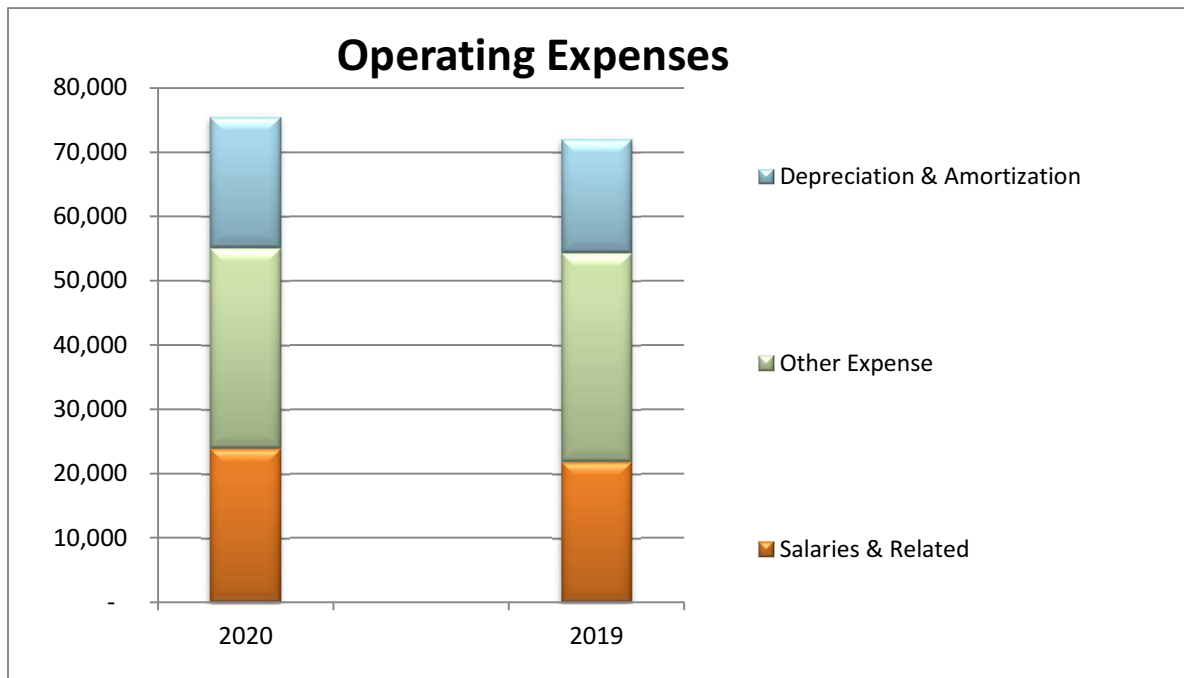
Operating Expenses

Operating expenses in fiscal year 2020 totaled \$75,395, an increase of \$2,390 or 3.3% from fiscal year 2019. 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 2020 and fiscal year 2019 operating expenses is shown in Table 3.

As indicated on Table 3, a decrease in repairs & maintenance costs were partially offset by an increase in security costs resulting in a \$722 year over year decrease in operating expense before depreciation. Depreciation and amortization increased by \$3,112, or 18.1%, from fiscal year 2019 resulting in an overall operating expense increase (including depreciation) of 3.3%.

TABLE 3
OPERATING EXPENSES
JUNE 30, 2020 AND 2019
(In thousands)

	2020	2019	2020 - 2019	
			Change (\$)	Change (%)
Salaries & Related				
Salaries	\$ 11,141	\$ 11,003	\$ 138	1.3%
Overtime	805	916	(111)	-12.1%
Other Payroll	437	355	82	23.2%
Fringe Benefit	11,536	11,736	(200)	-1.7%
Salaries & Related	23,920	24,010	(90)	-0.4%
Other Expense				
Payment In Lieu of Tax	4,679	4,679	0	0.0%
Security	8,804	8,378	426	5.1%
Administrative & General Costs	5,802	5,871	(69)	-1.2%
Repairs and Maintenance	6,933	7,866	(933)	-11.9%
Utilities	4,931	4,987	(56)	-1.1%
Other Expense	31,149	31,781	(632)	-2.0%
Expenses Before Depreciation	55,069	55,791	(722)	-1.3%
Depreciation & Amortization	20,326	17,215	3,112	18.1%
Total Operating Expenses	\$ 75,395	\$ 73,005	\$ 2,390	3.3%



Net Nonoperating Revenue (Expense)

Nonoperating revenues and expenses includes Bradley's Passenger Facility Charges (PFCs), Car Rental Facility Charges (CFCs), investment income, revenue bond interest expense, other nonoperating expenses, actuarial pension and OPEB gain/loss, and airline net revenue share expense. 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 2020, Bradley collected total PFCs (excluding PFC interest) of \$9,191, a decrease of 32.9% from fiscal year 2019. Bradley is also authorized by contract with the rental car companies to assess a CFC per rental car transaction day. The existing CFC rate is \$8.40 per rental car transaction day. The revenue associated with this charge is recognized according to criteria established by bond indenture and used to fund CFC revenue bond debt service as well as to partially fund the cost 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 2020 totaled \$10,208 (excluding interest), a decrease of 11.9% from fiscal year 2019. The CAA executed a one-year extension of the Airline Operating Agreement and Terminal Building Lease with the signatory air carriers at Bradley airport bringing the expiration date to June 30th, 2021. 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 applicable bond costs are satisfied, those net revenues are shared with the airline pursuant to a formula outlined in the airline lease. For FY 2020, the airlines will share in \$1,542 which is reflected as a nonoperating expense to Bradley.

Investment income from all accounts totaled \$5,727, a 5.1% decrease from fiscal year 2019 investment income of \$6,035. 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. Bond interest expense for fiscal year 2020 totaled \$9,995, an increase of 76.7% from fiscal year 2019. The increase is attributable to a full year of 2019 CFC Revenue Bond debt service being recorded in FY20 contrasted with FY19 which recorded a partial year of interest expense given the bonds were issued in April 2019. Other nonoperating expenses for fiscal year 2020 equaled \$11,173, which is a 542% decrease from fiscal year 2019. Other nonoperating expenses are predominantly reflective of capital improvement project costs that must be expensed versus capitalized as an asset.

In FY 2020, the airport realized a combined \$12,603 actuarial pension and OPEB loss, versus a \$3,390 loss in FY 2019. This unfavorable trend year over year was a significant driver of the change in overall nonoperating expense. Net nonoperating revenues (expenses) for fiscal 2020 were (\$10,186), a decrease of \$28.3 million from FY 2019. Net loss before capital contributions for fiscal year 2020 was (\$15,113). Overall, with capital contributions of \$11,292 partially offsetting the net loss, net position decreased \$3,821.

CAPITAL CONTRIBUTIONS

Total FY 2020 capital contributions equaled \$11,292, an increase of \$9,366 from fiscal year 2019 capital contributions of \$1,926. State of CT Department of Transportation reimbursed Bradley \$190 for abatement work performed on a State-owned bridge. Insurance recoveries of \$303 related to glycol facility repairs were also recognized in FY20. The remainder of capital contributions were AIP-funded. 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. AIP-funded projects and other capital contributions are summarized below.

Capital Contributions (\$000)	2020 - 2019			
	2020	2019	Change (\$)	Change (%)
Taxiways	\$ 10,631	\$ 1,918	\$ 8,713	454.3%
Obstruction Removal	153	8	145	1815.3%
Invertebrate Study	15	-	15	100.0%
Total AIP	10,799	1,926	8,873	460.7%
Bridge Abatement	190	-	190	100.0%
Glycol Facility Repairs	303	-	303	100.0%
Total Other	493	-	493	100.0%
Total Capital Contributions	\$ 11,292	\$ 1,926	\$ 9,366	486.3%

BUDGET TO ACTUAL PERFORMANCE

Bradley's annual operating budget for fiscal year 2020 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, customer 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 2020 is shown in Table 4.

Total operating revenues were 12.6% below budget. Most categories of airline revenue were less than budget as a result of performing an airline rates and charges true-up entry. FY 2020 airline rates and charges are initially set based on the FY 2020 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, actual airline revenue was \$4,177 or 10.3% under budget. Non-airline revenues fell below budget by \$5,955 or 14.9%, reflecting a negative trend in most categories of revenues. PFC revenue and related interest was \$1,601 or 13.7% under budget. CFC revenue and related interest was also under budget by \$626 or 4.5%. Total operating expenses before depreciation were 16.5% under budget with surpluses realized in all categories of expenses.

Table 4
FY 2020 Budget to Actual Performance (\$000)

	Budget	Actual	Variance	
			Greater (Less) Than Budget (\$000)	Percent
Airline Revenue	\$ 40,529	\$ 36,352	\$ (4,177)	-10.3%
Non-Airline Revenue	40,071	34,117	(5,955)	-14.9%
Total Operating Revenue	\$ 80,600	\$ 70,469	\$ (10,132)	-12.6%
Passenger Facility Charges & PFC Interest	11,700	10,099	(1,601)	-13.7%
Car Rental Facility Charge Revenue & CFC Interest	13,852	13,225	(626)	-4.5%
Operating & Maintenance Expenses before Depreciation	\$ 65,920	\$ 55,069	\$ (10,851)	-16.5%

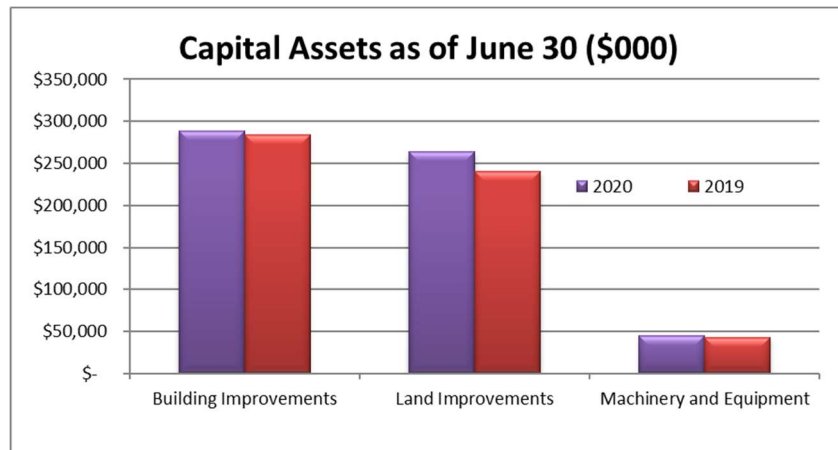
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Bradley's gross capital assets increased \$62.4 million for the year ended June 30, 2020. 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.

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

	2020	2019	2020 - 2019 Additions
Building Improvements	\$ 288,552	\$ 283,824	\$ 4,728
Land Improvements	263,826	239,904	23,922
Machinery and Equipment	44,546	43,382	1,164
Total Depreciable	596,924	567,110	29,814
Land	2,898	2,888	10
Construction in Progress	74,746	42,217	32,529
Total Non - Depreciable	77,644	45,105	32,539
Total	\$ 674,568	\$ 612,215	\$ 62,353



Debt

At year-end, Bradley has \$94,595 in General Airport Revenue Bonds (GARB) outstanding versus \$102,105 in fiscal year 2019 – a decrease of \$7,510 or 7.4%. Bradley has two outstanding series of GARB bonds at June 30, 2020. These include the Series 2011A and Series 2011B issued to refund bonds previously issued in support of Bradley's terminal expansion and improvement program.

On April 9, 2019, Bradley issued new Customer Facility Charge (CFC) revenue bonds, the proceeds of which finance a portion of the costs to develop and construct a ground transportation center. At June 30, 2020, Bradley has \$151,100 in CFC Revenue bonds outstanding, comprised of Series 2019A and Series 2019B.

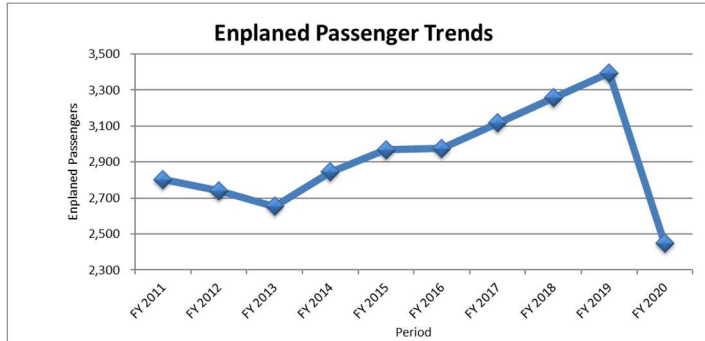
Principal outstanding on these bonds as of June 30 is shown below:

Principal Outstanding	2020-2019		
	2020	2019	Change
Series 2011A	\$ 56,760	\$ 61,265	\$ (4,505)
Series 2011B	37,835	40,840	(3,005)
GARB Principal Outstanding*	<u>\$ 94,595</u>	<u>\$ 102,105</u>	<u>\$ (7,510)</u>
Series 2019A	\$ 35,410	\$ 35,410	\$ -
Series 2019B	115,690	115,690	-
CFC Bond Principal Outstanding	<u>\$ 151,100</u>	<u>\$ 151,100</u>	<u>\$ -</u>
Total Principal Outstanding	<u>\$ 245,695</u>	<u>\$ 253,205</u>	<u>\$ (7,510)</u>

* Less current maturities of \$7,815 results in GARB bonds payable (long-term portion) of \$86,780 as of June 30, 2020. For a more detailed description of long-term debt obligations see Note 6 in the accompanying financial statements.

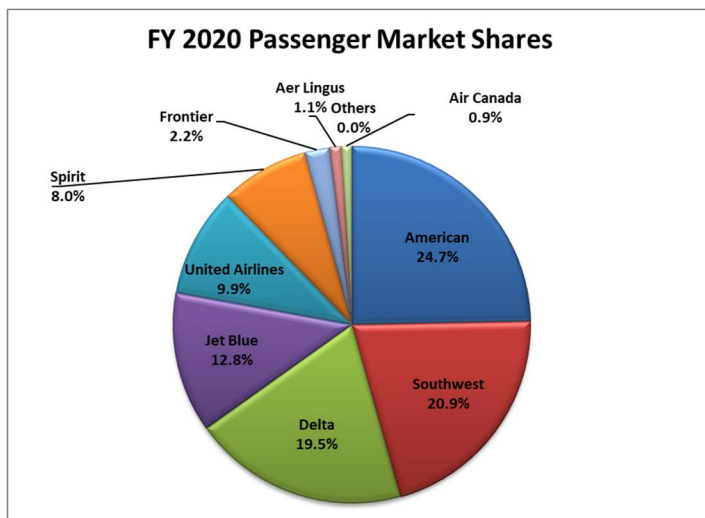
ECONOMIC FACTORS AND OUTLOOK

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. After six consecutive years of passenger growth under the management of the CAA, the travel industry, and in particular, air travel, were significantly impacted by the COVID-19 pandemic resulting in a large drop in fiscal year 2020 passenger traffic at Bradley. Prior to the pandemic, sustained low jet fuel costs and an overall rebounding economy had allowed airlines to enjoy record profits in recent years. Airlines and airports were both significantly financially impacted by the pandemic. In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to buffer the national economic downturn caused by the pandemic. Through the CARES Act, eligible airports were awarded \$10 billion in funds to provide economic relief. The \$10 billion in airport relief was allocated to individual airports based on a variety of formulas including relative enplanement levels, the amount of outstanding debt, and the amount of cash reserves. Bradley was awarded \$28.5 million through the CARES Act. The CARES Act also provided \$25 billion to the airline industry in payroll support. In addition, the CARES Act made another \$25 billion available in governmental loans to airlines. Many airlines have expressed their intent to become smaller as they weather the storm of the industry downturn and await the full recovery in air travel. Many industry trade groups and independent credit rating agencies are predicting it will take until 2023 or 2024 to experience a full recovery back to calendar year 2019 passenger levels.



Bradley's strong airline cost recovery structure and its non-airline revenue structure have provided consistent financial performance. The \$28.5 million of CARES Act funding, a strong reserve position, and diligent operating cost cutting measures will allow Bradley to sustain the current industry downturn.

In fiscal year 2020, Bradley enplaned 2.448 million passengers, a 27.9% decrease from fiscal year 2019. While it will take time to return to pre-pandemic passenger levels at Bradley, the CAA continues its route development efforts to improve the menu of destinations served and to aid in the air travel recovery. JetBlue recently announced it will begin new direct service from Bradley to Cancun, Mexico in Nov. 2020 and new direct service to Los Angeles, San Francisco, and Las Vegas in Dec. 2020. In addition, Southwest recently announced it would begin new direct service from Bradley to Nashville beginning in March 2021. Although passenger traffic was significantly impacted by the pandemic, cargo operations remain strong and an important revenue source for Bradley. In a typical year, cargo landed weight represents approximately 20% to 25% of the overall landed weight at Bradley. For FY20, cargo aircraft landed weight increased 11.9% over the prior year.



During fiscal year 2020, Bradley continued to maintain a strong diverse market share amongst 9 main carriers. Due to international travel restrictions imposed in response to the pandemic, Air Canada and Aer Lingus both ceased operations at Bradley in March 2020 bringing the active number of main carriers down to 7 at year end. The CAA fully expects both carriers to return to serving Bradley

once international travel restrictions are lifted. Year over year, all carriers experienced a drop in passenger traffic due to the effects of the pandemic with the exception of Frontier which experienced a 237% increase due to being active for a full fiscal year compared to prior year when Frontier began serving Bradley mid-year. American remains the largest carrier at Bradley with 24.7% of the market followed by Southwest with 20.9% and Delta with 19.5% of the market.

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 2020, American, Southwest, Delta, Jet Blue, United, Spirit, Frontier, and 15 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 2020 and fiscal year 2019 are shown below in Table 6.

Table 6
Bradley International Airport
Passenger Market Share Trends

Carrier	2020 Enplaned Passengers			2019 Enplaned Passengers		
	Mainline	Regional / Express Operations	Total	Mainline	Regional / Express Operations	Total
American	468,787	135,896	604,683	607,087	192,123	799,210
Southwest	511,367	-	511,367	759,622	-	759,622
Delta	419,535	58,854	478,389	573,833	77,073	650,906
Jet Blue	312,168	-	312,168	459,690	-	459,690
United Airlines	165,894	75,965	241,859	302,213	76,640	378,853
Spirit	195,987	-	195,987	255,350	-	255,350
Frontier	54,698	-	54,698	16,220	-	16,220
Aer Lingus	26,780	-	26,780	42,157	-	42,157
Air Canada	-	22,257	22,257	-	30,300	30,300
Others	-	85	85	-	1,408	1,408
Total	2,155,216	293,057	2,448,273	3,016,172	377,544	3,393,716

Carrier	2020 Market Shares			2019 Market Shares		
	Mainline	Regional / Express Operations	Total	Mainline	Regional / Express Operations	Total
American	19.1%	5.6%	24.7%	17.9%	5.7%	23.5%
Southwest	20.9%	0.0%	20.9%	22.4%	0.0%	22.4%
Delta	17.1%	2.4%	19.5%	16.9%	2.3%	19.2%
Jet Blue	12.8%	0.0%	12.8%	13.5%	0.0%	13.5%
United Airlines	6.8%	3.1%	9.9%	8.9%	2.3%	11.2%
Spirit	8.0%	0.0%	8.0%	7.5%	0.0%	7.5%
Frontier	2.2%	0.0%	2.2%	0.5%	0.0%	0.5%
Aer Lingus	1.1%	0.0%	1.1%	1.2%	0.0%	1.2%
Air Canada	0.0%	0.9%	0.9%	0.0%	0.9%	0.9%
Others	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	88.0%	12.0%	100.0%	88.9%	11.1%	100.0%

Bradley 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 AIRPORTS 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 State of Connecticut Department of Transportation (ConnDOT). Prior to the transition, the airports were owned and operated by the ConnDOT 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 Statement of Net Position for the General Aviation Airports shows total assets including deferred outflow of resources for fiscal year 2020 to be \$113,130, an increase of \$9,620, or 9.3%, from fiscal year 2019. Total assets are broken down by current assets of \$19,876 and net capital assets of \$85,533. 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 2020, the amount for deferred outflow of resources is \$7,721, which represents the deferred pension and OPEB outflows. For fiscal year 2019 the amount for deferred outflow of resources was \$3,648.

Total liabilities including deferred inflow of resources for fiscal year 2020 equal \$35,529, reflecting an increase of \$8,099 or 29.5% from fiscal year 2019. The increase is primarily attributable to a \$3.7 million increase in amounts due to the State related to FAA funded capital project costs which were originally fronted by the State on behalf of the GA Fund as well as due to a \$3,290 increase in the net OPEB liability. The net pension and OPEB liabilities are the only long-term liabilities for the General Aviation airports. Overall, the total net position for the General Aviation airports is \$77,601 compared to net position of \$76,080 in fiscal year 2019. Table 7 below shows the details for total net position.

Table 7
Statement of Net Position
June 30, 2020
(in thousands)

			2020 - 2019	
	2020	2019	Change (\$)	Change (%)
ASSETS				
Current and other assets	\$ 19,876	\$ 16,848	\$ 3,028	18.0%
Net capital assets	85,533	83,013	2,520	3.0%
TOTAL ASSETS	\$ 105,409	\$ 99,861	\$ 5,548	5.6%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Outflows	\$ 3,665	\$ 3,037	\$ 628	20.7%
Deferred OPEB Outflows	4,056	611	3,445	563.6%
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 7,721	\$ 3,648	\$ 4,073	111.6%
LIABILITIES				
Accounts Payable and Accrued Liabilities	2,606	\$ 2,003	\$ 604	30.1%
Due to Affiliate/State/Muni	3,869	132	3,737	2829.3%
Deferred Revenue and Other	191	197	(7)	-3.5%
Net Pension Liability	12,964	12,500	464	3.7%
Net OPEB Liability	14,669	11,379	3,290	28.9%
TOTAL LIABILITIES	\$ 34,300	\$ 26,211	\$ 8,089	30.9%
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount for Pensions	236	428	(193)	-45.0%
Deferred Amount for OPEB	993	790	203	25.7%
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 1,229	\$ 1,218	\$ 11	0.9%
NET POSITION				
Net Investments in Capital Assets	85,533	83,013	2,520	3.0%
Unrestricted	(7,932)	(6,933)	(999)	14.4%
TOTAL NET POSITION	77,601	\$ 76,080	\$ 1,521	2.0%

Net Position

In FY 2018, 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 revenue 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 2020, the General Aviation Airports received \$3,900 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 \$76,080 and grew to \$77,601 by the end of fiscal 2020. Operating revenues for fiscal year 2020 totaled \$3,008, a 0.7% increase from fiscal year 2019. Revenues consisted of airline revenue totaling \$282 and non-airline revenue of \$2,726. The majority of the non-airline revenue is attributable to land rent and other operating revenue (the majority of which comes from fixed-base operators). Operating expenses before depreciation totaled \$5,355 which is a decrease of 10.4%, over fiscal year 2019. Operating expenses include salaries and related expenses, administrative and general, repairs and maintenance, and energy and utilities. Depreciation expense for fiscal year 2020 is \$4,410, which is 28.3% higher than fiscal year 2019. The net nonoperating revenue for fiscal year 2020 is \$1,508, which is lower than fiscal year 2019 by 72.4%. The nonoperating

revenue includes the aviation fuel tax receipts of \$3,900 and investment income of \$208, offset by nonoperating expenses of \$3,263 which is predominately made up of various capital project costs that were expensed. GA airports recorded a \$356 actuarial pension gain, and a (\$49) actuarial OPEB loss in fiscal year 2020, contrasting with prior fiscal year loss of (\$656) in these same accounts. GA airports also recorded \$355 of CARES act revenue in FY20. Fiscal year 2020 income (loss) before capital contributions equaled (\$5,249) compared to (\$956) in fiscal year 2019. Capital contributions are \$6,770, 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
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020
(In Thousands)

	2020	2019	2020 - 2019	
			Change (\$)	Change (%)
OPERATING REVENUES				
Landing Fees	\$ 145	\$ 136	9	6.9%
Airline Terminal Rent	11	11	-	0.0%
Aircraft Parking	126	127	(1)	-1.2%
Rental Cars	128	166	(38)	-22.8%
Terminal Concessions	1	7	(6)	-84.3%
Land Rent	1,504	1,466	38	2.6%
Other Operating Revenue	1,093	1,073	20	1.8%
TOTAL OPERATING REVENUES	3,008	2,986	22	0.7%
OPERATING EXPENSES				
Salaries and Related Expenses	4,092	4,477	(386)	-8.6%
Administrative and General	356	368	(11)	-3.1%
Repairs and Maintenance	633	834	(202)	-24.2%
Energy and utilities	275	298	(23)	-7.8%
OPER EXPENSES BEFORE DEPRECIATION	5,355	5,977	(622)	-10.4%
OPER LOSS BEFORE DEPRECIATION	(2,347)	(2,991)	644	-21.5%
Depreciation and Amortization	4,410	3,437	973	28.3%
OPERATING (LOSS)	(6,757)	(6,428)	(329)	5.1%
NON OPERATING REVENUES (EXPENSES)				
Investment income	208	268	(60)	-22.4%
Other Non operating expenses	(3,263)	(1,275)	(1,987)	155.9%
Aviation Fuel Tax Revenue	3,900	7,135	(3,236)	-45.3%
CARES Act Revenue	355	-	355	100.0%
Actuarial Pension Gain (Loss)	356	(582)	938	-161.2%
Actuarial OPEB Gain (Loss)	(49)	(74)	26	-34.8%
NET NON OPERATING REVENUES (EXPENSE)	1,508	5,472	(3,964)	-72.4%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(5,249)	(956)	(4,293)	448.9%
CAPITAL CONTRIBUTIONS	6,770	18,274	(11,504)	-63.0%
Change in Net Position	1,521	17,318	(15,797)	-91.2%
Total Net Position, Beginning of Year	76,080	58,762	17,318	29.5%
Total Net Position, End of Year	\$ 77,601	\$ 76,080	\$ 1,521	2.0%

Revenues

Revenues generated at the general aviation airports include several different sources. There are some that utilize rates established annually by the CAA during the annual budgeting process 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 land 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.

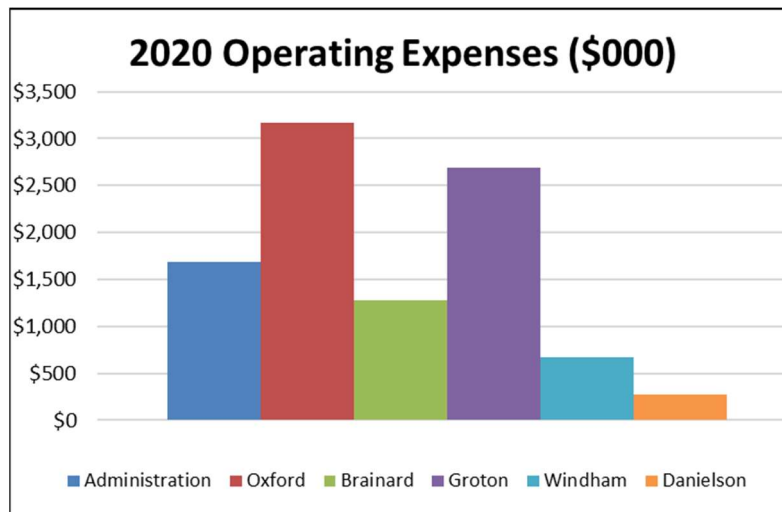
Operating Expenses

Operating expenses in fiscal year 2020 totaled \$9,765, 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 2020 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 2020, the GA Fund received \$3,900 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 \$5,355. Table 9 below details the fiscal year 2020 operating expenses by airport by category.

Table 9
Operating Expenses
For the Year Ended June 30, 2020
(In thousands)

	Total 2020	GA Airport Administration	Oxford	Brainard	Groton	Windham	Danielson
Salaries & Related							
Salaries	\$ 1,962	\$ 843	\$ 316	\$ 298	\$ 415	\$ 46	\$ 44
Overtime	156	0	38	38	78	1	1
Other Payroll	85	63	14	(10)	17	1	0
Fringe Benefit	1,889	691	344	340	438	39	37
Salaries & Related	4,092	1,597	712	666	948	87	82
Other Expense							
Security	21	-	6	3	6	3	3
Administrative Costs	335	52	66	78	100	25	14
Repairs and Maintenance	633	1	67	126	151	183	105
Utilities	275	1	62	65	118	17	11
Equip/Operating Exp. Misc.	0	0	-	-	-	-	-
Other Expense	1,263	54	201	272	375	228	133
Expenses Before Depreciation	5,355	1,650	912	939	1,324	315	215
Depreciation & Amortization	4,410	40	2,255	335	1,366	358	56
Total Operating Expenses	\$ 9,765	\$ 1,690	\$ 3,167	\$ 1,274	\$ 2,690	\$ 673	\$ 271



Budget to Actual Performance

The fiscal year 2020 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 largely dependent on the actual tax revenue received from the aviation fuel tax. Aviation fuel tax revenues were lower than budget by (\$2,000) or 33.9% due to sustained low jet fuel prices and a reduction in aviation fuel volume as a result of depressed air travel post pandemic. 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, 2020
in thousands

	Budget	Actual	Variance	
			Greater (Less) Than Budget (\$000)	Percent
Airline Revenue	\$ 221	\$ 282	\$ 62	27.9%
Non-Airline Revenue	2,642	2,726	84	3.2%
Total Operating Revenue	2,862	3,008	146	5.1%
Aviation Fuel Tax Revenue	5,900	3,900	(2,000)	-33.9%
Investment Income	45	208	163	362.2%
Operating and Maintenance Expenses before Depreciation	7,129	5,355	(1,774)	-24.9%

The GA Fund continues to evaluate options to help reduce dependence on outside funding sources, yet continues 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 revenues.

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, 2020. 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.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Fund Statement of Net Position

June 30, 2020

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Assets		
Current assets:		
Cash	\$ 5,396,829	\$ 430,866
Short-term investments	89,378,347	11,668,442
Current portion of restricted investments	6,754,808	-
Accounts receivable	6,993,816	1,696,044
Due from the State	5,047,082	770,190
Grants receivable	921,091	5,310,244
Prepaid expenses and other assets	45,124	-
Total current assets	114,537,097	19,875,786
Noncurrent assets:		
Restricted assets:		
Investments	243,859,930	-
Accounts receivable	388,282	-
Interest receivable	69,165	-
Capital assets:		
Assets not subject to depreciation	77,644,073	30,234,031
Assets subject to depreciation - Net	235,969,754	55,298,981
Total noncurrent assets	557,931,204	85,533,012
Total assets	672,468,301	105,408,798
Deferred Outflows of Resources		
Interest rate swaps	17,369,945	-
Deferred loss on bond refunding	1,383,875	-
Other deferred costs - Net	43,322	-
Deferred pension costs	20,663,037	3,665,075
Deferred OPEB costs	22,865,990	4,055,820
Total deferred outflows of resources	62,326,169	7,720,895
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	22,170,637	2,606,523
Unearned revenue and other	856,291	190,562
Due to the State	-	3,869,482
Payables from restricted assets:		
Current portion of revenue bonds payable	7,815,000	-
Revenue bond interest payable	3,937,243	-
Total current liabilities	34,779,171	6,666,567
Noncurrent liabilities:		
Net pension liability	73,090,730	12,964,358
Net OPEB liability	82,702,357	14,669,205
Revenue bonds payable - Net of current portion	241,072,527	-
Interest rate swap	17,369,945	-
Total noncurrent liabilities	414,235,559	27,633,563
Total liabilities	449,014,730	34,300,130

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Fund Statement of Net Position (Continued)

June 30, 2020

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Deferred Inflows of Resources		
Deferred pension cost reductions	\$ 1,329,153	\$ 235,757
Deferred OPEB cost reductions	5,598,380	993,004
Total deferred inflows of resources	6,927,533	1,228,761
Net Position		
Net investment in capital assets	168,210,932	85,533,012
Restricted:		
Capital projects	136,902,413	-
Debt service	9,914,976	-
Bond indenture requirement	2,196,668	-
Unrestricted	(38,372,782)	(7,932,210)
Total net position	\$ 278,852,207	\$ 77,600,802

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, 2020

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Operating Revenue		
Airline revenue:		
Landing fees	\$ 19,558,030	\$ 145,451
Airline terminal rent	11,861,751	10,920
Apron and remote aircraft parking	4,931,862	125,935
Total airline revenue	36,351,643	282,306
Nonairline revenue:		
Rental cars	7,564,649	128,141
Terminal concessions	4,012,079	1,098
Land rent	6,225,732	1,503,659
Other concessions	4,279,968	-
Other operating revenue	2,890,152	1,092,621
Auto parking	9,144,304	-
Total nonairline revenue	34,116,884	2,725,519
Total operating revenue	70,468,527	3,007,825
Operating Expenses		
Salaries and related expenses	23,920,086	4,091,648
Administrative and general	19,284,402	356,230
Repairs and maintenance	6,933,703	632,557
Energy and utilities	4,930,879	274,679
Depreciation and amortization	20,326,159	4,409,608
Total operating expenses	75,395,229	9,764,722
Operating Loss	(4,926,702)	(6,756,897)
Nonoperating Revenue (Expense)		
Passenger facility charge revenue	10,099,435	-
Car rental facility charge revenue	13,225,160	-
Investment income	1,801,487	207,983
CARES Act revenue	-	355,000
Aviation fuel tax revenue	-	3,899,700
Other nonoperating expenses	(11,172,997)	(3,262,582)
Bond interest expense	(9,994,693)	-
Airline revenue share expense	(1,541,739)	-
Noncash pension and OPEB actuarial assumption adjustments	(12,602,940)	307,610
Total nonoperating (expense) revenue	(10,186,287)	1,507,711
Loss - Before capital contributions	(15,112,989)	(5,249,186)
Capital Contributions	11,292,339	6,770,135
Change in Net Position	(3,820,650)	1,520,949
Net Position - Beginning of year	282,672,857	76,079,853
Net Position - End of year	<u><u>\$ 278,852,207</u></u>	<u><u>\$ 77,600,802</u></u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Fund Statement of Cash Flows

Year Ended June 30, 2020

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Cash Flows from Operating Activities		
Receipts from customers	\$ 70,468,527	\$ 3,004,543
Payments to suppliers	(35,423,694)	(947,489)
Payments to employees and fringes	(23,920,086)	(4,091,648)
Net cash provided by (used in) operating activities	11,124,747	(2,034,594)
Cash Flows from Noncapital Financing Activities - CARES Act moneys used in operations	-	355,000
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	11,292,339	6,770,135
Gains on sale of assets	61,866	2,900
Proceeds from sale of capital assets	(61,866)	(2,900)
Purchase of capital assets	(63,143,848)	(6,929,375)
Principal and interest paid on capital debt	(16,039,152)	-
Car rental facility charge receipts	13,225,160	-
Passenger facility charge receipts	10,099,435	-
Other nonoperating expenses	(8,168,571)	637,118
Airline revenue share expense	(1,541,739)	-
Net cash (used in) provided by capital and related financing activities	(54,276,376)	477,878
Cash Flows from Investing Activities		
Interest received on investments	2,278,815	207,983
Purchases of investment securities	42,831,431	1,217,261
Net cash provided by investing activities	45,110,246	1,425,244
Net Increase in Cash	1,958,617	223,528
Cash - Beginning of year	3,438,212	207,338
Cash - End of year	\$ 5,396,829	\$ 430,866
Classification of Cash - Unrestricted	\$ 5,396,829	\$ 430,886
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (4,926,702)	\$ (6,756,897)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	20,326,159	4,409,608
Changes in assets and liabilities:		
Receivables	(482,048)	(4,065,132)
Prepaid and other assets	(30,666)	43,375
Accounts payable and accrued liabilities	264,957	4,341,293
Unearned revenue	(4,026,953)	(6,841)
Total adjustments	16,051,449	4,722,303
Net cash provided by (used in) operating activities	\$ 11,124,747	\$ (2,034,594)

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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 and 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, 2020 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 prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). The 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.

June 30, 2020

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.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

Restricted assets consist of moneys 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. This currently includes unspent bond proceeds for the 2019 revenue bonds to be spent for the construction of a car rental facility.

Capital Assets and Depreciation

Capital assets, which include property, equipment, and infrastructure assets (runways, taxiways, and aprons), are stated at cost, which includes 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 reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. The Funds' deferred outflows include the fair value of interest rate swaps, a deferred loss on bond refunding, a deferred bond issuance costs, and deferred amounts for pensions and OPEB. 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 Notes 10 and 12 for details on deferred amounts for pensions and OPEB, respectively.

June 30, 2020

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 and OPEB. This amount is deferred and will be included as a reduction of pension expense ratably over the next five years. See Notes 10 and 12 for details on deferred amounts for pensions and OPEB, respectively.

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.

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 leave pay 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.

Total compensated absences liability for the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund was \$3,599,218 and \$810,992, respectively, for the year ended June 30, 2020. This liability is included in the accounts payable and other accrued liabilities row on the statement of net position.

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 the purpose 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.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefits

For the purpose of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Connecticut State Employee OPEB Plan (SEOPEBP) and additions to/deductions from SEOPEBP's fiduciary net position have been determined on the same basis as they are reported by SEOPEBP. SEOPEBP uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, SEOPEBP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position of the Funds is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

The Funds will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Funds' policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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 \$11,536,404 and \$1,888,290, respectively, for the year ended June 30, 2020.

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.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. CAA is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Funds' financial statements for the year ended June 30, 2020; however, the effective date has been delayed to June 30, 2021 due to the adoption of GASB 95.

June 30, 2020

Note 1 - Significant Accounting Policies (Continued)

In June 2017, the GASB issued 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. CAA is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Funds' financial statements for the year ending June 30, 2021; however, the effective date has been delayed to June 30, 2022 due to the adoption of GASB 95.

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 were originally effective for the Funds' financial statements for the June 30, 2021 fiscal year; however, the effective date has been delayed to June 30, 2022 due to the adoption of GASB 95.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and were originally effective for the Funds' financial statements for the June 30, 2022 fiscal year; however, the effective date has been delayed to June 30, 2023 due to the adoption of GASB 95.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Funds do not believe this pronouncement will have a significant impact on their financial statements but are still making a full evaluation.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the Funds' financial statements for the June 30, 2022 fiscal year. All other requirements of the statement are effective for the Funds' financial statements for the June 30, 2021 fiscal year. Lease modification requirements are effective one year later.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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	\$ 5,396,829	\$ 430,866
State Treasurer's Short-Term Investment Fund	339,993,085	11,668,442
Total cash and investments	<u>\$ 345,389,914</u>	<u>\$ 12,099,308</u>

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 \$5,706,555 of bank deposits (checking and savings accounts) that was 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, 2020.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 2 - Cash and Investments (Continued)

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	\$ 339,993,085	AAAM	S&P
State Treasurer's Short-Term Investment Fund - GA	11,668,442	AAAM	S&P
Total	<u>\$ 351,661,527</u>		

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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) or its equivalent as a practical expedient are not classified in the fair value hierarchy.

In instances where 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, 2020:

- The interest rate swaps liability of \$17,369,945 was determined using a midmarket 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 to be Level 3 inputs.

The Funds hold shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. As of the year ended June 30, 2020, the State Treasurer's Short-Term Investment Fund's fair value is disclosed in Note 2. There are no unfunded commitments or redemption restrictions on those investments. The State Treasurer's Short-Term Investment Fund is a Standard & Poor's AAAM-rated investment pool of high-quality, short-term money market instruments managed by the cash management division of the Office of the State Treasurer.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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, including unspent bond proceeds from the 2019 revenue bonds more fully described in Note 6, are composed of the following as of June 30, 2020:

Car rental facility charges receivable	\$ 388,273
Interest receivable	51,382
Investments	<u>170,070,415</u>
Total restricted car rental facility charges	170,510,070
Less current portion of restricted investments	<u>(3,204,374)</u>
Noncurrent restricted car rental facility charges	<u>\$ 167,305,696</u>

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, 2020:

Passenger facility charges receivable	\$ 9
Interest receivable	16,843
Investments	<u>58,321,683</u>
Total	<u>\$ 58,338,535</u>

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, 2020:

Interest receivable	\$ 940
Investments	<u>22,222,640</u>
Total restricted debt service investments	22,223,580
Less current portion of restricted investments	<u>(3,550,434)</u>
Noncurrent restricted debt service investments	<u>\$ 18,673,146</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets

Capital asset activity of the Funds was as follows:

Bradley International Airport Enterprise Fund

	Balance July 1, 2019	Transfers	Additions	Disposals and Reclassifications	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 2,888,154	\$ -	\$ -	\$ 9,959	\$ 2,898,113
Construction in progress	42,216,959	-	62,692,903	(30,163,902)	74,745,960
Subtotal	45,105,113	-	62,692,903	(30,153,943)	77,644,073
Capital assets being depreciated:					
Buildings and improvements	283,823,940	-	36,917	4,691,317	288,552,174
Machinery and equipment	43,381,919	(587,940)	414,028	1,337,939	44,545,946
Land improvements	239,904,400	-	-	23,921,249	263,825,649
Subtotal	567,110,259	(587,940)	450,945	29,950,505	596,923,769
Accumulated depreciation:					
Buildings and improvements	128,634,215	-	8,675,249	-	137,309,464
Machinery and equipment	30,767,980	(587,940)	2,816,259	(203,438)	32,792,861
Land improvements	182,033,573	-	8,818,117	-	190,851,690
Subtotal	341,435,768	(587,940)	20,309,625	(203,438)	360,954,015
Net capital assets being depreciated	225,674,491	-	(19,858,680)	30,153,943	235,969,754
Net Bradley International Airport Enterprise Fund capital assets	<u>\$ 270,779,604</u>	<u>\$ -</u>	<u>\$ 42,834,223</u>	<u>\$ -</u>	<u>\$ 313,613,827</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 5 - Capital Assets (Continued)

General Aviation Airports Enterprise Fund

	Balance July 1, 2019	Transfers	Additions	Disposals and Reclassifications	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 29,785,187	\$ -	\$ -	\$ -	\$ 29,785,187
Construction in progress	555,709	-	6,777,134	(6,883,999)	448,844
Subtotal	30,340,896	-	6,777,134	(6,883,999)	30,234,031
Capital assets being depreciated:					
Buildings and improvements	16,230,786	-	-	-	16,230,786
Machinery and equipment	8,792,367	587,940	152,238	524,995	10,057,540
Land improvements	105,721,535	-	-	6,359,004	112,080,539
Subtotal	130,744,688	587,940	152,238	6,883,999	138,368,865
Accumulated depreciation:					
Buildings and improvements	10,630,474	-	279,670	-	10,910,144
Machinery and equipment	7,762,319	587,940	320,746	-	8,671,005
Land improvements	59,679,546	-	3,809,189	-	63,488,735
Subtotal	78,072,339	587,940	4,409,605	-	83,069,884
Net capital assets being depreciated	52,672,349	-	(4,257,367)	6,883,999	55,298,981
Net General Aviation Airports Enterprise Fund capital assets	<u>\$ 83,013,245</u>	<u>\$ -</u>	<u>\$ 2,519,767</u>	<u>\$ -</u>	<u>\$ 85,533,012</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
BDL - Revenue bonds payable:					
Direct borrowings and direct placements:					
Series 2011A	\$ 61,265,000	\$ -	\$ (4,505,000)	\$ 56,760,000	\$ 4,690,000
Series 2011B	40,840,000	-	(3,005,000)	37,835,000	3,125,000
Total direct borrowings and direct placements principal outstanding	102,105,000	-	(7,510,000)	94,595,000	7,815,000
BDL - Other revenue bonds payable:					
CFC Series 2019A	35,410,000	-	-	35,410,000	-
CFC Series 2019B	115,690,000	-	-	115,690,000	-
Total other debt principal outstanding	151,100,000	-	-	151,100,000	-
Unamortized bond premiums on Series 2019 bonds	3,302,614	-	(110,087)	3,192,527	-
Total BDL activities long-term debt	<u>\$ 256,507,614</u>	<u>\$ -</u>	<u>\$ (7,620,087)</u>	<u>\$ 248,887,527</u>	<u>\$ 7,815,000</u>

The Funds had deferred outflows of \$1,383,875 related to deferred charges on bond refundings at June 30, 2020.

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, 2020, the outstanding principal balances on the Series 2011A and 2011B bonds were \$56,760,000 and \$37,835,000, respectively. On the Series 2011A bonds, interest is charged at a variable rate equal to 80 percent of the one-month LIBOR plus 42 basis points. On the Series 2011B bonds, interest is charged at a variable rate equal to 81.5 percent of the sum of the one-month LIBOR plus 44 basis points.

The 2011 bonds are secured by and payable solely from the operating revenue generated by BDL from the operation of Bradley International Airport and other receipts, funds, or moneys 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 \$27,383,559, compared to the annual debt requirement of \$11,571,512.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 6 - Long-term Debt (Continued)

CFC Series 2019A and 2019B

On April 9, 2019, Connecticut Airport Authority Customer Facility Charge Revenue Bonds Series 2019A and 2019B were issued in the amount of \$35,410,000 and \$115,690,000, respectively, to fund the construction of a ground transportation Center at Bradley International Airport. The aggregate principal and interest payments of the Series 2019A and 2019B bonds total \$277,717,133. The transaction resulted in a deferred accounting gain of \$3,330,136, which BDL is amortizing over the life of the debt.

As of June 30, 2020, the outstanding principal balances on the Series 2019A and 2019B bonds were \$35,410,000 and \$115,690,000, respectively. On the Series 2019A and 2019B bonds, interest is charged at a graduating rate from 2.8 percent to 5.0 percent.

The 2019 bonds are secured by and payable solely from customer facility charges, facility payments, and contingent payments generated by BDL from receipts, funds, or moneys pledged in the bond indenture. During the current year, pledged revenue of BDL was \$13,225,160, compared to the annual debt requirement of \$0 on July 1, 2020.

Debt Service Requirements to Maturity

For the Series 2011 bonds, 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, 2020 are recognized as restricted assets in the accompanying statement of net position.

For the Series 2019 bonds, 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 July 1 and January 1 of each year. The annual principal payments and interest on the fixed-rate Customer Facility Charge Revenue Bonds Series 2019 are as follows:

Years Ending June 30	CFC Series 2019 Bonds		
	Principal	Interest	Total
2021	\$ -	\$ 6,167,336	\$ 6,167,336
2022	-	6,167,336	6,167,336
2023	-	6,167,336	6,167,336
2024	1,840,000	6,140,968	7,980,968
2025	3,495,000	6,063,644	9,558,644
2026-2030	19,150,000	28,574,153	47,724,153
2031-2035	22,760,000	24,837,718	47,597,718
2036-2040	27,710,000	19,758,570	47,468,570
2041-2045	34,030,000	13,282,917	47,312,917
2046-2050	42,115,000	4,968,704	47,083,704
Total	\$ 151,100,000	\$ 122,128,682	\$ 273,228,682

June 30, 2020

Note 6 - Long-term Debt (Continued)

Significant Terms

Direct Borrowings and Direct Placements

Pursuant to the continuing covenant agreements dated March 31, 2011, as amended, between CAA, the State of Connecticut, and the bond holders, the Series 2011A and 2011B revenue bonds would bear interest at the default rate in an event of default, as defined by those agreements.

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 Series 2011 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, 2020, the Funds had no exposure to credit risk on either of the swaps, as both had negative fair values. The credit ratings of the swap counterparties are indicated below. Both swaps contain collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap in cash or government securities should either of the counterparties' credit ratings fall below A3, as issued by Moody's Investor Service, or A-, as issued by Standard & Poor's or Fitch Ratings. No collateral was required to be posted for either of the swaps as of June 30, 2020. 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 is 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.

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.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 7 - Interest Rate Swaps (Continued)

The following is a summary of terms of the interest rate swaps held on June 30, 2020 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	\$56,760,000	\$37,835,000
Effective date	April 1, 2011	April 1, 2011
Maturity date	October 31, 2031	October 31, 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 USD LIBOR plus 40 basis points
Variable interest rate in effect under swap as of June 30, 2020	0.570%	0.570%
Variable interest rate in effect on related bonds as of June 30, 2020	0.565%	0.505%
Credit rating of counterparty:		
Moody's Investors Service	A1	Aa2
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, 2020, 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, 2019	\$ (8,228,653)	\$ (5,511,476)	\$ (13,740,129)
Change in fair value	(2,169,054)	(1,460,762)	(3,629,816)
Fair value as of June 30, 2020	<u>\$ (10,397,707)</u>	<u>\$ (6,972,238)</u>	<u>\$ (17,369,945)</u>

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, 2020 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.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 7 - Interest Rate Swaps (Continued)

Fiscal Year Ending June 30	Variable-rate Bond Principal	Variable-rate Bond Interest	Interest Rate Swaps - Net	Total
2021	\$ 7,815,000	\$ 480,051	\$ 3,421,384	\$ 11,716,435
2022	8,130,000	436,493	3,110,831	11,677,324
2023	6,555,000	398,899	2,842,768	9,796,667
2024	6,815,000	362,380	2,582,423	9,759,803
2025	7,090,000	324,395	2,311,638	9,726,033
2026-2030	39,905,000	997,225	7,106,062	48,008,287
2031-2032	18,285,000	75,179	805,417	19,165,596
Total	<u>\$ 94,595,000</u>	<u>\$ 3,074,622</u>	<u>\$ 22,180,523</u>	<u>\$ 119,850,145</u>

Note 8 - Accounts Payable and Accrued Liabilities

The following is the detail of accounts payable and accrued liabilities as of June 30, 2020:

	Bradley International Airport Enterprise Fund	General Aviation Airports Enterprise Fund
Accrued operating expenses	\$ 6,369,246	\$ 216,177
Accounts payable - Projects	10,665,197	1,307,952
Accrued payroll and compensated absences	5,136,194	1,082,394
Total	<u>\$ 22,170,637</u>	<u>\$ 2,606,523</u>

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
2021	\$ 27,704,476
2022	15,137,188
2023	7,207,988
2024	4,012,904
2025	3,235,026
Total	<u>\$ 57,297,582</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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
2021	\$ 1,165,013
2022	1,226,630
2023	1,284,699
2024	1,243,692
2025	1,243,168
Total	<u>\$ 6,163,202</u>

Note 10 - Pension Plan

Plan Description

Eligible employees of the Funds participate in the State Employees Retirement System. 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 the amount of 2 percent of the annual average earnings (which are based on the 3 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 5 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 5 years of service, or at age 55 with 10 years of service with reduced benefits are entitled to an annual retirement benefit payable monthly for life in the amount of 1.33 percent of the average annual earnings plus 0.5 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 1.625 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 the amount equal to 1.33 percent of the average annual earnings plus 0.5 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 1.625 percent.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 10 - Pension Plan (Continued)

SERS Tier IV consists of a defined benefit (DB) and defined contribution (DC) plan. For Tier IV employees, full retirement benefits under the DB plan 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 the amount of 1.33 percent of the average annual earnings (based on the 5 highest years of service). Employees at age 58 with 10 years of service are entitled to a reduced benefit. Employees pay a mandatory 1 percent into the DC plan, and the State contributes 1 percent to the account. Employee contributions are vested immediately; employer contributions are 100 percent vested after completing 3 years of service.

Contributions

Tier I requires an employee contribution of either 3.5 percent or 6.5 percent of salary, depending on the plan. Tier II requires an employee contribution of 1.5 percent of salary. Tier IIA, Tier III, and Tier IV require an employee contribution of 3.5 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, 2019.

Net Pension Liability

At June 30, 2020, the Funds reported a liability of \$86,055,088 (\$73,090,730 and \$12,964,358 for the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund, respectively) for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Funds' proportion of the net pension liability was based on the Funds' actuarially required contribution for the year ended June 30, 2019 relative to all other contributing employers. At June 30, 2019, the Funds' proportion was 0.37723 percent, which was an increase of 0.0355 percent from their proportion measured as of June 30, 2018. 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, 2020, the Funds recognized pension expense of \$5,285,180.

At June 30, 2020, 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	\$ 4,965,913	\$ -
Changes in assumptions	4,797,794	-
Net difference between projected and actual earnings on pension plan investments	-	(173,914)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	6,072,663	(1,155,239)
Employer contributions to the plan subsequent to the measurement date	4,826,667	-
Total	<u>\$ 20,663,037</u>	<u>\$ (1,329,153)</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 10 - Pension Plan (Continued)

	General Aviation Airports Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 880,821	\$ -
Changes in assumptions	851,002	-
Net difference between projected and actual earnings on pension plan investments	-	(30,848)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,077,130	(204,909)
Employer contributions to the plan subsequent to the measurement date	856,122	-
Total	<u>\$ 3,665,075</u>	<u>\$ (235,757)</u>

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
2021	\$ 4,994,730	\$ 885,933
2022	3,928,079	696,737
2023	2,430,811	431,162
2024	2,161,000	383,304
2025	992,597	176,060
Total	<u>\$ 14,507,217</u>	<u>\$ 2,573,196</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 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.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 10 - Pension Plan (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the June 30, 2019 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
Domestic equity	20.00 %	5.60 %
Developed market (non-U.S.)	11.00	6.00
Emerging markets (non-U.S.)	9.00	7.90
Fixed income (core)	16.00	2.10
Inflation-linked bonds	5.00	1.10
Emerging market debt	5.00	2.70
High-yield bonds	6.00	4.00
Real estate	10.00	4.50
Private equity	10.00	7.30
Alternative investments	7.00	2.90
Cash or cash equivalents	1.00	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 Percentage Point Decrease (5.9%)	Current Discount Rate (6.9%)	1 Percentage Point Increase (7.9%)
Net pension liability of the State Employees Retirement System - BDL	\$ 87,289,781	\$ 73,090,730	\$ 61,246,442
Net pension liability of the State Employees Retirement System - GA	15,482,894	12,964,358	10,863,495

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. Moneys 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. GA had amounts due to the State presented in the statement of net position totaling \$3,869,482 at June 30, 2020. BDL had no amounts due to the State at June 30, 2020.

Amounts due from the State presented in the statement of net position totaled \$5,047,082 and \$770,190 at June 30, 2020 for BDL and GA, respectively.

June 30, 2020

Note 12 - Other Postemployment Benefit Plan

Plan Description

The State provides postemployment health care and life insurance benefits in accordance with state statutes, Sections 5-257(d) and 5-259(a), to all eligible employees who retire from the State, including employees of the 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 comprehensive 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 health care benefits to plan members.

Benefits Provided

When employees retire, the State pays up to 100 percent of their health care 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 health care 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 SEBAC, all employees shall pay the 3 percent retiree health care 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, 2020, the Funds reported a liability of \$97,371,562 (\$82,702,357 and \$14,669,205 for the Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund, respectively) for their proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, which used update procedures to roll forward the estimated liability to June 30, 2020. The Funds' proportion of the net OPEB liability was based on the Funds' actuarially required contribution for the year ended June 30, 2019 relative to all other contributing employers. At June 30, 2019, the Funds' proportion was 0.471 percent, which was an increase of 0.072 from its proportion measured as of June 30, 2018.

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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, 2020, the Funds recognized OPEB expense of \$10,221,349.

At June 30, 2020, 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
Difference between expected and actual experience	\$ -	\$ (2,086,970)
Changes in assumptions	11,047,944	(2,739,063)
Net difference between projected and actual earnings on OPEB plan investments	-	(17,943)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	8,943,740	(754,404)
Employer contributions to the plan subsequent to the measurement date	2,874,306	-
Total	<u>\$ 22,865,990</u>	<u>\$ (5,598,380)</u>

	General Aviation Airports Enterprise Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (370,173)
Changes in assumptions	1,959,612	(485,837)
Net difference between projected and actual earnings on OPEB plan investments	-	(3,183)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,586,382	(133,811)
Employer contributions to the plan subsequent to the measurement date	509,826	-
Total	<u>\$ 4,055,820</u>	<u>\$ (993,004)</u>

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
2021	\$ 3,085,102	\$ 547,215
2022	3,085,094	547,214
2023	3,350,481	594,287
2024	3,939,206	698,711
2025	933,421	165,563
Total	<u>\$ 14,393,304</u>	<u>\$ 2,552,990</u>

June 30, 2020

Note 12 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including inflation) of 3.25 percent; an investment rate of return (net of investment expenses) of 6.90 percent; a health care cost trend rate of 6.00 percent for 2019, 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 3.58 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, 2019 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
Domestic equity fund	20.00 %	5.60 %
Developed market international stock fund	11.00	6.00
Emerging markets international stock fund	9.00	7.90
Core fixed income	16.00	2.10
Inflation linked bond fund	5.00	1.10
Emerging market debt fund	5.00	2.70
High yield bond fund	6.00	4.00
Real estate fund	10.00	4.50
Private equity	10.00	7.30
Alternative investments	7.00	2.90
Liquidity fund	1.00	0.40

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

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 3.58 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 Percentage Point Decrease (2.58%)	Current Discount Rate (3.58%)	1 Percentage Point Increase (4.58%)
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - BDL	\$ 96,252,642	\$ 82,702,357	\$ 71,702,443
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - GA	17,072,667	14,669,205	12,718,112

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

The following presents the net OPEB liability of the Funds, calculated using the health care 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 health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (3.50%)	Current Health Care Cost Trend Rate (4.50%)	1 Percentage Point Increase (5.50%)
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - BDL	\$ 70,896,411	\$ 82,702,357	\$ 97,603,654
Net OPEB liability of the State of Connecticut State Employee OPEB Plan - GA	12,575,144	14,669,205	17,312,300

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

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
CONRAC facility	\$ 65,692,537	\$ 146,327,600	Bradley
Inline baggage screen building	291,700	3,659,522	Bradley
New roadway system	10,403,461	1,361,078	Bradley
Reconstruction of Runway 18-36	32,463,564	1,724,809	Oxford
Total	\$ 108,851,262	\$ 153,073,009	

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Financial Statements

June 30, 2020

Note 15 - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. The pandemic and the resulting restrictions have caused disruption in aviation activity and passenger traffic at the Bradley International Airport and General Aviation Airports and at airports around the world.

On March 25, 2020, Congress and the White House agreed to a COVID-19 assistance package, which includes \$10 billion from the federal General Fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus. Through the assistance package, which was signed into law as the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), the Funds received a grant award of \$28,898,046, of which \$355,000 of the GA funding was used as of June 30, 2020.

Required Supplemental Information

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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 Six Fiscal Years					
	Plan Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Fund's proportion of the net pension liability	0.32040 %	0.28625 %	0.27716 %	0.27163 %	0.29059 %	0.29971 %
Fund's proportionate share of the net pension liability	\$ 73,090,730	\$ 61,595,799	\$ 57,990,740	\$ 61,956,274	\$ 47,598,087	\$ 47,575,674
Fund's covered payroll	\$ 12,036,000	\$ 11,122,000	\$ 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 payroll	607.27 %	627.82 %	543.34 %	613.00 %	452.71 %	473.15 %
Plan fiduciary net position as a percentage of total pension liability	36.79 %	36.62 %	36.25 %	31.69 %	39.23 %	39.54 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 5,056,971	\$ 4,130,664	\$ 4,274,662	\$ 4,079,450	\$ 3,985,793	\$ 3,802,980
Contributions in relation to the statutorily required contribution	5,056,971	4,130,664	4,274,662	4,079,450	3,985,793	3,802,980
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund's Covered Payroll	\$ 12,036,000	\$ 11,122,000	\$ 10,673,000	\$ 10,107,000	\$ 10,514,000	\$ 10,055,000
Contributions as a Percentage of Covered Payroll	42.02 %	42.10 %	40.05 %	40.36 %	37.91 %	37.82 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Four Fiscal Years			
	Plan Years Ended June 30			
	2020	2019	2018	2017
Fund's proportion of the net OPEB liability	0.39987 %	0.33442 %	0.33889 %	0.34034 %
Fund's proportionate share of the net OPEB liability	\$ 82,702,357	\$ 57,534,119	\$ 58,839,962	\$ 58,682,410
Fund's covered payroll	\$ 12,036,000	\$ 11,122,000	\$ 10,673,000	\$ 10,107,000
Fund's proportionate share of the net OPEB liability as a percentage of its covered payroll	687.12 %	459.57 %	551.30 %	580.61 %
Plan fiduciary net position as a percentage of total OPEB liability	5.47 %	4.69 %	3.03 %	1.94 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Four Fiscal Years Years Ended June 30			
	2020	2019	2018	2017
Statutorily required contribution	\$ 3,010,775	\$ 2,681,661	\$ 2,261,751	\$ 2,071,270
Contributions in relation to the statutorily required contribution	3,010,775	2,681,661	2,261,751	2,071,270
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
Fund's Covered Payroll	\$ 12,036,000	\$ 11,122,000	\$ 10,673,000	\$ 10,107,000
Contributions as a Percentage of Covered Payroll	25.01 %	21.42 %	21.19 %	20.49 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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 Six Fiscal Years					
	Plan Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Fund's proportion of the net pension liability	0.05683 %	0.05542 %	0.05407 %	0.05299 %	0.05668 %	0.05846 %
Fund's proportionate share of the net pension liability	\$ 12,964,358	\$ 12,500,018	\$ 11,802,030	\$ 12,585,970	\$ 9,785,110	\$ 9,782,981
Fund's covered payroll	\$ 2,135,000	\$ 2,153,000	\$ 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 payroll	607.23 %	657.90 %	566.86 %	638.23 %	477.09 %	498.62 %
Plan fiduciary net position as a percentage of total pension liability	36.79 %	36.62 %	36.25 %	31.69 %	39.23 %	39.54 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 896,974	\$ 799,752	\$ 833,861	\$ 795,781	\$ 777,511	\$ 741,849
Contributions in relation to the statutorily required contribution	896,974	799,752	833,861	795,781	777,511	741,849
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund's Covered Payroll	\$ 2,135,000	\$ 2,153,000	\$ 2,082,000	\$ 1,972,000	\$ 2,051,000	\$ 1,962,000
Contributions as a Percentage of Covered Payroll	42.01 %	37.15 %	40.05 %	40.35 %	37.91 %	37.81 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Four Fiscal Years			
	Plan Years Ended June 30			
	2020	2019	2018	2017
Fund's proportion of the net OPEB liability	0.07092 %	0.06475 %	0.06699 %	0.06728 %
Fund's proportionate share of the net OPEB liability	\$ 14,669,205	\$ 11,379,143	\$ 11,631,972	\$ 11,600,826
Fund's covered payroll	\$ 2,135,000	\$ 2,153,000	\$ 2,082,000	\$ 1,972,000
Fund's proportionate share of the net OPEB liability as a percentage of its covered payroll	687.08 %	469.44 %	558.69 %	588.28 %
Plan fiduciary net position as a percentage of total OPEB liability	5.47 %	4.69 %	3.03 %	1.94 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

	Last Four Fiscal Years Years Ended June 30			
	2020	2019	2018	2017
Statutorily required contribution	\$ 534,032	\$ 519,206	\$ 447,122	\$ 409,466
Contributions in relation to the statutorily required contribution	534,032	519,206	447,122	409,466
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
Fund's Covered Payroll	\$ 2,135,000	\$ 2,153,000	\$ 2,082,000	\$ 1,972,000
Contributions as a Percentage of Covered Payroll	25.01 %	21.42 %	21.48 %	20.76 %

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

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

Notes to Required Supplemental Information

June 30, 2020

Pension Information

Benefit Changes

In 2017, benefit changes related to the COLA used and contribution rates based on tiered structure, resulting in a decrease in the total pension liability.

Changes in Assumptions

In 2016, assumptions changed related to the investment rate of return and salary increases, resulting in an increase in the total pension liability.

OPEB Information

Benefit Changes

There were no changes of benefit terms in 2020.

Changes in Assumptions

In 2018, assumptions changed related to updating the valuation year per capital health costs and future trend and decreasing the discount rate, resulting in an increase in total OPEB liability.

Other Supplemental Information

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

June 30, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Current assets:		
Cash	\$ 5,396,829	\$ 2,720,664
Short-term investments	89,378,347	94,456,517
Current portion of restricted investments	6,754,808	11,075,381
Accounts receivable	6,993,816	5,412,628
Due from the State	5,047,082	4,679,772
Grants receivable	921,091	2,387,541
Prepaid expenses and other assets	45,124	14,458
Total current assets	114,537,097	120,746,961
Noncurrent assets:		
Restricted assets:		
Cash	-	717,548
Investments	243,859,930	277,292,618
Accounts receivable	388,282	3,392,708
Interest receivable	69,165	546,493
Capital assets:		
Assets not subject to depreciation	77,644,073	45,105,113
Assets subject to depreciation - Net	235,969,754	225,674,491
Total noncurrent assets	557,931,204	552,728,971
Total assets	672,468,301	673,475,932
Deferred Outflows of Resources		
Interest rate swaps	17,369,945	13,740,129
Deferred loss on bond refunding	1,383,875	1,506,885
Other deferred costs - Net	43,322	46,932
Deferred pension costs	20,663,037	15,613,013
Deferred OPEB costs	22,865,990	3,105,334
Total deferred outflows of resources	62,326,169	34,012,293
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	22,170,637	21,905,680
Unearned revenue and other	856,291	4,883,243
Payables from restricted assets:		
Current portion of revenue bonds payable	7,815,000	7,510,000
Revenue bond interest payable	3,937,243	2,471,701
Total current liabilities	34,779,171	36,770,624

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

June 30, 2020
(with comparative totals for 2019)

	2020	2019
Noncurrent liabilities:		
Net pension liability	\$ 73,090,730	\$ 61,595,799
Net OPEB liability	82,702,357	57,534,119
Revenue bonds payable - Net of current portion	241,072,527	248,997,614
Interest rate swap	17,369,945	13,740,129
Total noncurrent liabilities	414,235,559	381,867,661
Total liabilities	449,014,730	418,638,285
Deferred Inflows of Resources		
Deferred pension cost reductions	1,329,153	2,132,764
Deferred OPEB cost reductions	5,598,380	4,044,319
Total deferred inflows of resources	6,927,533	6,177,083
Net Position		
Net investment in capital assets	168,210,932	148,291,443
Restricted:		
Capital projects	136,902,413	130,267,633
Debt service	9,914,976	14,255,427
Bond indenture requirements	2,196,668	16,031,277
Unrestricted	(38,372,782)	(26,172,923)
Total net position	\$ 278,852,207	\$ 282,672,857

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

Year Ended June 30, 2020
(with comparative totals for 2019)

	2020	2019
Operating Revenue		
Airline revenue:		
Landing fees	\$ 19,558,030	\$ 18,914,060
Airline terminal rent	11,861,751	11,690,480
Apron and remote aircraft parking	4,931,862	4,165,368
Total airline revenue	36,351,643	34,769,908
Nonairline revenue:		
Rental cars	7,564,649	8,752,875
Terminal concessions	4,012,079	5,015,936
Land rent	6,225,732	5,071,855
Other concessions	4,279,968	5,015,754
Other operating revenue	2,890,152	2,892,336
Auto parking	9,144,304	11,874,984
Total nonairline revenue	34,116,884	38,623,740
Total operating revenue	70,468,527	73,393,648
Operating Expenses		
Salaries and related expenses	23,920,086	24,009,987
Administrative and general	19,284,402	18,927,785
Repairs and maintenance	6,933,703	7,866,012
Energy and utilities	4,930,879	4,986,850
Depreciation and amortization	20,326,159	17,214,565
Total operating expenses	75,395,229	73,005,199
Operating (Loss) Income	(4,926,702)	388,449
Nonoperating Revenue (Expense)		
Passenger facility charge revenue	10,099,435	15,178,632
Car rental facility charge revenue	13,225,160	13,537,564
Investment income	1,801,487	2,614,305
Other nonoperating expenses	(11,172,997)	(1,741,084)
Bond interest expense	(9,994,693)	(5,657,275)
Airline revenue share expense	(1,541,739)	(2,427,728)
Noncash pension and OPEB actuarial assumption adjustments	(12,602,940)	(3,389,998)
Total nonoperating (expense) revenue	(10,186,287)	18,114,416
(Loss) Income - Before capital contributions	(15,112,989)	18,502,865
Capital Contributions	11,292,339	1,925,974
Change in Net Position	(3,820,650)	20,428,839
Net Position - Beginning of year	282,672,857	262,244,018
Net Position - End of year	<u>\$ 278,852,207</u>	<u>\$ 282,672,857</u>

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

June 30, 2020
(with comparative totals for 2019)

	Oxford Airport	Brainard Airport	Groton New London Airport	Danelson Airport	Windham Airport	GA Airport Administration	2020	2019
Assets								
Current assets:								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,866	\$ 430,866	\$ 207,338
Short-term investments	-	-	-	-	-	11,668,442	11,668,442	12,885,703
Accounts receivable	146,055	125,655	21,545	3,725	848	1,686,044	1,686,044	2,055,256
Due from the State	-	-	-	-	-	770,190	770,190	887,563
Grants receivable	4,587,459	80,702	453,646	103,869	30,000	54,568	5,310,244	768,527
Prepaid expenses and other assets	-	-	-	-	-	-	-	43,375
Total current assets	4,733,514	206,357	475,191	107,594	30,848	14,322,282	19,875,786	16,847,762
Noncurrent assets - Capital assets:								
Assets not subject to depreciation	28,852,028	379,816	373,339	269,749	236,789	122,310	30,234,031	30,340,896
Assets subject to depreciation - Net	33,121,173	5,636,612	12,949,543	613,291	2,705,182	273,180	55,298,981	52,672,349
Total noncurrent assets - Capital assets	61,973,201	6,016,428	13,322,882	883,040	2,941,971	395,490	85,533,012	83,013,245
Total assets	66,706,715	6,222,785	13,798,073	990,634	2,972,819	14,717,772	105,408,798	99,861,007
Deferred Outflows of Resources								
Deferred pension costs	-	-	-	-	-	3,665,075	3,665,075	3,037,144
Deferred OPEB costs	-	-	-	-	-	4,055,820	4,055,820	611,149
Total deferred outflows of resources	-	-	-	-	-	7,720,895	7,720,895	3,648,293
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	1,047,580	145,013	434,381	79,572	7,527	892,450	2,606,523	2,002,615
Unearned revenue and other	72,676	21,176	62,415	19,950	5,605	8,740	190,562	197,403
Due to the State	3,606,140	-	263,342	-	-	-	3,869,482	132,097
Total current liabilities	4,726,396	166,189	760,138	99,522	13,132	901,190	6,666,567	2,332,115
Noncurrent liabilities:								
Net pension liability	-	-	-	-	-	12,964,358	12,964,358	12,500,018
Net OPEB liability	-	-	-	-	-	14,689,205	14,689,205	11,379,143
Total liabilities	4,726,396	166,189	760,138	99,522	13,132	28,534,753	34,300,130	26,211,276
Deferred Inflows of Resources								
Deferred pension cost reductions	-	-	-	-	-	235,757	235,757	428,283
Deferred OPEB cost reductions	-	-	-	-	-	993,004	993,004	789,888
Total deferred inflows of resources	-	-	-	-	-	1,228,761	1,228,761	1,218,171
Net Position								
Net investment in capital assets	61,973,201	6,016,428	13,322,882	883,040	2,941,971	395,490	85,533,012	83,013,245
Unrestricted	7,119	40,170	(284,953)	8,075	17,714	(7,720,335)	(7,932,210)	(6,933,392)
Total net position	\$ 61,980,320	\$ 6,056,598	\$ 13,037,929	\$ 891,115	\$ 2,959,685	\$ (7,324,845)	\$ 77,600,802	\$ 76,079,853

Bradley International Airport Enterprise Fund and General Aviation Airports Enterprise Fund

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

Year Ended June 30, 2020
(with comparative totals for 2019)

	Oxford Airport	Brainard Airport	Groton New London Airport	Danielson Airport	Windham Airport	GA Airport Administration	2020	2019
Operating Revenue								
Airline revenue:								
Landing fees	\$ 145,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,451	\$ 136,055
Airline terminal rent	-	-	10,920	-	-	-	10,920	10,920
Apron and remote aircraft parking	30,690	46,440	23,040	-	25,765	-	125,935	127,405
Total airline revenue	176,141	46,440	33,960	-	25,765	-	282,306	274,380
Nonairline revenue:								
Rental cars	45,293	1,538	81,310	-	-	-	128,141	166,078
Terminal concessions	-	-	1,098	-	-	-	1,098	7,000
Land rent	643,393	384,432	343,063	51,823	80,943	5	1,503,659	1,465,592
Other operating revenue	689,194	100,120	293,142	7,022	18,893	6,250	1,092,621	1,072,874
Total nonairline revenue	1,357,880	486,090	718,613	58,845	97,836	6,255	2,725,519	2,711,544
Total operating revenue	1,534,021	532,530	752,573	58,845	123,601	6,255	3,007,825	2,985,924
Operating Expenses								
Salaries and related expenses	711,808	666,364	947,904	81,958	87,127	1,596,487	4,091,648	4,477,378
Administrative and general	71,483	81,169	106,005	16,835	28,292	52,446	356,230	367,722
Repairs and maintenance	66,761	125,618	150,868	105,054	183,446	810	632,557	834,216
Energy and utilities	62,393	65,352	117,548	11,254	18,899	1,233	274,679	297,934
Depreciation and amortization	2,254,904	335,197	1,365,858	55,842	357,825	39,982	4,409,608	3,437,026
Total operating expenses	3,167,349	1,273,700	2,688,183	270,943	673,589	1,690,958	9,764,722	9,414,276
Operating Loss	(1,633,328)	(741,170)	(1,935,610)	(212,098)	(549,988)	(1,684,703)	(6,756,897)	(6,428,352)
Nonoperating Revenue (Expense)								
Investment income	-	-	-	-	-	207,983	207,983	268,130
CARES Act revenue	157,000	69,000	69,000	30,000	30,000	-	355,000	-
Aviation fuel tax revenue	-	-	-	-	-	3,899,700	3,899,700	7,135,442
Other nonoperating expenses	(1,446,639)	(36,963)	(129,212)	(1)	(33,251)	(1,616,516)	(3,262,582)	(1,275,141)
Noncash pension and OPEB actuarial assumption adjustments	-	-	-	-	-	307,610	307,610	(656,350)
Total nonoperating (expense) revenue	(1,289,639)	32,037	(60,212)	29,999	(3,251)	2,798,777	1,507,711	5,472,081
(Loss) Income - Before capital contributions	(2,922,967)	(709,133)	(1,995,822)	(182,099)	(553,239)	1,114,074	(5,249,186)	(956,271)
Capital Contributions	5,643,831	123,764	713,631	171,148	-	117,761	6,770,135	18,273,975
Transfer (Out) In	(469,614)	813,145	1,636,390	145,386	195,025	(2,320,332)	-	-
Change in Net Position	2,251,250	227,776	354,199	134,435	(358,214)	(1,088,497)	1,520,949	17,317,704
Net Position - Beginning of year	59,729,070	5,828,822	12,683,730	756,680	3,317,899	(6,236,348)	76,079,853	58,762,149
Net Position - End of year	\$ 61,980,320	\$ 6,056,598	\$ 13,037,929	\$ 891,115	\$ 2,959,685	\$ (7,324,845)	\$ 77,600,802	\$ 76,079,853