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CERTIFICATE OF DELIVERY

This is to certify that the within is a true and exact copy of that furnished the Tweed-New Haven Airport Authority.

I further certify that the original of this report was delivered to John M. Picard, Chairman, on the 30th day of December 2021.

Solakian & Company, LLC

Solakian & Company, LLC



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF FINANCE

FY 2020-2021 MUNICIPAL AUDIT QUESTIONNAIRE

- ❖ This Questionnaire is required to be submitted to OPM with the audit reports of municipalities and audited agencies (as defined under Section 7-391 of the Connecticut General Statutes).

Name of Auditee _____

Fiscal Period under Audit _____

(Audit Firm Name)

(Signature)

(Date)

This Questionnaire was reviewed with and a copy given to:

Name of Municipal Official

on _____
Date

Title of Municipal Official

Telephone

	<u>YES</u>	<u>NO</u>	<u>NA</u>
1. Did you inform the town, city or Borough clerk of that part of Section 7-394 of the General Statutes which provides that within one week after receiving the audit report he/she shall cause to be published a legal notice in a newspaper having a substantial circulation in the municipality that the report is on file in said clerk's office?	_____	_____	_____
2. Did you obtain a letter from municipal counsel with respect to unpaid or pending judgments and as to any other legal proceeding affecting the municipality's finances?	_____	_____	_____
3. Were financial statements and/or books and records of the entity made available within a reasonable time after the close of the fiscal year?	_____	_____	_____
4. Did the entity issue tax anticipation notes (TANs) during the fiscal year?	_____	_____	_____
(If yes, the notes to the financial statements should provide details regarding such TANs, including the purpose for which the TANs were issued.)			
5. Was a separate management letter issued in addition to the Internal Control Report? If so, it must be submitted to the Office of Policy and Management with the audit report.	_____	_____	_____
6. Were municipal officials (including the chief elected or executive official and governing body of the municipal entity) made aware of findings and recommendations resulting from the audit?	_____	_____	_____
7. Federal Single Audit Act as Amended, 1996; Uniform Guidance for Federal Awards (Title 2 of CFR, 12/26/13)			
(a) Did you conduct a Single Audit of Federal Financial Assistance expended by the entity for FY 2020-21?	_____	_____	_____
(b) Is a copy of the Single Audit included in the reporting package submitted?	_____	_____	_____
8. State Single Audit (SSA) Act as amended by P.A. 09-7; Regulations to the SSA Act as amended by P.A. 09-7			
(a) Did you conduct a Single Audit of state financial assistance expended by the entity for FY 2020-21 or a program-specific audit of the entity's sole state program?	_____	_____	_____
(b) Is a copy of the State Single Audit or program-specific audit included in the reporting package submitted?	_____	_____	_____

	<u>YES</u>	<u>NO</u>	<u>NA</u>
(c) If applicable, did officials prepare a Corrective Action Plan (CAP) in sufficient time for inclusion in the audit report package [C.G.S. Sec.4-233(d)] to be filed with OPM as the cognizant state agency (hardcopy and electronic)?	_____	_____	_____
(d) Did you upload the corrective action plan with the audit report package on OPM's Electronic Audit Reporting System?	_____	_____	_____



TWEED-NEW HAVEN AIRPORT AUTHORITY

Government-wide Financial Statements and Single Audit Reports

Year ended June 30, 2021

TWEED-NEW HAVEN AIRPORT AUTHORITY

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Year ended June 30, 2021

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Independent Auditor's Report

To the Board of Directors
Tweed-New Haven Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Tweed-New Haven Airport Authority*** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of ***Tweed-New Haven Airport Authority***, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

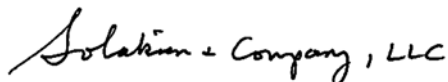
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 10 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 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 schedule of expenditures of state financial assistance 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 December 30, 2021, on our consideration of ***Tweed-New Haven Airport Authority's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



December 30, 2021

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Tweed New Haven Airport Authority (the "Authority" or "Tweed") offers readers the following overview and analysis of our financial activities for the fiscal year ended June 30, 2021 (FY21). Complete financial information begins on page 11.

Financial Highlights

- Total assets exceeded liabilities by \$2,787,133 at the close of the fiscal year. Of this amount, (\$764,149) represents a deficit in the unrestricted net position. Net position restricted for Capital Projects amounted to \$3,407,504 and the net position restricted in the Passenger Facility Charge Fund totaled \$143,778.
- General Fund revenues for FY21 were \$3,500,861 an increase of \$545,828 from FY20. The majority of increase was due to the recognition of a CARES Act grant in FY21.
- The operating subsidies from the City of New Haven (City) and the State of Connecticut (State) totaled \$300,000 and \$1,500,000, respectively. The State subsidy remained unchanged. The City subsidy decreased by \$25,000.
- City and State subsidies represented 63% of airport General Fund revenues in FY19, 62% in FY20 and 51% for FY21. Government operating support continues to be essential for the near future. The State legislature approved \$1,500,000 in operating support for the airport for the fiscal year 2020-2021. City operating support was reduced to \$300,000 for fiscal year 2020-2021.
- General Fund revenues for FY21 includes \$1,083,069 under a Federal CARES Act grant. The total amount awarded was \$1,160,431 and was being recognized over 13 months beginning in June 2020.
- General Fund expenses for FY21 were \$3,882,435, or 30.2% higher than FY20. This is largely attributable to an increase in legal and professional fees associated with the Authority's new facility agreement with Avports, the operator of the Airport.
- Salaries and benefits were \$1,507,644, less than the budgeted figure of \$1,756,318.
- Authority management expenses represent executive and administrative direction provided by an employee of the Greater New Haven Chamber of Commerce, reimbursed by the Authority. The Executive Director manages non-aviation Authority functions including government affairs and community relations. Authority management expenses include executive director payroll and related benefits and payroll taxes, dues and memberships. Authority management expenses were \$121,135 in FY21, an increase of 65% from FY20. The increase is primarily attributable to the role of a paid, full-time Executive Director which remained vacant until November 2019.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Financial Highlights (continued)

- Professional fees include general corporate legal services, accounting, and the services of the independent auditor. Total expenses for these services in FY21 were \$1,005,457. Professional fees were higher than the total of \$128,620 spent on these items in FY20 and higher than the FY21 budget figure of \$120,000, a majority of which were related to the new operating agreement.
- The balance sheet reflects that unrestricted cash and cash equivalents were \$254,512. Cash and cash equivalents in all three Funds were \$3,779,516 on June 30, 2021. The Authority has no long-term liabilities.

Management believes that future cash flow from operations and concessions, together with government subsidies and contractual reimbursements will be adequate to meet its anticipated financial obligations as set forth in the FY22 Operating Budget.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to the basic financial statements and the notes to the financial statements. The statements and notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The basic financial statements include two kinds of financial statements that present different views of the Authority. The first two statements are government-wide financial statements, the statement of net position and the statement of activities (on pages 11 and 12); and provide information about the activities of the Authority as a whole. The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Both long-term assets and long-term liabilities are measured using this basis of accounting. The remaining statements are fund financial statements that focus on individual parts of the Authority, reporting the Authority's General Fund operations in more detail than the government-wide financial statements, and start on page 13.

The fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this focus, long-term assets and liabilities are not reported. Instead, this measurement looks at whether the financial resources obtained during the period are enough to meet the expenditures of the entity. Revenues are reported as collected. Revenues can be reported as collected if they are expected to be collected soon enough after the current accounting period to be available to pay current year liabilities. Expenditures are still reported when incurred and measurable as in the accrual basis method.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Government-Wide Statements

The government-wide statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Authority's assets and liabilities. All of the current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Authority's net position and how it has changed. Net position – the difference between the Authority's assets and liabilities – is one way to measure the Authority's financial health, or position.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes.

The operations of the Authority are reported in the governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. The governmental funds, unlike the government-wide financial statements, focus on near-term inflows and outflows of spendable resources, as well as spendable resources at the end of the year. Such information is useful in evaluating the Authority's near-term financing needs. The governmental activities presented in the statement of net position and the statement of activities is reconciled to the governmental funds in the balance sheet and the statement of revenues, expenditures and changes in fund balance.

The Authority maintains three individual governmental funds – the General Fund and two special revenue funds. The General Fund accounts for the basic operations of the Airport. The Restricted Fund (Passenger Facility Charges) is used to account for the collection of passenger facility charges. Cash in this governmental fund may only be spent with prior FAA approval. The Restricted Fund (Capital Projects) is comprised of FAA and DOT reimbursements received for prior payments made by the Authority. These funds were appropriated for capital projects and are restricted for such use. The fund financial statements can be found on pages 13 and 14.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Government-Wide Financial Analysis

Net Position

The Authority's net position decreased \$284,908 during FY21. Total net position includes \$3,845,670 of land and capital improvements. Total unrestricted net position reflects a deficit of (\$764,149), a decrease of \$382,537 from FY20. The Statement of Net Position at June 30, 2021 is shown below:

<i>Assets</i>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 254,512
Accounts receivable, net	1,558,123
Grants and government reimbursements receivable, net	216,288
Prepaid expenses and other assets	<u>1,205,324</u>
Total current assets	<u>3,234,247</u>
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	132,084
Cash and cash equivalents-Capital Projects	3,392,920
Other assets-Land and capital projects in progress	2,882,372
Capital improvements, net	<u>963,298</u>
Total restricted assets	<u>7,370,674</u>
Total assets	<u>\$ 10,604,921</u>
<i>Liabilities and Net Position</i>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,283,221
Project loan disbursement payable	334,567
Deferred revenue	<u>1,200,000</u>
Total liabilities	<u>7,817,788</u>
Net Position:	
Restricted for Passenger Facility Charges	143,778
Restricted for Capital Projects	3,407,504
Unrestricted	<u>(764,149)</u>
Total net position	<u>2,787,133</u>
Total liabilities and net position	<u>\$ 10,604,921</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Government-Wide Financial Analysis (continued)

Statement of Activities

The statement of activities represents fiscal activity from operations, grants and contributions and government reimbursements, combining both restricted and unrestricted accounts.

Governmental activities are determined by subtracting from program revenues, grants and contributions and government reimbursements total operating expenses. In FY21, net governmental activities including the restricted accounts equaled a loss of (\$287,603) and investment income was \$2,695 for a change in net position of (\$284,908). This figure, when added to the Authority's net position of \$3,072,041 at the beginning of the fiscal year, equals net position of \$2,787,133 at the end of the fiscal year.

The statement of activities can be broken down into revenues and expenses and program function as follows:

Revenues by major functions:

Functions/Programs:	2021			Total Revenue
	Program Revenues	Grants and Contributions	Investment income	
Primary government-governmental activities:				
Airport operations and capital projects	\$ 534,222	1,800,000	2,695	2,336,917
Airport parking lot	62,292	-	-	62,292
Government reimbursements and other income	-	1,304,942	-	1,304,942
Passenger facility charges	24,645	-	-	24,645
Total Revenue	\$ 621,159	3,104,942	2,695	3,728,796

Functions/Programs:	2020			Total Revenue
	Program Revenues	Grants and Contributions	Investment income	
Primary government-governmental activities:				
Airport operations and capital projects	\$ 793,401	1,825,000	2,115	2,620,516
Airport parking lot	258,932	-	-	258,932
Government reimbursements and other income	-	786,492	-	786,492
Passenger facility charges	154,642	-	-	154,642
Total Revenue	\$ 1,206,975	2,611,492	2,115	3,820,582

Functions/Programs:	2021	2020
	Expenses	Expenses
Primary government-governmental activities:		
Airport operations	\$ 4,013,704	\$ 3,338,647
Total Expenses	\$ 4,013,704	\$ 3,338,647

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Fund Financial Statement Analysis

Balance Sheet

The balance sheet presents information on the Authority's assets and liabilities. At the end of FY21, total General Fund assets were \$1,817,571 with no long-term liabilities or debt. At the end of FY21, Restricted Capital Projects Fund assets, including land, were \$6,114,352 and Restricted Passenger Facility Charge Fund assets were \$143,778. See table below:

	2021			
	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 254,512	132,084	3,392,920	3,779,516
Accounts receivable, net	1,546,429	11,694	-	1,558,123
Grant and reimbursements receivable	11,306	-	204,982	216,288
Prepaid expenses and other assets	5,324	-	2,516,450	2,521,774
Total assets	<u>\$ 1,817,571</u>	<u>143,778</u>	<u>6,114,352</u>	<u>8,075,701</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expense \$	2,581,720	-	3,701,501	6,283,221
Project loan disbursement payable	-	-	334,567	334,567
Total Current Liabilities	<u>2,581,720</u>	<u>-</u>	<u>4,036,068</u>	<u>6,617,788</u>
Fund balance	<u>(764,149)</u>	<u>143,778</u>	<u>2,078,284</u>	<u>1,457,913</u>
Total liabilities and fund balances	<u>\$ 1,817,571</u>	<u>143,778</u>	<u>6,114,352</u>	<u>8,075,701</u>

	2020			
	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,029	110,512	1,180,488	1,292,029
Accounts receivable, net	57,099	8,222	-	65,321
Grant Receivable	1,160,431	-	720,799	1,881,230
Prepaid expenses and other assets	4,987	-	2,516,450	2,521,437
Total assets	<u>\$ 1,223,546</u>	<u>118,734</u>	<u>4,417,737</u>	<u>5,760,017</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expense \$	522,089	-	2,084,000	2,606,089
Project loan disbursement payable	-	-	314,449	314,449
Deferred grant revenue	1,083,069	-	-	1,083,069
Total Current Liabilities	<u>1,605,158</u>	<u>-</u>	<u>2,398,449</u>	<u>4,003,607</u>
Fund balance	<u>(381,612)</u>	<u>118,734</u>	<u>2,019,288</u>	<u>1,756,410</u>
Total liabilities and fund balances	<u>\$ 1,223,546</u>	<u>118,734</u>	<u>4,417,737</u>	<u>5,760,017</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Fund Financial Statement Analysis (continued)

Statement of Revenue, Expenditures and Changes in Fund Balance

The statement of revenues, expenditures, and changes in fund balance - governmental funds reports the Authority's revenues and expenses for the fiscal year. The difference between revenues and expenses is combined with the prior fund balance to give the year-end fund balance. The fund balance of the General Fund was (\$764,149) at the end of FY21, compared to a fund balance of (\$381,612) at the end of FY20. The fund balance of the Restricted Capital Projects Fund was \$2,078,284 at the end of FY21 compared to a Capital Projects fund balance of \$2,019,288 at the end of FY20.

The Fund Balance of the Passenger Facility Charge (PFC) Restricted Fund was \$143,778 at the end of FY21, compared to \$118,734 at the end of FY20. PFC funds are used for eligible airport capital projects authorized under FAA regulations including security fencing and property acquisition for the purpose of controlling obstructions in protected air space. See table below:

2021				
	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
Total revenues	\$ 3,500,861	25,044	296,505	3,822,410
Total expenses	3,882,435	-	238,472	4,120,907
Net revenues (expenditures)	(381,574)	25,044	58,033	(298,497)
Fund net position - beginning of year	(381,612)	118,734	2,019,288	1,756,410
Interfund Transfers	(963)	-	963	-
Fund net position - end of year	\$ <u>(764,149)</u>	<u>143,778</u>	<u>2,078,284</u>	<u>1,457,913</u>

2020				
	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
Total revenues	\$ 2,955,033	155,277	710,272	3,820,582
Total expenses	2,980,895	5	1,210,620	4,191,520
Net revenues (expenditures)	(25,862)	155,272	(500,348)	(370,938)
Fund net position - beginning of year	(354,798)	219,462	2,262,684	2,127,348
Interfund Transfers	(952)	(256,000)	256,952	-
Fund net position - end of year	\$ <u>(381,612)</u>	<u>118,734</u>	<u>2,019,288</u>	<u>1,756,410</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Budgetary Highlights

The statement of revenues, expenses and changes in fund balance-budgetary comparison schedule, which is a supplementary schedule, reports the operating revenue and expenses and non-operating revenue and expenses and compares them against budgeted amounts. General Fund expenses exceeded revenues during FY21 by (\$381,574) compared to FY20 when expenses exceeded revenues by (\$25,862). Total general fund revenues were \$7,153 or .2% higher than budget. Total general fund expenses were higher than budget by \$463,023 or 13.5%. This negative variance is primarily due to higher than projected professional fees. The budgetary comparison schedule can be found on page 30.

Factors Impacting Future Periods

The Authority continues to remain optimistic towards the recovery of commercial air service now that vaccines have helped to loosen travel restrictions while strengthening consumer confidence. While Tweed's ability to realize future growth is dependent on air carriers' willingness to open new routes, well-documented studies show that Tweed remains one of the most underserved markets in the United States (based on available seats per capita), making it well positioned for long-term growth.

Tweed's runway is shorter than all but a handful of U.S. airports with Part 139 Certification offering scheduled commercial service. As of the writing of this report, HVN completed its federally funded Master Plan Update which will aid in determining future airport improvements, unlocking its full-service potential, bringing much needed economic vitality to the Southern Connecticut Region.

American Airlines discontinued service at Tweed as of September 2021. While this news is disappointing, the Tweed Airport community remains optimistic that the best days for HVN remain ahead. Notably, Avelo Airlines recently announced Tweed as its East Coast Hub, with non-stop B737-700 service to six Florida destinations, with additional service expected to be announced in Spring 2022. Meanwhile, the Authority remains committed to a long-term expansion plan that include an extended runway and a new passenger terminal.

Annual operating and capital funds continue to be challenging to secure. The Authority anticipates the operating subsidy received from the City will be restored to \$325K but the State subsidy will be reduced to \$750K in FY2022. The Authority is also scheduled to receive a reduced capital to fund local portions of FAA funded capital projects, as well as for the procurement of rolling stock and other necessary equipment.

The FAA, State, and City have infused nearly \$30M in capital funds over the last decade to complete the following projects:

- Runway Safety Area Improvements;
- Rehabilitation of Runway 2/20;
- Completion of Part 150 Noise Compatibility Study;

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Factors Impacting Future Periods (continued)

- Construction of a Wildlife Deterrent Fence around the airport perimeter;
- Removal of obstructions (primarily trees) penetrating the protected air space around the airport;
- Rehabilitation of the landside parking lots and driveways;
- Complete Residential Sound Insulation Program (Phases I – VI) in surrounding neighborhoods (Delayed due to COVID-19);
- Acquire Airfield Snow Blower;
- Removal of Runway 20 Displaced Threshold (Delayed due to COVID-19);
- Installation of PAPI on Runway 20 (Delayed due to COVID-19);
- Reconstruction of Taxiways A, F, and G (Phase 1 – Delayed due to COVID-19);
- Acquire INDEX B ARFF Vehicle.

The Airport has the following Airport Capital Improvement Projects (\$1.9M) scheduled for completion in FY2022:

- Environmental Assessment – 5 Year Development (In process)
- Acquisition of Runway Snow Plow and Sweeper

This level of investment is evidence of Federal and State confidence in the importance of Tweed to the National Plan of Integrated Airport Systems (NPIAS).

Analysis and Conclusions

Year-over-year, passenger enplanements are monitored closely by the Authority. Between July 1, 2020 and June 30, 2021, approximately 7,000 passengers departed from Tweed. If it weren't for the impacts of COVID-19, trends show Tweed was on pace to meet or exceed previous years enplanements levels. Despite the financial hardships that accompanied the reduced level of service, the Authority was able to control expenses and demonstrate fiscal responsibility during some of the most challenging times in commercial aviation history.

Passenger enplanements over the last five years were as follows:

FY21	7,052
FY20	38,767
FY19	42,273
FY18	33,902
FY17	27,661

Over this five-year period, Tweed has posted incremental growth since the reintroduction of jet service by American Airlines in 2017. Although enplanements suffered an unavoidable reduction in FY21, indicators from interested air carriers, in addition to Avelo, continue to reinforce the assumption that the opportunity is ripe for the airport to pursue growth in a responsible manner that will benefit the region.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2021

Analysis and Conclusions (continued)

Ultimately, responsible expansion of facilities and subsequent air service will assist the Authority in efforts towards attaining financial self-sufficiency, relieving the financial burden from State and City government, while providing the environment for healthy commerce and sustainability in southern Connecticut.

Contacting the Authority's Financial Management

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Office at 155 Burr Street, Administration Building, New Haven, CT 06512.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Net Position

June 30, 2021

<i>Assets</i>	Governmental <u>Activities</u>
Current assets:	
Cash and cash equivalents	\$ 254,512
Accounts receivable, net	1,558,123
Grants and government reimbursements receivable, net	216,288
Prepaid expenses and other assets	<u>1,205,324</u>
Total current assets	<u><u>3,234,247</u></u>
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	132,084
Cash and cash equivalents-Capital Projects	3,392,920
Other assets-Land and capital projects in progress	2,882,372
Capital improvements, net	<u>963,298</u>
Total restricted assets	<u><u>7,370,674</u></u>
Total assets	<u><u>\$ 10,604,921</u></u>
<i>Liabilities and Net Position</i>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 6,283,221
Project loan disbursement payable	334,567
Deferred revenue	<u>1,200,000</u>
Total liabilities	<u><u>7,817,788</u></u>
Net Position:	
Restricted for Passenger Facility Charges	143,778
Restricted for Capital Projects	3,407,504
Unrestricted	<u>(764,149)</u>
Total net position	<u><u>2,787,133</u></u>
Total liabilities and net position	<u><u>\$ 10,604,921</u></u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Activities

Year ended June 30, 2021

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position			
	Expenses	Program Revenues	Grants and Contributions	Total Governmental Activities
Governmental activities:				
Airport operations	\$ 4,013,704	534,222	1,800,000	(1,679,482)
Airport parking lot	-	62,292	-	62,292
Government reimbursements	-	-	200,842	200,842
Grant income	-	-	1,104,100	1,104,100
Passenger facility charges	-	24,645	-	24,645
Total governmental activities	\$ 4,013,704	621,159	3,104,942	(287,603)
General revenues:				
Investment income				2,695
Change in net position				(284,908)
Net position-beginning of year				3,072,041
Net position-end of year				\$ 2,787,133

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Balance Sheet-Governmental Fund Type and Account Groups

June 30, 2021

	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 254,512	132,084	3,392,920	3,779,516
Accounts receivable, net	1,546,429	11,694	-	1,558,123
Grants and government reimbursements receivable, net	11,306	-	204,982	216,288
Prepaid expenses and other assets	<u>5,324</u>	<u>-</u>	<u>2,516,450</u>	<u>2,521,774</u>
Total assets	<u>\$ 1,817,571</u>	<u>143,778</u>	<u>6,114,352</u>	<u>8,075,701</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 2,581,720	-	3,701,501	6,283,221
Project loan disbursement payable	<u>-</u>	<u>-</u>	<u>334,567</u>	<u>334,567</u>
Total liabilities	<u>2,581,720</u>	<u>-</u>	<u>4,036,068</u>	<u>6,617,788</u>
Fund net position:				
Nonspendable:				
Prepaid expenses	5,324	-	-	5,324
Restricted	-	143,778	-	143,778
Committed:				
Land	-	-	2,516,450	2,516,450
Assigned:				
Accrued expenses	-	-	-	-
Other capital projects, net	-	-	3,597,902	3,597,902
Unassigned	<u>(769,473)</u>	<u>-</u>	<u>(4,036,068)</u>	<u>(4,805,541)</u>
Total fund balance	<u>(764,149)</u>	<u>143,778</u>	<u>2,078,284</u>	<u>1,457,913</u>
Total liabilities and fund balances	<u>\$ 1,817,571</u>	<u>143,778</u>	<u>6,114,352</u>	<u>8,075,701</u>

Reconciliation of governmental fund net position:

Total fund balances	1,457,913
Reconciling items	<u>1,329,220</u>
Net position of governmental activities	<u>2,787,133</u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds

Year ended June 30, 2021

	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Revenues:				
State of Connecticut subsidy	\$ 1,500,000	-	-	1,500,000
Grant income	1,104,100	-	-	1,104,100
Concessions, fees and rentals	596,514	24,645	-	621,159
City of New Haven subsidy	300,000	-	-	300,000
Government reimbursements and other income	-	-	294,456	294,456
Interest and investment income	247	399	2,049	2,695
	<u>3,500,861</u>	<u>25,044</u>	<u>296,505</u>	<u>3,822,410</u>
Authority expenses:				
Professional fees	1,005,457	-	-	1,005,457
Management and performance fees	297,052	-	-	297,052
Authority management	121,135	-	-	121,135
AvPorts ASD Fund	79,567	-	-	79,567
AvPorts engineering fee	40,292	-	-	40,292
Marketing and promotional	4,723	-	-	4,723
Airport operations:				
Salaries and benefits	1,507,644	-	-	1,507,644
Maintenance	285,151	-	8,131	293,282
Utilities	243,970	-	-	243,970
Security	109,113	-	-	109,113
Insurance	101,989	-	-	101,989
Administration, office and marketing expenses	86,342	-	-	86,342
Interest expense	-	-	20,118	20,118
Residential sound insulation	-	-	9,385	9,385
Capital outlays:				
Infrastructure capital costs	<u>-</u>	<u>-</u>	<u>200,838</u>	<u>200,838</u>
Total expenses	<u>3,882,435</u>	<u>-</u>	<u>238,472</u>	<u>4,120,907</u>
Net revenues (expenditures)	(381,574)	25,044	58,033	(298,497)
Fund balances - beginning of year	(381,612)	118,734	2,019,288	1,756,410
Interfund transfers	<u>(963)</u>	<u>-</u>	<u>963</u>	<u>-</u>
Fund balances - end of year	<u>\$ (764,149)</u>	<u>143,778</u>	<u>2,078,284</u>	<u>1,457,913</u>

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance:

Total net change in fund balances-governmental funds	(298,497)
Reconciling items	<u>13,589</u>
Change in net position of governmental activities	<u>(284,908)</u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies

Background and Reporting Entity

The 1997 Connecticut General Assembly enacted an “*Act Concerning the Establishment of the Tweed-New Haven Airport Authority (Authority)*” [Public Act 97-271] at the request of the City of New Haven (The City), the Greater New Haven Chamber of Commerce, the Regional Leadership Council, REX Development (f/k/a Regional Growth Partnership), Yale University and area businesses, as a way to improve air service for the Southern Connecticut area.

The legislation created a regional Authority to manage and improve Tweed-New Haven Airport (“Airport”) as an economic development asset for the region. The Authority’s powers include:

- Maintain, manage, supervise and operate the Airport;
- Maintain a working relationship with the state, municipalities and conduct business as a regional airport;
- Charge reasonable fees for service;
- Enter into contracts, leases and agreements for goods and services;
- Contract for construction and reconstruction of airport projects;
- Make plans and studies in conjunction with the Federal Aviation Administration (FAA) and other state and federal agencies;
- Plan and enter into contracts with municipalities, the state, businesses and other entities to finance operations and debt, including compensation of the host municipalities;
- Employ staff, borrow funds, issue and sell bonds;
- Acquire property by purchase or lease;
- Prepare and issue budgets; and
- Exercise all other powers granted by law.

The Authority held its first Board of Directors (Board) meeting on July 31, 1997 at which time it adopted, in accordance with Public Act 97-271, its Bylaws, elected officers, approved an Affirmative Action Statement and adopted a draft of its Written Procedures. The Board also has the primary accountability for fiscal matters. Therefore, the Authority is a financial reporting entity as defined by GASB in its Statement No. 14, “*The Financial Reporting Entity.*” There are no component units included within the reporting entity.

The Tweed Statute was amended in 2009 to increase the number of directors to 15, modify the number of directors appointed by each appointing party, and establish a Community Advisory Board comprised of designated Authority directors.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the Authority's non-fiduciary activities. Governmental activities include programs supported primarily by grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the Authority operates have shared in the payment of direct costs. The "Grants and Contributions" column includes amounts paid by organizations outside the Authority to help meet the operational requirements.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds would remain on the government-wide statement of activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental and two special revenue funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund net position are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The Authority considers all revenues available if they are collectible within 60 days after year end.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Authority to refund all or part of the unused amount.

Fund Equity and Net Position

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity (net position), revenues, expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund financial statements in this report consist only of the General Fund and two Special Revenue Fund account groups due to the nature of the Authority's activities.

In the government-wide financial statements, net position is classified in the following categories:

- Restricted for Passenger Facility Charges (PFC) – This category is used to account for collection of passenger facility charges and payment of related capital improvements of the airport. Passenger facility charges are fees authorized by the Congress of the United States of America to be collected for use in federally approved airport improvements and expenditures. The PFC account is a restricted fund that may be spent only in connection with FAA application and approval procedures.
- Restricted for Capital Projects – This category is comprised of FAA and DOT reimbursements received for prior payments made by the Authority from time to time to contractors and consultants from capital bond funds allocated to the Authority. Since such funds were appropriated for capital projects, these reimbursement funds from FAA and DOT are intrinsically restricted to capital project use.
- Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Authority expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

Fund Equity and Net Position (continued)

The Authority adopted the provisions of Governmental Accounting Standards Board Statement #54 (GASB 54) *Fund Net Position Reporting and Governmental Fund Type* which defines the different types of fund net position that the Authority must use for its governmental funds. GASB 54 requires the fund net position to be properly reported within one of the following categories for fund financial reporting purposes:

- Nonspendable – fund net position amounts associated with inventories, prepaids, and long-term receivables and payables.
- Restricted – fund net position amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.
- Committed – fund net position amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority, the Board of Directors.
- Assigned – fund net position amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed fund net position.
- Unassigned – fund net position amounts remaining for the General Fund that are spendable.

The Authority's committed fund net position reporting is required when funds have been committed at an Authority board meeting. The Authority's assigned fund net position reporting is required when funds have been assigned by their nature (due to the FAA or for unidentified future capital projects). The Authority's general policy is to apply expenditures against the applicable fund net position in the following order: nonspendable, assigned, committed, restricted, and unassigned.

Budgetary Information and Accounting

The Board of Directors proposes and approves a budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared on the modified accrual basis of accounting.

Cash and Cash Equivalents

The Authority considers cash and cash equivalents, primarily money market funds, to be those investments with original maturities of three months or less.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(1) Summary of Significant Accounting Policies (continued)

Receivables and Payables

All receivables and payables are reported at their gross value. Receivables are reduced by the estimated portion that is expected to be uncollectible. The Authority establishes an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2021.

Capital Assets

Capital assets include improvements to the airport and other assets used in operations with estimated useful live ranging from five to fifteen years. Such assets are recorded at cost and depreciated using the straight-line method.

Income Taxes

The Authority is exempt from federal and state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Authority and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Restricted Assets

Funds collected from passenger facility charges are restricted as to use by approval of the FAA. Additionally, the cash and other assets in the Capital Project Fund are restricted to airport capital improvements. The Authority has used the Capital Project Funds to purchase land and buildings adjacent to airport property for future use in airport development.

Total Columns on Statements

Total columns on the general-purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, operating results or cash flows in conformity with generally accepted accounting principles.

Date through Which Subsequent Events Have Been Evaluated

Management has evaluated subsequent events through December 30, 2021, the date the financial statements were available to be issued. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustment to, or disclosure in, the accompanying financial statements.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(2) Reconciliation of Government-wide and Fund Financial Statements

The Balance Sheet-Governmental Fund Type and Account Groups provides the reconciliation between the fund net position for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

The following is a reconciliation between the Governmental Funds balance sheet and the statement of net position at June 30, 2021:

Fund balance		\$1,457,913
Add: Deposits for improvements	1,200,000	
Construction in progress	365,922	
Capital improvements	1,140,216	
Accumulated depreciation	(176,918)	2,529,220
Less: Deferred revenues		(1,200,000)
Net position		<u>\$2,787,133</u>

The statement of revenues, expenditures and changes in fund net position-Governmental Funds provides a reconciliation between the net changes in fund net position as shown on the governmental fund statement of revenues, expenditures, and changes in fund net position and the changes in net position of governmental activities as reported on the government-wide statement of activities.

The following is a reconciliation between the statement of governmental funds, revenues, expenditures and changes in fund balances and the statement of activities for the year ended June 30, 2021:

Excess of expenditures over revenues	(\$ 298,497)
--------------------------------------	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

The amount by which depreciation and amortization exceeded capital outlays in the current period as follows:

Long-term grants receivable collected	(93,614)
Expenditures for capital projects	200,839
Depreciation expense	(93,636)
Change in net position	<u>(\$284,908)</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(3) Cash and Cash Equivalents

Cash and cash equivalents, for both the General Fund and the Restricted Funds, consisted of the following in the statement of net position at June 30, 2021:

Deposits	\$3,647,432
Money market funds	<u>132,084</u>
	<u>\$3,779,516</u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it, or it will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk.

The Authority maintains cash accounts in financial institutions which insure deposits with the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, the aggregate cash balances on deposit at the financial institutions used by the Authority exceeded FDIC deposit insurance limits by approximately \$3,529,516.

In the event that a financial institution becomes insolvent and is placed under FDIC receivership, this collateral is subject to the FDIC requirements for perfecting security interest under Federal law. In the opinion of the Connecticut State Attorney General, these requirements have not been met.

(4) Restricted Assets

Restricted assets consist of cash relating to PFCs which are restricted for expenditures for federally approved Airport improvement projects, and government reimbursements and other assets restricted for use on future capital projects.

(5) State and Municipal Funding for Fiscal Years 2021 and 2020

The Authority received operating funds during the fiscal year ended June 30, 2021 from the City in the amount of \$300,000 and the State of Connecticut (State) in the amount of \$1,500,000.

The 2019 Connecticut General Assembly authorized \$1,500,000 in operating funds for the Authority for the year ended June 30, 2020. The City's approved fiscal 2020 operating budget provided \$325,000 to the Authority.

As owner of the Airport, the City is entitled to receive certain grants-in-aid from the FAA to be used in carrying out certain capital projects at the Airport. In accordance with Section 5.2 of the Lease and Operating Agreement, the City assigned its rights to grants-in-aid to the Authority. These grants continue to be covered under the City's Single Audit requirements. In addition, the Authority receives grants up to \$40,000 for capital improvements from the State as a portion of the 10% local share required for each FAA grant. The City advances funds to the Authority for project implementation and is reimbursed by the Authority when grant funds are received. Federal and State grants received by the Authority for various projects for which the City advanced funds during the year ended June 30, 2021 total approximately \$1,908,000. Grant funds received and payable to the City were approximately \$3,552,000 at June 30, 2021.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(5) State and Municipal Funding for Fiscal Years 2021 and 2020 (continued)

During fiscal year 2021, the Authority directly expended capital funds in carrying out an FAA approved grant-in-aid project at the Airport. Capital funds expended and receivable from the FAA was approximately \$163,280 at June 30, 2021.

(6) CARES Act Airport Grant

In April 2020, the Authority applied for and was awarded a grant under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Authority elected to use the funds for operational expenses to include payroll, service contracts, supplies and utilities. As a condition of the grant, the Airport was required to employ, through December 31, 2020, at least 90% of the number of individuals employed as of March 27, 2020, after adjustments for retirements and voluntary employee separations. There is a maximum period of performance is four years to expand the funds.

The amount of the award was \$1,160,431. Management chose to recognize the grant into income ratably over thirteen months beginning in June 2020. The Authority recognized grant income of \$1,083,069 in FY21 and \$77,362 in FY20.

(7) Grants Receivable

Grants receivable include Authority expenditures reimbursable under FAA Airport Improvement Projects (AIP) at the airport (see Note 5), how Enforcement Officer (LEO) grants administered by the TSA, and other reimbursement agreements. Grants receivable consisted of the following in the statement of net position at June 30, 2021:

AIP Grants – FAA	\$159,771
LEO Grants – TSA	11,306
Capital Bond Funds – City of New Haven	35,850
Reimbursable Agreement – FAA	<u>9,361</u>
	<u>\$216,288</u>

(8) Leased Premises, Transfer of Personal Property and Airport Assets

In accordance with Section 3.1 of the Lease and Operating Agreement, the Authority leases the land, buildings and related improvements from the City. Compensation due to the City during the lease term is \$1.

In accordance with Section 4.1 of the Lease and Operating Agreement, the City transferred and conveyed to the Authority all of its rights, title and interest in and to all tangible personal property (generally all the furnishings, materials, equipment and other tangible property located at the Airport). The Authority uses this personal property, including any assets acquired during the lease term, in connection with its operation of the Airport.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(8) Leased Premises, Transfer of Personal Property and Airport Assets (continued)

Upon the expiration of the Lease and Operating Agreement, Section 4.2 states that the Authority's right, title and interest in any and all Airport assets then in existence shall immediately vest in the City.

Since the Authority does not have the power of condemnation, Section 9.2 of the Lease and Operating Agreement provides that the City may exercise its right and power to take certain additional property (in the event the Authority deems it necessary or advisable) by eminent domain, and the Authority shall pay any and all acquisition costs. The City has not exercised this right as of June 30, 2021.

(9) Management Agreement

The Authority entered into a Management Agreement with Avports, LLC on July 1, 1998 to operate the Airport for a period of ten years. On July 1, 2004 an Amendment and Restatement of the Agreement extended the initial term though 2018. On April 9, 2008 the Authority approved the assignment of the Management Agreement from Macquarie Aviation North America 2, Inc. (d/b/a Avports) to Avports, LLC. Avports is primarily responsible for general operations, hiring and training staff, safety and security compliance, maintenance and repair services, construction management, air service development, aviation support, accounting, and project planning functions. On March 19, 2014, the management agreement was amended to extend the initial term to June 30, 2020. On January 1, 2018, the agreement was further amended to exercise the first of two three-year extensions to June 30, 2023. On May 17, 2019, the fourth amendment to the agreement was executed extending the term of the agreement to June 30, 2024 with the option of one additional three-year extension to June 30, 2027.

The agreement with Avports specifically provides for the following:

- Avports bills the Authority on a monthly basis for all labor and operating costs.
- Avports receives an annual fixed fee (approximately \$297,000 for FY21) that increases by 3% each year. Effective July 1, 2004, the Management Agreement established an additional \$100,000 fee, subject to a 3% increase each year, allocated to air service development (ASD), including airline industry experts and attendance at airline conferences, under a plan approved by the Authority. In FY 2019, expenditures from the ASD Fund were reduced by mutual agreement as a budgetary control measure. Expenditures from the ASD Fund totaled approximately \$79,500 in FY 2021.
- Avports provides certain engineering services as part of the Management Agreement up to \$35,000 per year. Amounts in excess of \$35,000 are billed at standard hourly rates. Engineering costs in excess of amounts allowed for in the Management Agreement and charged to the Authority totaled approximately \$40,292 in FY21.
- Avports is also entitled to various incentive fees under certain circumstances, such as additional air carriers and increased enplaned passengers.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(9) Management Agreement (continued)

- The Management Agreement allows the Authority to secure additional services from Avports based on proposals submitted for such services as the need may arise.
- Avports has a right of first refusal on future airport development, approved by the Authority in January 2007.

Amounts due to Avports under the Management Agreement totaled approximately \$1,590,000 at June 30, 2021.

The Authority and Avports are currently negotiating the terms of a new 43-year lease and operating agreement that would see Avports developing a new terminal and an extension of Runway 2-20.

Reimbursement of professional fees associated with new lease and operating agreement are part of the negotiation between the Authority and Avports.

(10) Project Loans

The fourth amendment to the management agreement with Avports includes a new article whereby Avports would loan the Authority up to \$1,150,000 for professional services pertaining to the environmental assessments and certain agreed upon capital projects.

Under the terms of the amended agreement, the Authority has pledged all PFC Funds received after May 1, 2014 to be dedicated to the Project Loan repayment. The Authority receives PFC funds on a monthly basis. The agreement calls for repayments on the Project Loan take place on the next business day. Should PFC funds be unavailable, the Authority has committed to repay the Project Loan from other sources available to the Authority. Any unpaid balance, including interest due thereon, is payable in full on June 30, 2024. Interest accrues at 6% per annum adjusted for any 25-basis point change in the 30-day Libor rate as of January 1, 2018.

There were no new borrowings under the fourth amendment to the management agreement during FY21. Interest expense on borrowings was \$20,118. Principal and interest outstanding at June 30, 2021 amounted to \$334,567.

On May 6, 2021, the Authority and Avports executed the fifth amendment to the management agreement to pursue required terminal upgrades to accommodate a new air carrier at the Airport. Under the terms of the fifth amendment, Avports and the Authority agreed that Avports will undertake an environmental assessment and oversee, manage and administer the design and construction of the terminal upgrades.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(10) Project Loans (continued)

Avports agreed to a second project loan for the environmental assessment and terminal upgrades up to \$4,000,000 provided the Authority will have paid \$1,200,000 to Avports (see Note 11). Repayments of amounts advanced together with interest of 6%, are due six months from the date of execution provided operating revenues exceed operating expenses with a final maturity date of June 30, 2024. If amounts remain unpaid at the final maturity date, the Authority agrees to extend Avports management agreement as necessary to ensure Avports is compensated for the remaining loan balance. Upon the execution of certain other events, Avports (or other related entity) would assume the Authority's obligation to repay the balance outstanding on the second project loan. There were no borrowings on this project loan for the year ending June 30, 2021 and no balance was outstanding balance at June 30, 2021. On October 1, 2021, the fifth amendment was further modified to increase the amount of advances available from \$4,000,000 to \$11,000,000.

(11) Three-Party Agreement

In June 2021, the Authority entered into a Three-Party agreement with Avports and TEM Enterprises, doing business as Avelo Airlines (Avelo). Avelo committed \$1,200,000 in pre-paid airport fees towards terminal upgrades required for and in anticipation of Avelo commencing future operations at the Airport (see Note 19). Under the terms of the agreement:

- Avelo deposited \$1,200,000 into a segregated reserve account held by Avports.
- Amounts can be withdrawn on a pari passu basis by Avports with Project Loan advances to pay for design and construction costs for terminal upgrades.
- Should Avelo cease operations at the airport, the deposit is non-refundable to Avelo unless the terminal upgrades are suspended, cancelled or terminated by the Authority prior to substantial completion.
- Certain user fees will be waived to Avelo for a period of twelve months commencing upon the substantial completion of the terminal upgrades.

No amounts were expended as of June 30, 2021 and the deposit is reflected as other assets and deferred revenue within the statement of net position on the government-wide financial statements.

(12) Passenger Facility Charges

The Airport's initial application to impose PFCs was approved by the FAA in 1993. A total of seven applications have been filed with the FAA with the most recent amendment being approved on October 19, 2020. The Authority has approval to collect \$4,957,187 of PFCs and through June 30, 2021 has collected \$4,149,100. During the fiscal year ended June 30, 2021 the Authority collected \$24,645 of PFC revenue.

(13) Risk Management

The Authority is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases directors' and officers' liability insurance, and Avports purchases all other insurance coverage for the Airport.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(14) Contracts and Commitments

The Authority has entered into various short-term and long-term agreements with certain airlines, car rental companies, taxi-cab companies, the Fixed Base Operator and other parties related to general aviation services. The following represents some of the more significant long-term contracts:

- Piedmont Airlines, Inc. (Piedmont d/b/a American Airlines) executed a lease with the Authority in June 2000 with options for successive renewal years at the option of the airline. During 2004, the lease was renewed indefinitely until terminated by Piedmont. The lease terminated in September 2021 and Piedmont is no longer operating at the Airport.
- The Authority granted Northeast Ramp, LLC (Northeast) the right of ingress to and egress from the Airport for the period May 1, 2000 to May 1, 2030. An Access Fee is determined by a formula utilizing a certain Consumer Price Index. The Access Fee in FY2021 was approximately \$10,700.
- The Authority has entered into a long-term lease, as amended, with the Fixed Base Operator (Robinson Aviation, Inc.) for certain Airport land, on which Robinson Aviation built aircraft hangars and offices. Rental to the Authority for FY2021 is approximately \$109,500 and is adjusted annually. Robinson Aviation also provides aircraft fueling, aviation services including charter flights, and maintains the leased ramp area.
- The Authority negotiated a lease with the U.S. General Services Administration for terminal space used by the Transportation Safety Administration which terminated June 30, 2021. During FY2021, the Authority agreed to concede three months of rent due to a temporary absence of an air carrier. As of the date of the financial statements, the lease is on a month-to-month basis. The rental payment for the period July 1, 2020 through June 30, 2021 was approximately \$952 per month, equal to approximately \$8,600 per year.

As of June 30, 2021 the approximate minimum future rentals on noncancellable license agreements where the Authority, as owner or in its capacity as agent, is the lessor is as follows: 2022, \$181,000; 2023, \$135,000; 2024, \$121,000; 2025, \$121,000; 2026, \$121,000; and thereafter, \$1,538,000.

(15) Related Party Transactions

The City provides law enforcement services to the Authority. Law enforcement costs provided by the City to the Authority were approximately \$100,000 during FY21. Amounts unpaid and payable law enforcement costs due to the City at June 30, 2021 were approximately \$53,200.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(16) Contingent Liabilities

The Authority has received State and municipal grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for any expenditures disallowed under terms of the grant. Authority management believes such disallowances, if any, will not be material. Based on current expectations, the continued existence of the Authority is dependent on future state and municipal funding.

In addition, the Authority may have contingent liabilities with respect to pending litigation, claims and disputes which existed at June 30, 2021. The total liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of the Authority management that any liabilities resulting there from will not have a material adverse effect on the Authority's financial position.

(17) Economic Dependency

A significant portion of total revenue is directly and indirectly related to commercial airline service. The Airport is served by and dependent on one major airline. The Airport is also dependent on Federal, State and local government grants for airport improvements and operating subsidies.

(18) Implementation of Future GASB Pronouncements

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **Statement No. 84, *Fiduciary Activities*.** The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
- **Statement No. 87, *Leases*.** The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- **Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.** The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.
- **Statement No. 90, *Majority Equity Interests – an amendment of GASTS Statements No. 14 and No. 61*.** The requirements of this statement are effective for reporting periods beginning after December 15, 2019.
- **Statement No. 91, *Conduit Debt Obligations*.** The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(18) Implementation of Future GASB Pronouncements (continued)

- **Statement No. 92, *Omnibus 2020*.** The requirements of this Statement are effective as follows:
 - The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
 - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
 - The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
 - The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

- **Statement No. 93, *Replacement of Interbank Offered Rates*.** The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged.
- **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.** The requirements of this Statement are effective immediately.
- **Statement No. 96, *Subscription-Based Information Technology Arrangements*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2021

(18) Implementation of Future GASB Pronouncements (continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement are effective as follows:

- The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately.
- The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021.
- All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by specific requirement as follows:

Paragraph 4 of this Statement as it applies to arrangements other than defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans. Paragraphs 6–9 of this Statement and the supersession of the remaining requirements of Statement 32 (as detailed in paragraph 3 of this Statement).

Questions 4.3 and 4.5 of Implementation Guide 2019-2, as amended, are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged if Statement 84, as amended, has been implemented.

(19) Subsequent Events

In October 2021, the Authority and Avelo entered into an airline operating permit. The permit authorizes Avelo to perform all operations and functions as necessary to conduct their air transportation business at the airport. Avelo is subject to rentals, fees and charges as established by the Authority. The permit expires upon the earliest of 30 days from the effective date or cancellation by either party upon 10 days' written notice. In September, 2021 the Board approved the Executive Director to enter into an agreement with transportation network companies (TNCs) wishing to serve the Airport, and in October, approved a terminal food and beverage concession with Whole German Breads, LLC doing business as G café.

In March 2020, the World Health Organization classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency's financial condition, liquidity, and future operations, and management is actively monitoring the global situation.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Revenues, Expenditures and Changes in Fund Balance-Budgetary Comparison Schedule

Year ended June 30, 2021

	General Fund		Restricted Fund	Restricted Fund	
	Budgeted Amounts-		(Passenger Facility	(Capital Projects)	
	Original & Final	Actual	Charges)		Total
Revenues:					
State of Connecticut subsidy	\$ 1,500,000	\$ 1,500,000	-	-	1,500,000
Concessions, fees and rentals	725,013	1,104,100	-	-	1,104,100
City of New Haven subsidy	300,000	596,514	24,645	-	621,159
Grant Income	968,345	300,000	-	-	300,000
Government reimbursements	-	-	-	294,456	294,456
Interest and investment income	350	247	399	2,049	2,695
Total revenues	3,493,708	3,500,861	25,044	296,505	3,822,410
Authority expenses:					
Management and performance fees	297,052	1,005,457	-	-	1,005,457
Professional fees	120,000	297,052	-	-	297,052
Authority management	125,000	121,135	-	-	121,135
AvPorts ASD Fund	79,567	79,567	-	-	79,567
AvPorts engineering fee	50,000	40,292	-	-	40,292
Marketing and promotional expenses	50,000	4,723	-	-	4,723
Airport operations:					
Salaries and benefits	1,756,318	1,507,644	-	-	1,507,644
Maintenance	324,463	285,151	-	8,131	293,282
Utilities	326,578	243,970	-	-	243,970
Security	87,600	109,113	-	-	109,113
Insurance	91,961	101,989	-	-	101,989
Administration, office and marketing expenses	110,873	86,342	-	-	86,342
Interest expense	-	-	-	20,118	20,118
Residential sound insulation	-	-	-	9,385	9,385
Capital outlays:					
Infrastructure capital costs	-	-	-	200,838	200,838
Total expenses	3,419,412	3,882,435	-	238,472	4,120,907
Net revenues (expenditures)	\$ 74,296	(381,574)	25,044	58,033	(298,497)
Fund balance - beginning of year		(381,612)	118,734	2,019,288	1,756,410
Interfund transfers		(963)	-	963	-
Fund balance - end of year		\$ (764,149)	143,778	2,078,284	1,457,913

See accompanying notes to basic financial statements.

**Independent Auditor's 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***

To the Board of Directors
Tweed-New Haven Airport Authority

We have audited, 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tweed-New Haven Airport Authority (Authority) as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Solatkin & Company, LLC". The signature is written in a cursive, flowing style.

December 30, 2021



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Madeira Beach, FL 3370 USA
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Independent Auditors' Report On Compliance For Each Major State Program And On Internal Control Over Compliance Required By The State Single Audit Act

To the Board of Directors
Tweed-New Haven Airport Authority

Report on Compliance for Each Major State Program

We have audited Tweed-New Haven Airport Authority's (Authority) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Authority's major state programs for the year ended June 30, 2021. The Authority's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control over Compliance

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

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

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

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



December 30, 2021

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2021

State Grantor Pass-Through <u>Grantor Program Title</u>	State Grant Program <u>Core-CT Number</u>	<u>Expenditures</u>
Connecticut Airport Authority:		
General Operating Subsidy	AERO 5800-1389	\$ 1,500,000
Residential Sound Insulation Pilot Program-Phase 3	APT00920008NC	<u>3,912</u>
Total state financial assistance		\$ <u>1,503,912</u>

NOTES TO SCHEDULE

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Tweed-New Haven Airport Authority under programs of the State of Connecticut for the fiscal year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including General Operating Subsidy and related projects including noise reduction and sound insulation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Tweed-New Haven Airport Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are based on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs – State Financial Assistance

Year ended June 30, 2021

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness (es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes X no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Connecticut Airport Authority:		
Operating Subsidy	AERO 5800-13891	\$ <u>1,500,000</u>
• Dollar threshold used to distinguish between type A and type B programs		\$ <u>200,000</u>

(Continued)

II. Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2021.

III. State Financial Assistance Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the state financially assisted programs are questioned or recommended to be disallowed.