



# CONNECTICUT Policy and Management

## FY 2023-24 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:

\_\_\_\_\_ on \_\_\_\_\_  
Name of Municipal Official Date

\_\_\_\_\_ Telephone  
Title of Municipal Official

	<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) or revenue anticipation notes (RANs) during the fiscal year?	_____	_____	_____
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. Did you clearly identify in the report each repeated audit Finding and identify the fiscal year in which the finding initially occurred?	_____	_____	_____
8. Were there any audit findings repeated from both of the two most prior fiscal year ended audits? (FY2022 and FY2023)?	_____	_____	_____
9. Were municipal officials made aware of section 2(c) of P.A. 23-197 for a public meeting to be held when the OPM Secretary makes certain findings based upon the review of the audit report?	_____	_____	_____
10. 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 2023-24?	_____	_____	_____
(b) Is a copy of the Single Audit included in the reporting package submitted?	_____	_____	_____

YES      NO      NA

11. 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 2023-24 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? \_\_\_\_\_
- (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, 2024**

# TWEED-NEW HAVEN AIRPORT AUTHORITY

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## Independent Auditor's Report

To the Board of Directors of  
Tweed-New Haven Airport Authority

### Report on the Audit of the Financial Statements

#### *Opinions*

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* (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2024, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

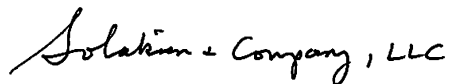
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-15 and 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



February 19, 2025



# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

The Tweed New Haven Airport Authority (the "Authority") offers readers the following overview and analysis of the financial activities at the Tweed-New Haven Airport ("HVN" or the "Airport") for the fiscal year ended June 30, 2024 ("FY24"). Complete financial information begins on page 16.

The Authority continued to experience record traffic in FY24 from the continued growth of Avelo Airlines ("Avelo"). During the twelve-month period from July 2023 through June 2024 HVN enplaned 511,188 passengers, a 10% increase over FY23. Avelo currently serves more than 30 non-stop destinations from New Haven and has about 300 based employees.

In June 2021, the Authority, Avelo, and Avports, as manager of the Airport, entered into a Three-Party Agreement that led to significant upgrades to the existing westside terminal, traffic circulation, and parking. The Three-Party Agreement was followed by a 43-year Lease and Development Agreement (the "Lease") with The New HVN, LLC (the "Lessee") (an Avports affiliate company) that included plans for future airfield enhancements and a new eastside terminal. That agreement was executed on August 19, 2022, followed by an extension of the Management Agreement with Avports operating under the new name of Avports HVN, LLC (the "Manager").

The starting point for these agreements was an Amended and Restated Lease and Operating Agreement between the City of New Haven (the "City") and the Authority, extending the existing Airport lease through 2064. This agreement no longer anticipates the City providing subsidies for Airport operations or financial assistance for Airport capital projects.

The changes to the Authority's operating and financial structure necessitated by these agreements were first reflected in the FY23 financial statements and this structure is continued for FY24. Under the Lease, in return for the Lessee agreeing to fund certain expenses and the local share of required Airport capital projects, the Lessee retains the rights to terminal related revenues such as car parking revenues, rental car concessions, and other rents and fees related to certain Airport property. Therefore, after August 19, 2022, these revenues, along with terminal related operating expenses, are no longer recorded by the Authority.

The Authority's financial statements are comprised of five different funds. Two accounts were created in FY23 as required under the Lease, an Administration Fund and an Airfield Fund, in addition to the previously presented General Fund, Passenger Facility Charge ("PFC") Fund, and Capital Fund. The Airfield Fund account is used to record revenues and expenses associated with the airfield. The Lessee is required to subsidize any deficits in the Airfield account. The Authority uses the Administration ("Admin") Fund to receive lease revenue from the Lessee and from which it pays administrative costs such as Authority staff salaries and benefits, and legal, accounting, audit, and consulting services. Should there be any surplus in the Admin fund at the end of the fiscal year, this is to be transferred to an Airport Reserve Fund (ARF). There was a small surplus in FY24 which was transferred to the ARF then used to pay Authority expenses that were outstanding at year end.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

On December 22, 2023, the Authority received a Finding of No Significant Impact ("FONSI") from the Federal Aviation Administration ("FAA") on an Environmental Assessment ("EA") that analyzed the impacts of projects identified in the recent Master Plan, including an extension of Runway 2-20 and construction of a new eastside terminal and supporting infrastructure. This decision allows the Authority and the Lessee to begin implementation of the proposed projects. On February 6, 2024 the Town of East Haven announced their intent to appeal the FAA's decision and on February 14, 2024 filed a petition for review with the United States Court of Appeals for the District of Columbia Circuit. Although the appeal is continuing, work has continued on design and permitting for the runway extension and new terminal building.

The long-term agreements with the Lessee and the Manager transfer significant financial risks from the Authority and eliminate reliance on State of Connecticut (the "State") and City subsidies to fund operating and capital costs. Significant steps remain with regards to governmental permitting and securing the necessary public and private financing of the airfield and eastside terminal improvements. However, the Lessee has elected to begin the design phase of the runway extension project and terminal development at their risk, anticipating future reimbursements. This financial flexibility is a benefit to the airport from the public-private partnership ("P3").

### Financial Highlights

- Total net position was \$43,931,779 at the close of the fiscal year. Of this amount, \$381,394 represents unrestricted net position. Net position restricted for Capital Projects amounted to \$39,150,025 and the net position restricted in the PFC account totaled \$4,400,360.
- General Fund revenues for FY24 were \$486, a decrease of \$3,253,253 from FY23. The decrease was due to the execution of the Lease. Revenues, including parking and sublease rental income, previously recognized in the General Fund were assigned to the Lessee as of August 19, 2022. FY23 General Fund revenues included revenues earned during the period from the beginning of FY23 through the signing of the Lease. FY23 revenues also included the recognition of CARES Act operating grants and certain professional fee reimbursements from the Lessee. Lease revenue from the new Lease is recognized in the Admin Fund.
- Total assets of the Authority were \$65,377,468 on June 30, 2024, an increase of \$3,899,620 from FY23. Of this increase, \$2,256,419 is directly related to the collection of PFC revenues and related interest income. The Authority also recognized approximately \$2,100,000 in grant income capitalized as capital improvements at the Airport.
- No operating subsidy was received from the City in FY24. The Authority received its final operating subsidy from the City in FY23 in the amount of \$162,500. No operating subsidy from the State was received in FY24 or FY23. City and State subsidies represented 16% of Airport General Fund revenues in FY22, 5% in FY23, and 0% in FY24. There are no anticipated City or State operating subsidies in future years.

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# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Financial Highlights (continued)

- There were no General Fund expenses for FY24. General Fund expenses for FY23 were \$1,588,933. Under the Lease, the Lessee assumed responsibility for terminal expenses and Airport facilities. General Fund expenses for FY23 represented Authority obligations through August 19, 2022
- Admin Fund revenues for FY24 were \$662,751 and consisted of lease and related interest income, revenue sharing from the Lessee, and certain expense reimbursements. This was an increase of \$74,237 from FY23. Part of the increase can be attributed to timing differences based on the effective date of the Lease. FY23 Admin Fund revenues covered a ten and one-half month period which began at the signing of the Lease.
- Admin Fund expenses were \$636,123 for FY24 and are comprised of Authority management costs and professional fees. Admin Fund expenses were \$79,537 lower than budget, due primarily to lower than expected administration, office and marketing expenses including contingency expenses. Admin Fund expenses were \$19,874 or 3% lower than the \$655,997 incurred during FY23.
- Authority management expenses represent Executive Director payroll and related benefits as well as other administrative costs such as dues and memberships. The Executive Director is an employee of the Greater New Haven Chamber of Commerce and payroll costs are reimbursed by the Authority. The Executive Director manages non-aviation Authority functions including government affairs, community relations, and oversight of Authority agreements. Authority management expenses incurred by the Admin Fund was \$306,451. This amount was \$5,149 lower than the budgeted amount but higher than the amount recognized by the General and Admin Funds of \$168,910 in FY23. The increase in expense results from a brief vacancy in the executive director position during FY23 and the addition of an administrative position in FY24.
- Professional fees include legal, accounting, consulting expenses, and the services of the independent auditor. Total expenses for these services incurred by the Admin Fund during FY24 was \$313,947, a decrease of \$751,337 when total expenses for these services incurred by the General and Admin Funds during FY23 were \$1,065,284. A majority of the FY23 professional fee expense were directly attributable to fees incurred during the negotiation of the Lease. Professional fees for FY24 were less than the budgeted of \$324,060.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Financial Highlights (continued)

- A total of \$1,600,000 of professional fees incurred during the negotiation and development of the new agreements were reimbursed by the Manager following execution of the documents, and the Authority is entitled to other reimbursements under the Lease. The Authority recognized \$566,342 in reimbursements in FY23 and the balance in FY22. The Authority also recognized another \$51,205 in other professional fee reimbursements in FY23 for certain professional fees incurred after the effective date of the new Lease. For FY24, the Authority's Admin Fund recognized \$26,806 in professional fee reimbursements.
- Under the agreements entered into in August 2022, the Manager will manage the airfield as agent for the Authority. The Authority will continue to collect fuel flowage and landing fees and reimburse the Manager for airfield related expenses. If airfield expenses exceed revenues, any deficit is paid by the Lessee. It is expected that there will be an airfield deficit for at least the next several years due to current activity levels and the nature of agreements with airfield users.
- Airfield related revenues and expenses are accounted for in the Airfield Fund.
- Airfield expenses were \$2,915,469 in FY24, which included \$1,860,028 in payroll related expenses. Total expenses were \$1,158,280 or 28% lower than the budgeted amount of \$4,073,749. Payroll expenses accounted for \$854,311 of the budget variance. Total Airfield expenses were \$487,332 higher than FY23, in part due to the Airfield Fund not being established until August 2022. Airfield expenses reported in FY23 represented expenses incurred from August 19, 2022 through June 30, 2023.
- Airfield revenues in FY24 were \$526,093, prior to the reimbursement of the operating deficit. This amount exceeded the budgeted amount by \$136,442 or 35%. FY24 Airfield Fund revenues exceeded the FY23 revenues by \$138,212. Total Airfield Fund expenses exceeded revenues by \$2,389,376. This deficit was reimbursed by the Lessee under the terms of the Lease.
- The balance sheet reflects that unrestricted cash and cash equivalents were \$306,185. Unrestricted cash and cash equivalents at June 30, 2023 was \$328,497. Cash and cash equivalents in all five Funds were \$9,570,455 on June 30, 2024, an increase of \$2,401,002 from FY23.

Management believes that future cash flow from the Lease, together with government Airport Improvement Program ("AIP") grants, contractual reimbursements, and other sources will be adequate to meet its anticipated financial obligations as set forth in the FY24 Budgets for the Airfield and Admin Funds.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### 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 16 and 17); 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 the 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 18.

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 reported when incurred and measurable as in the accrual basis method.

### 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 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. Governmental funds, unlike the government-wide financial statements, focus on near-

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# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Fund Financial Statements (continued)

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 now maintains five individual governmental funds: the General Fund, the Airfield Fund, the Admin Fund, and two special revenue funds. The General Fund historically accounted for the basic operations of the Airport. Following August 19, 2022, few transactions are expected to occur through this Fund. The Airfield Fund is used to account for Airfield revenues and expenses as well as reimbursements from the Lessee. The Admin Fund receives rents and revenue share from the Lessee and utilizes these revenues to pay for Authority administrative expenses. The Restricted Fund for PFCs is used to account for the collection and disbursement of PFCs. Cash in this governmental fund may only be spent on eligible projects with prior FAA approval. The Restricted Fund (Capital Projects) is comprised of FAA and U.S. Department of Transportation ("DOT") reimbursements received for prior payments made by the Authority, interest earned on deposits, and revenues recognized for payments made by the Lessee for capital projects on behalf of the Authority. These funds were appropriated for capital projects and are restricted for such use. A sixth fund, the Airport Reserve Fund, will be reported once the Admin Fund has achieved a positive fund balance. The fund financial statements can be found on pages 18 and 19.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management's Discussion and Analysis**

**June 30, 2024**

**Government-Wide Financial Analysis**

**Net Position**

The Authority's net position increased \$1,824,144 during FY24. Total net position includes \$39,310,589 of land, equipment, and capital improvements. Total unrestricted net position reflects a balance of \$381,394, an increase of \$162,751 from FY23. The Statement of Net Position on June 30, 2024 is shown below:

<i>Assets</i>	<b>Governmental Activities</b>
<b>Current assets:</b>	
Cash and cash equivalents	\$ 306,185
Accounts receivable, net	1,066,645
Lease Receivable	150,768
Grants and government reimbursements receivable, net	2,801,671
Prepaid expenses	44,295
<b>Total current assets</b>	<u>4,369,564</u>
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	3,976,888
Cash and cash equivalents-Capital Fund	5,287,382
Capital assets:	
Capital assets-Land	2,579,182
Capital assets-Capital projects in progress	9,105,662
Capital equipment and improvements, net	27,625,745
Leases Receivable-net of current portion	12,433,045
<b>Total noncurrent assets</b>	<u>61,007,904</u>
<b>Total assets</b>	<u>\$ 65,377,468</u>
<b><i>Liabilities and Net Position</i></b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ <u>8,701,312</u>
<b>Long-term liabilities:</b>	
Deferred Revenue	<u>160,564</u>
<b>Total liabilities</b>	<u>8,861,876</u>
<b>Deferred inflows of resources:</b>	
Lease deferred inflow-GASB 87	<u>12,583,813</u>
<b>Total deferred inflows of resources</b>	<u>12,583,813</u>
<b>Net position:</b>	
Net investment in capital assets	39,150,025
Restricted for Passenger Facility Charges	4,400,360
Unrestricted	381,394
<b>Total net position</b>	<u>43,931,779</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 65,377,468</u>

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Government–Wide Financial Analysis (continued)

#### Statement of Activities (continued)

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 total operating expenses from program revenues, grants, contributions, and government reimbursements. In FY24, net governmental activities including the restricted accounts resulted in a positive change in net position of \$1,824,144. This figure, when added to the Authority's net position of \$42,107,635 at the beginning of the fiscal year, equaled a net position of \$43,931,779 at the end of the fiscal year.

Charges for services relating to Airport operations for FY24 were comprised primarily of lease revenue, revenue sharing with lessee, fuel flowage, and landing fees. The Authority recognized \$758,173 in revenues from these charges, a decrease of \$340,047 from FY23 for similar charges. Non-government reimbursements included \$2,389,376 of airfield operating deficit payments from the Lessee. Airfield operating deficit payments were \$349,120 higher than FY23, in part due to the timing of the effective date of the new Lease in FY23. FY23 also included partial year charges comprising of parking, rental fees and other concessions totaling \$1,202,682. This amount reflected operating income of the Authority prior to the signing of the new Lease.

Passenger Facility Charges were \$2,195,491 in FY24, an increase of \$160,085 or 8%. This is reflective of the increase in passenger enplanements at the Airport driven by an increase in destinations and flights by Avelo at the Airport.

Grants and contributions totaled \$3,125,625 in FY24, a decrease of \$11,674,318. Included in the FY23 amount was the assumption of the terminal improvement loan by the Lessee in the amount of \$6,758,363 which is recognized as a gain, or income, by the Authority. The Authority also recognized income from a COVID 19 relief grant in the amount of \$1,240,815 during FY23. Government reimbursements included approximately \$3,160,000 in FAA Airport Improvement Grants. The Authority received federal grants to acquire a new snow plow and runway sweeper, relocate the taxiway, continuing to develop its five-year capital plan, and for residential sound proofing and insulation, among others.

Expenses from Airport operations declined from \$7,558,200 in FY23 to \$7,264,202 in FY24. With the signing of the Lease, the responsibility for maintaining the terminal and car parking areas as well as the costs related to future Airport development shifted from the Authority to the Lessee. FY23 also included approximately \$570,000 in professional fees incurred in the negotiation of the new agreements. Professional fees were \$751,337 lower in FY24.

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**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management’s Discussion and Analysis**

**June 30, 2024**

**Government–Wide Financial Analysis (continued)**

**Statement of Activities (continued)**

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

**Revenues by major functions:**

	<b>2024</b>			
<b>Functions/Programs:</b>	<b>Program Revenues</b>	<b>Grants and Contributions</b>	<b>Investment income</b>	<b>Total Revenue</b>
Primary government-governmental activities:				
Government reimbursements	\$ -	3,125,625	-	3,125,625
Non-government reimbursements	2,416,932	-	-	2,416,932
Passenger facility charges	2,195,491	-	-	2,195,491
Airport operations and capital projects	758,173	-	188,166	946,339
Interest portion of lease income	403,959	-	-	403,959
<b>Total Revenue</b>	<b>\$ 5,774,555</b>	<b>3,125,625</b>	<b>188,166</b>	<b>9,088,346</b>

	<b>2023</b>			
<b>Functions/Programs:</b>	<b>Program Revenues</b>	<b>Grants and Contributions</b>	<b>Investment income</b>	<b>Total Revenue</b>
Primary government-governmental activities:				
Government reimbursements	\$ -	7,879,080	-	7,879,080
Debt forgiveness	-	6,758,363	-	6,758,363
Non-government reimbursements	2,724,214	-	-	2,724,214
Passenger facility charges	2,035,406	-	-	2,035,406
Airport operations and capital projects	1,098,220	162,500	7,558	1,268,278
Airport parking lot	708,991	-	-	708,991
Interest portion of lease income	340,137	-	-	340,137
<b>Total Revenue</b>	<b>\$ 6,906,968</b>	<b>14,799,943</b>	<b>7,558</b>	<b>21,714,469</b>

	<b>2024</b>	<b>2023</b>
<b>Functions/Programs:</b>	<b>Expenses</b>	<b>Expenses</b>
Primary government-governmental activities:		
Airport operations	\$ 7,264,202	\$ 7,558,200
<b>Total Expenses</b>	<b>\$ 7,264,202</b>	<b>\$ 7,558,200</b>

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management's Discussion and Analysis**

**June 30, 2024**

**Fund Financial Statement Analysis**

**Balance Sheet**

The balance sheet presents information on the Authority's assets and liabilities. The Authority maintains five fund balance sheets. Three of the funds are unrestricted and are comprised of the General Fund, the Admin Fund, and the Airfield Fund. The table below summarizes the unrestricted fund balance sheets of the Authority by fiscal year:

	<b>2024</b>			
	<b><u>Admin</u></b>	<b><u>Airfield</u></b>	<b><u>General</u></b>	<b><u>Total</u></b>
	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Unrestricted</u></b>
<i>Assets</i>				
Cash and cash equivalents	\$ 7,311	47,049	251,825	306,185
Accounts receivable, net	50,362	583,461	-	633,823
Prepaid expenses	<u>10,200</u>	<u>-</u>	<u>-</u>	<u>10,200</u>
Total assets	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>950,208</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 107,720	630,510	-	738,230
Interfund balances payable (receivable)	<u>1,008</u>	<u>-</u>	<u>(170,424)</u>	<u>(169,416)</u>
Total Current Liabilities	<u>108,728</u>	<u>630,510</u>	<u>(170,424)</u>	<u>568,814</u>
Fund balance	<u>(40,855)</u>	<u>-</u>	<u>422,249</u>	<u>381,394</u>
Total liabilities and fund balances	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>950,208</u>
	<b>2023</b>			
	<b><u>Admin</u></b>	<b><u>Airfield</u></b>	<b><u>General</u></b>	<b><u>Total</u></b>
	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Unrestricted</u></b>
<i>Assets</i>				
Cash and cash equivalents	\$ 26,923	50,235	251,339	328,497
Accounts receivable, net	62,923	566,198	-	629,121
Prepaid expenses	<u>8,795</u>	<u>-</u>	<u>-</u>	<u>8,795</u>
Total assets	<u>\$ 98,641</u>	<u>616,433</u>	<u>251,339</u>	<u>966,413</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 165,116	616,433	-	781,549
Interfund balances payable (receivable)	<u>1,008</u>	<u>-</u>	<u>(34,787)</u>	<u>(33,779)</u>
Total Current Liabilities	<u>166,124</u>	<u>616,433</u>	<u>(34,787)</u>	<u>747,770</u>
Fund balance	<u>(67,483)</u>	<u>-</u>	<u>286,126</u>	<u>218,643</u>
Total liabilities and fund balances	<u>\$ 98,641</u>	<u>616,433</u>	<u>251,339</u>	<u>966,413</u>

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management’s Discussion and Analysis**

**June 30, 2024**

**Fun Financial Statement Analysis (continued)**

**Balance Sheet (continued)**

The PFC Fund and the Capital Fund are considered restricted. Funds are considered restricted when external constraints are placed on their use. PFCs may only be spent with FAA approval on eligible projects. Capital Project Funds are used to account for FAA AIP and other grants restricted to Airport improvements. At the end of FY24, total restricted assets were \$12,532,858 with no long-term liabilities. Of the Authority’s \$9,570,455 cash balance on June 30, 2024, \$9,264,270 was considered restricted. The table below summarizes the restricted fund balance sheets of the Authority by fiscal year:

		<b>2024</b>		
	<b>Restricted Fund (PFCs)</b>	<b>Restricted Fund (Capital Projects)</b>	<b>Total Restricted</b>	
<i>Assets</i>				
Cash and cash equivalents	\$ 3,976,888	5,287,382	9,264,270	
Accounts receivable, net	432,822	-	432,822	
Grant and reimbursements receivable	-	2,801,671	2,801,671	
Prepaid Expenses	-	34,095	34,095	
Total assets	\$ 4,409,710	8,123,148	12,532,858	
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses \$	-	7,963,082	7,963,082	
Interfund balances payable (receivable)	9,350	160,066	169,416	
Total Current Liabilities	9,350	8,123,148	8,132,498	
Fund balance	4,400,360	-	4,400,360	
Total liabilities and fund balances	\$ 4,409,710	8,123,148	12,532,858	
	<b>Restricted Fund (PFCs)</b>	<b>Restricted Fund (Capital Projects)</b>	<b>Total Restricted</b>	
<i>Assets</i>				
Cash and cash equivalents	\$ 1,828,583	5,012,373	6,840,956	
Accounts receivable, net	324,708	-	324,708	
Grant and reimbursements receivable	-	801,951	801,951	
Prepaid Expenses	-	78,265	78,265	
Total assets	\$ 2,153,291	5,892,589	8,045,880	
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses \$	-	5,858,810	5,858,810	
Interfund balances payable (receivable)	-	33,779	33,779	
Total Current Liabilities	-	5,892,589	5,892,589	
Fund balance	2,153,291	-	2,153,291	
Total liabilities and fund balances	\$ 2,153,291	5,892,589	8,045,880	

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management’s Discussion and Analysis**

**June 30, 2024**

**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 balances of the General, Admin, and Airfield Funds—collectively the unrestricted funds—was \$381,394, at the end of FY24, compared to a \$218,643 at the end of FY23. The fund balance of the Restricted Capital Projects Fund was \$0 at the end of FY24 and FY23.

The fund balance of the PFC Restricted Fund was \$4,400,360 at the end of FY24, compared to \$2,153,291 at the end of FY23. PFC funds are used for eligible airport capital projects authorized under FAA regulations. See table below:

	<b>2024</b>			
	<b>Unrestricted Funds</b>	<b>Restricted Fund (PFCs)</b>	<b>Restricted Fund (Capital Projects)</b>	<b>Total</b>
<b>Total revenues &amp; other financing sources</b> \$	3,578,706	2,256,419	3,253,221	9,088,346
<b>Total expenses</b>	<u>3,551,592</u>	<u>-</u>	<u>3,126,934</u>	<u>6,678,526</u>
<b>Net revenues (expenditures)</b>	27,114	2,256,419	126,287	2,409,820
<b>Fund net position - beginning of year</b>	218,643	2,153,291	-	2,371,934
<b>Interfund Transfers</b>	<u>135,637</u>	<u>(9,350)</u>	<u>(126,287)</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 381,394</u>	<u>4,400,360</u>	<u>-</u>	<u>4,781,754</u>
	<b>2023</b>			
	<b>Unrestricted Funds</b>	<b>Restricted Fund (PFCs)</b>	<b>Restricted Fund (Capital Projects)</b>	<b>Total</b>
<b>Total revenues &amp; other financing sources</b> \$	6,270,390	2,036,808	6,648,908	14,956,106
<b>Total expenses</b>	<u>4,673,067</u>	<u>-</u>	<u>6,704,609</u>	<u>11,377,676</u>
<b>Net revenues (expenditures)</b>	1,597,323	2,036,808	(55,701)	3,578,430
<b>Fund net position - beginning of year</b>	(1,379,675)	173,179	-	(1,206,496)
<b>Interfund Transfers</b>	<u>995</u>	<u>(56,696)</u>	<u>55,701</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 218,643</u>	<u>2,153,291</u>	<u>-</u>	<u>2,371,934</u>

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Management’s Discussion and Analysis**

**June 30, 2024**

**Budgetary Highlights**

The statement of revenues, expenses, and changes in fund balance-budgetary comparison schedule, which is a supplementary schedule, reports the operating and non-operating revenues and expenses and compares them against budgeted amounts. The Authority prepared budgets for the Admin and Airfield Funds. The Lessee approves the Airfield budget should budgeted amounts exceed prior year amounts, as adjusted for inflation. The budgetary comparison schedule can be found on page 37.

**Factors Impacting Future Periods**

The Airport recorded a record 511,188 enplanements in FY24, a continued improvement from FY23. Since the commencement of Avelo operations in November of 2022, the airline has experienced great success and expanded service to 27 non-stop destinations from the Airport. Passenger enplanements over the last five years were as follows:

FY24	511,188
FY23	465,538
FY22	157,797
FY21	7,052
FY20	38,767

Air service remains a critical factor impacting the Authority going forward. The aviation industry faces numerous challenges including the recovery from the pandemic, pilot and staffing shortages, fuel prices, and availability of aircraft, and many cities across the country have seen reductions in commercial passenger service or airlines leaving a market entirely. The Authority believes that the New Haven region was underserved prior to Avelo entering the market and given its success to date, and ongoing investment in facilities and personnel, believes Avelo has a bright future at the Airport.

The Authority was awarded an \$800,000 small community air service development grant from the DOT in 2022 and available for future fiscal periods. This grant, combined with local commitments and contributions, makes \$1,250,000 available to support marketing, incentives, and revenue guarantees for new service or new entrant airlines. These funds have been used to support service to/from San Juan, Charlotte and Atlanta. The Authority and the Lessee continue to have discussions with airlines about serving the Airport.

On August 13, 2024, Breeze Airways announced that it would commence service at HVN. Four routes to Florida destinations began in December, and a further six destinations scheduled to commence in February 2025. New cities to be served by Breeze not currently available with direct service from HVN include Jacksonville, FL; Norfolk, VA; Richmond, VA; and Vero Beach, FL.

At 5,600’, the Airport’s runway is shorter than all but a handful of the U.S. airports with Part 139 Certification that allows certain types of passenger-carrying operations. The Master Plan recommended extending the runway 2/20 to a length of 6,635.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Factors Impacting Future Periods (continued)

This would enable additional destinations to be safely accommodated by the most common aircraft currently used by domestic airlines and enable aircraft to serve the Airport year-round without weight or capacity restrictions. However, the subsequent EA concluded that an extension to 6,575' (639' to the Runway 02 end and 336' on the Runway 20 end) would minimize environmental impacts with minor operational impacts compared to an expansion to 6,635' and avoids filling tidal wetlands.

The existing terminal on the west side of the Airport is not the best long-term solution for New Haven travelers. Site constraints limit passenger parking, there is insufficient apron space to accommodate new aircraft, and the layout and size of the existing terminal means it lacks many of the amenities expected by today's passengers. The existing location of the terminal also poses a safety concern by requiring midfield runway crossings and back taxiing on a regular basis.

Therefore, both the runway extension and a new terminal are critical for the long-term success of the Airport. Following the completion of design and permitting processes, the Authority and the Lessee will review and analyze the estimated costs of the projects, evaluate funding sources, and confirm financial viability. FAA support of the projects will be critical, and AIP discretionary grants and PFCs will be major components of overall funding, in addition to private funds from the Lessee. The Lease provides for the Authority to facilitate or enter into certain non-recourse debt instruments that may be advantageous to the Airport and the Lessee.

At the Lessee's request, the Authority has commenced an evaluation process for the use of tax-exempt conduit debt to finance the planned developments. The Authority conducted a request for proposal to select Issuer's Counsel to advise on a potential conduit bond issue and is advancing discussions with the Lessee on the potential structure of this debt, which will be used in conjunction with equity, grants, and other available funds.

Federal funding will play a significant role in the future development of the Airport. Some anticipated funding programs are awarded following competitive processes with HVN—effectively competing for scarce resources against other airports in the region and across the country. Availability of such funds could impact the nature and timing of planned developments. On February 14, 2024, the Authority was awarded a \$2,500,000 grant to be used towards the design and permitting cost of the new terminal, and on October 24, 2024, a further grant award of \$4,000,000 was made to be used for terminal construction.

The new agreements with the Lessee and the City eliminate the reliance on operating subsidies, with the Lessee assuming all financial responsibility for Airport operating expenses. The Authority will receive \$550,000 in rents from the Lessee (growing with inflation each year) plus a nominal revenue share of between 0 and 8% of all Airport revenues. The Authority will utilize these funds to complete its oversight and administrative responsibilities. The State subsidy phased out after FY22, and the final City subsidy of \$162,500 was received in July of 2022 (FY23).

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Management's Discussion and Analysis

June 30, 2024

### Factors Impacting Future Periods (continued)

In addition to Airport operating expenses, the Lessee will also be responsible for funding the share of capital project costs not covered by FAA grants, PFCs, or other available sources. The Authority's revenues and expenses are significantly different compared to 2023 and prior years, as terminal related revenues and expenses will no longer flow through the Authority's accounts.

In addition to the runway and terminal projects, the Authority has included the following projects in its most recent 5-year capital plan:

- Reimbursable agreement for the glide slope relocation.
- Runway extension, **design and permitting.**
- Terminal area taxiway, **design and permitting.**
- Perimeter fencing relocation.
- EA phase II.
- Noise Exposure Map and Noise Compatibility Plan Update.
- Aircraft Rescue and Firefight (ARFF) building expansion
- Snow Removal Equipment (SRE)
- SRE Building upgrades

### Analysis and Conclusions

After decades of financial under-performance and reliance on subsidies, the Authority made the bold decision to enter new agreements with the Manager and the Lessee that transfers significant financial and operational risks and enables major capital investments to be made in Airport facilities. The Authority retains its role as Airport sponsor and will be responsible for the oversight and enforcement of these agreements.

The Authority believes these new agreements provide the best approach for attaining financial self-sufficiency, relieving the financial burden from State and City government, and providing commercial air service and economic growth in Southern Connecticut.

Significant challenges remain to implement the planned developments and the Authority and the Lessee will continue to work with stakeholders to evaluate and advance these projects.

### 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, 2024**

<i>Assets</i>	<b>Governmental <u>Activities</u></b>
<b>Current assets:</b>	
Cash and cash equivalents	\$ 306,185
Accounts receivable, net	1,066,645
Lease Receivable	150,768
Grants and government reimbursements receivable, net	2,801,671
Prepaid expenses	<u>44,295</u>
<b>Total current assets</b>	<b><u>4,369,564</u></b>
<b>Noncurrent assets:</b>	
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	3,976,888
Cash and cash equivalents-Capital Fund	5,287,382
Capital assets:	
Capital assets-Land	2,579,182
Capital assets-Capital projects in progress	9,105,662
Capital equipment and improvements, net	27,625,745
Lease receivable-net of current portion	<u>12,433,045</u>
<b>Total noncurrent assets</b>	<b><u>61,007,904</u></b>
<b>Total assets</b>	<b>\$ <u>65,377,468</u></b>
<b><i>Liabilities and Net Position</i></b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 8,701,312
<b>Long-term liabilities:</b>	
Deferred Revenue	<u>160,564</u>
<b>Total liabilities</b>	<b><u>8,861,876</u></b>
<b>Deferred inflows of resources:</b>	
Lease deferred inflow-GASB 87	<u>12,583,813</u>
<b>Total deferred inflows of resources</b>	<b><u>12,583,813</u></b>
<b>Net position:</b>	
Net investment in capital assets	39,150,025
Restricted for Passenger Facility Charges	4,400,360
Unrestricted	<u>381,394</u>
<b>Total net position</b>	<b><u>43,931,779</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ <u>65,377,468</u></b>

See accompanying notes to basic financial statements.



**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Statement of Activities**

**Year ended June 30, 2024**

<b>Functions/Programs:</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Governmental activities:</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Total Governmental Activities</b>
Airport operations	\$ 7,264,202	758,173	-	-	(6,506,029)
Government reimbursements	-	-	-	3,125,625	3,125,625
Expense reimbursements and other income	-	2,416,932	-	-	2,416,932
Passenger Facility Charges	-	2,195,491	-	-	2,195,491
<b>Total governmental activities</b>	<b>\$ 7,264,202</b>	<b>5,370,596</b>	<b>-</b>	<b>3,125,625</b>	<b>1,232,019</b>
<b>General revenues:</b>					
Investment income					188,166
Interest income-GASB 87					403,959
					1,824,144
					1,824,144
					Net position-beginning of year
					42,107,635
					Net position-end of year
					\$ 43,931,779

See accompanying notes to basic financial statements.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Balance Sheet-Governmental Fund Type and Account Groups**

**June 30, 2024**

	<u>Admin Fund</u>	<u>Airfield Fund</u>	<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	\$ 7,311	47,049	251,825	3,976,888	5,287,382	9,570,455
Accounts receivable, net	50,362	583,461	-	432,822	-	1,066,645
Grants and government reimbursements receivable, net	-	-	-	-	2,801,671	2,801,671
Prepaid expenses	<u>10,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,095</u>	<u>44,295</u>
Total assets	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>4,409,710</u>	<u>8,123,148</u>	<u>13,483,066</u>
 <i>Liabilities and Fund Balances</i>						
Accounts payable and accrued expenses	\$ 107,720	630,510	-	-	7,963,082	8,701,312
Interfund balances payable (receivable)	<u>1,008</u>	<u>-</u>	<u>(170,424)</u>	<u>9,350</u>	<u>160,066</u>	<u>-</u>
Total liabilities	<u>108,728</u>	<u>630,510</u>	<u>(170,424)</u>	<u>9,350</u>	<u>8,123,148</u>	<u>8,701,312</u>
<b>Fund net position:</b>						
Nonspendable	10,200	-	-	-	34,095	44,295
Restricted	-	-	-	4,400,360	-	4,400,360
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>(51,055)</u>	<u>-</u>	<u>422,249</u>	<u>-</u>	<u>(34,095)</u>	<u>337,099</u>
Total fund balance (deficit)	<u>(40,855)</u>	<u>-</u>	<u>422,249</u>	<u>4,400,360</u>	<u>-</u>	<u>4,781,754</u>
Total liabilities and fund balances	<u>\$ 67,873</u>	<u>630,510</u>	<u>251,825</u>	<u>4,409,710</u>	<u>8,123,148</u>	<u>13,483,066</u>

Reconciliation of governmental fund net position:

Total fund balances	\$ 4,781,754
Reconciling items:	
Long-term deferred revenue	(160,564)
Land	2,579,182
Construction in progress	9,105,662
Capital equipment and improvements	56,574,480
Less accumulated depreciation	<u>(28,948,735)</u>
Net position of governmental activities	<u>\$ 43,931,779</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, 2024

	Admin Fund	Airfield Fund	General Fund	Restricted Fund (Passenger Facility Charges)	Restricted Fund (Capital Projects)	Total
<b>Revenues:</b>						
Government reimbursements	\$ -	-	-	-	3,125,625	3,125,625
Concessions, fees and rentals	231,470	526,093	-	2,195,491	610	2,953,664
Expense reimbursements and other income	27,322	2,389,376	234	-	-	2,416,932
Interest income-GASB 87	403,959	-	-	-	-	403,959
Interest and investment income	-	-	252	60,928	126,986	188,166
<b>Total revenues</b>	<b>662,751</b>	<b>2,915,469</b>	<b>486</b>	<b>2,256,419</b>	<b>3,253,221</b>	<b>9,088,346</b>
<b>Authority expenses:</b>						
Professional fees	313,947	-	-	-	-	313,947
Authority management	306,451	-	-	-	-	306,451
Management and performance fees	-	140,000	-	-	-	140,000
<b>Airport operations:</b>						
Salaries and benefits	-	1,860,028	-	-	-	1,860,028
Maintenance	578	545,178	-	-	-	545,756
Administration, office and marketing expenses	6,627	183,822	-	-	12,064	202,513
Utilities	-	112,479	-	-	-	112,479
Residential sound insulation	-	-	-	-	940,932	940,932
Security	-	10,654	-	-	74,298	84,952
Insurance	8,520	63,308	-	-	-	71,828
<b>Capital outlays:</b>						
Infrastructure capital costs	-	-	-	-	2,099,640	2,099,640
<b>Total expenditures</b>	<b>636,123</b>	<b>2,915,469</b>	<b>-</b>	<b>-</b>	<b>3,126,934</b>	<b>6,678,526</b>
<b>Other financing sources and uses, including transfers:</b>						
Interfund transfers	-	-	135,637	(9,350)	(126,287)	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>135,637</b>	<b>(9,350)</b>	<b>(126,287)</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>26,628</b>	<b>-</b>	<b>136,123</b>	<b>2,247,069</b>	<b>-</b>	<b>2,409,820</b>
<b>Fund balances - beginning of year</b>	<b>(67,483)</b>	<b>-</b>	<b>286,126</b>	<b>2,153,291</b>	<b>-</b>	<b>2,371,934</b>
<b>Fund balances - end of year</b>	<b>\$ (40,855)</b>	<b>-</b>	<b>422,249</b>	<b>4,400,360</b>	<b>-</b>	<b>4,781,754</b>

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

Total net change in fund balances-governmental funds	\$ 2,409,820
Reconciling items:	
Expenditures for capital projects-capitalized and expensed as depreciation over the estimated useful lives in the statement of activities, net of long-term debt	2,099,640
Depreciation expense	(2,685,316)
Change in net position of governmental activities	\$ 1,824,144

See accompanying notes to basic financial statements.

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### (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*” (the “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 and 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.
- Establish a Board of Directors to carry out functions.
- Employ staff, borrow funds, and issue and sell bonds.
- Acquire property by purchase or lease.
- Prepare and issue budgets.
- 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 has the primary accountability for fiscal matters. Therefore, the Authority is a financial reporting entity as defined by Government Accounting Standards Board (“GASB”) in its Statement No. 14, “*The Financial Reporting Entity*.” There are no component units included within the reporting entity.

An Executive Director is appointed by the Board and is responsible for the day-to-day activities of the Authority.

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, 2024

### (1) Summary of Significant Accounting Policies (continued)

#### *Background and Reporting Entity (continued)*

On August 19, 2022, the Authority executed three agreements that collectively resulted in significant changes to the Authority's operating structure. Firstly, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement. The Authority then executed the sixth amendment to the management agreement with Avports HVN, LLC (the "Manager") and a Lease and Development Agreement with The New HVN, LLC (the "Lessee"). Each agreement has a term of 43 years.

The amended agreement with the City extended the term date to June 30, 2064. The annual rent remains \$1. The amended operating agreement eliminates City operating subsidies beyond FY23. The other basic terms of the amended agreement are:

- Permits the Authority to enter into sublease and operating agreements.
- Permits the Authority to work with the Lessee, as sublessee for the design, construction, financing, operation, and maintenance of a new east terminal and associated ancillary and safety facilities including but not limited to parking, roads, and concessions, and extension of runway 2-20 as described in the Airport Master Plan, a new taxiway adjacent to the east terminal, and access roads to the east terminal.
- Restricts the Lessee from using landing fees or other financial incentives to attract general aviation to the Airport.
- Establishes and includes performance standards to address noise, traffic, wetlands restoration, tidal and water monitoring systems, diversity and hiring programs, sustainability, and general aviation operations.

Under the terms of the amended management agreement, the Manager manages the airfield as the Authority's agent. The Manager also oversees the construction of the runway expansion. The Authority continues to collect landing and fuel flowage fees and is responsible for paying operating expenses to the Manager. If airfield expenses exceed revenues, the deficit is to be paid by the Lessee.

The Lessee has financial and operational responsibility to design, build, finance, operate, and maintain commercial passenger terminals, which includes the current west side and future east side terminal. The Lessee also has responsibility for capital planning, funding, and future Airport development within areas permitted by the Lease and Development Agreement. The Lessee is responsible for setting and collecting Airport rents, rates, and fees and approving the operating budget. All costs associated with operating and maintaining the terminals and Airport facilities are the responsibility of the Lessee. Any deficits within the airfield are subsidized by the Lessee under the Lease and Development Agreement.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(1) Summary of Significant Accounting Policies (continued)**

#### ***Background and Reporting Entity (continued)***

The Lessee pays the Authority an annual base rent of \$550,000 adjusted annually beginning in FY25 for changes in the Consumer Price Index, a tiered percentage of gross revenues up to 8%, up to an additional \$200,000 annually for consulting and professional fees associated with the new terminal and runway projects, and reimbursement of any Authority costs related to a potential debt issuance for these projects.

The Authority is responsible for its own administrative and professional fees for oversight of the Airport. The Authority is the Airport sponsor for purposes of collecting Passenger Facility Charge (“PFC”) revenues and FAA Airport Improvement Project (“AIP”) grants. The Lessee is responsible for the local match requirements, if any, for AIP funded projects and all other projects required under the Lease and Development Agreement.

The Manager acts as the Authority’s agent for all regulatory compliance including grant applications and PFC reporting. Airport PFCs shall be available to the Lessee to pay capital costs (including debt service on any financing) of the development.

The Authority will create an Airport Reserve Fund (“ARF”) and will fund this from any revenue that the Authority receives in excess of its administrative expenses each year. The ARF can be used at the Authority’s discretion for any lawful purpose. It can also be used to repay the Lessee’s reimbursement of the Authority’s transaction costs, as described below, under an annual formula once the fund reaches a defined level. Once the ARF reaches twice the base rent, initially \$1,100,000, any amount above this is considered the ARF surplus. Fifty percent of the ARF surplus is paid towards the outstanding reimbursement balance each year.

#### ***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 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 presents information showing how the Authority’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the related timing of cash flows. The “Grants and Contributions” columns include amounts paid by organizations outside the Authority to help meet operational and capital 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.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(1) Summary of Significant Accounting Policies (continued)**

#### ***Government-wide and Fund Financial Statements (continued)***

The fund financial statements provide reports on the financial condition and the results of operations for five fund categories – three 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 balances 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, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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.

Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. Accordingly, when such funds are received in advance of disbursements, 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. The Lessee may elect to commence a capital project in advance of an approved grant. As such, the final grant amount, the portion that is PFC eligible, and the local share paid by the Lessee may differ from those estimated as capital expenditures are incurred. A final determination of capital project funding sources will be completed following grant close-outs with the Lessee covering any ineligible project costs via additional rental contributions.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(1) Summary of Significant Accounting Policies (continued)**

#### ***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 balance (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 of the General Fund, the Administration (“Admin”) Fund, the Airfield Fund, and two Special Revenue Fund account groups due to the nature of the Authority’s activities. The Authority will create the ARF Fund as required under the Lease and Development Agreement once the Admin Fund shows a cumulative surplus.

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

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related loans that are attributable to the acquisition and improvement of those assets.
- Restricted for PFC – This category is used to account for collection of PFCs and payment or reimbursement of related capital improvements by the Airport. PFCs 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 fund is restricted and may be spent only in connection with FAA application and approval procedures.
- 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.



# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(1) Summary of Significant Accounting Policies (continued)**

#### ***Fund Equity and Net Position (continued)***

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (“GASB 54”) “*Fund Balance Reporting and Governmental Fund Type*” which defines the different types of fund balances that the Authority must use for its governmental funds. GASB 54 requires the fund balance to be properly reported within one of the following categories for fund financial reporting purposes:

- Nonspendable – fund balance amounts associated with inventories, prepaids, and long-term receivables and payables.
- Restricted – fund balance amounts that can be spent only for the specific purposes stipulated by external source providers or enabling legislation.
- Committed – fund balance 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 balance 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 balance amounts remaining for the General, Admin, and Airfield Funds that are spendable.

The Authority’s committed fund balance reporting is required when funds have been committed at an Authority board meeting. The Authority’s assigned fund balance 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 balance in the following order: nonspendable, assigned, committed, restricted, and unassigned.

#### ***Budgetary Information and Accounting***

The Authority has operating budgets prepared under the modified accrual basis of accounting for the Admin and Airfield Funds. Both budgets are approved by the Board of Directors, however the Lessee has certain approval rights for the Airfield Operating Budget.

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### (1) Summary of Significant Accounting Policies (continued)

#### *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.

#### *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 may establish an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2024.

#### *Capital Assets*

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

#### *Lease Receivable*

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources should be measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

#### *Deferred Inflows of Resources*

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority's reporting of deferred inflows of resources relates to lease receivables that will be recognized as revenue in a systematic and rational manner over the term of the lease.

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### (1) Summary of Significant Accounting Policies (continued)

#### *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, 2024, 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 PFCs are restricted for use and subject to approval by the FAA. Additionally, the cash and other assets in the Capital Project Fund are restricted to Airport capital improvements and major maintenance and repairs. The Authority has used the Capital Project Funds to purchase land and buildings adjacent to Airport property for future use in Airport development and to improve infrastructure at the Airport.

#### *Total Columns on Statements*

Total columns on the fund financial statements 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 February 19, 2025, 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.

### (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.

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to Financial Statements**

**Year ended June 30, 2024**

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

The following is a reconciliation between the Governmental Funds balance sheet and the statement of net position at June 30, 2024:

Fund balances		\$ 4,781,754
Add: Land	2,579,182	
Construction in progress	9,105,662	
Capital equipment and improvements	56,574,480	
Less: Accumulated depreciation	( 28,948,735)	
Long-term deferred revenues	<u>( 160,564)</u>	<u>39,150,025</u>
Net position of governmental activities		<u>\$43,931,779</u>

The statement of revenues, expenditures, and changes in fund balance - Governmental Funds provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, 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, changes in fund balances, and the statement of activities for the year ended June 30, 2024:

Net change in fund balances -governmental funds \$2,409,820

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 is as follows:

Expenditures for capital projects	2,260,204
Long-term deferred revenue	( 160,564)
Depreciation expense	<u>( 2,685,316)</u>
Change in net position	<u>\$1,824,144</u>

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to Financial Statements**

**Year ended June 30, 2024**

**(3) Cash and Cash Equivalents**

Cash and cash equivalents, for the General, Admin and Airfield Funds and the Restricted Funds, consisted of the following in the statement of net position at June 30, 2024:

Deposits	\$8,591,320
Money market funds	<u>979,135</u>
	<u>\$9,570,455</u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned, or the Authority 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, 2024, the aggregate cash balances on deposit at the financial institutions used by the Authority exceeded FDIC deposit insurance limits by approximately \$9,530,000.

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, government reimbursements, and other assets restricted for use on future capital projects. Until restricted funds are required for disbursements, the Authority transfers available funds to interest bearing accounts.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to Financial Statements**

**Year ended June 30, 2024**

**(5) Capital Assets**

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2024:

	Not Depreciated		Depreciated		Totals
	Land	Construction in Progress	Improvements	Vehicles and Equipment	
<b>Capital Assets</b>					
Beginning Balance	\$ 2,579,182	8,006,804	52,555,362	2,857,770	65,999,118
Increases	-	1,099,128	-	1,161,346	2,260,474
Decreases	-	-	-	-	-
Transfers	-	-	-	-	-
Ending Balance	<u>2,579,182</u>	<u>9,105,932</u>	<u>52,555,362</u>	<u>4,019,116</u>	<u>68,259,592</u>
<b>Accumulated Depreciation</b>					
Beginning Balance	-	-	25,355,555	907,862	26,263,417
Increases	-	-	2,685,316	-	2,685,316
Decreases	-	-	-	-	-
Ending Balance	<u>-</u>	<u>-</u>	<u>28,040,871</u>	<u>907,862</u>	<u>28,948,733</u>
Capital Assets, net	<u>\$ 2,579,182</u>	<u>9,105,932</u>	<u>24,514,491</u>	<u>3,111,254</u>	<u>39,310,859</u>

**(6) Lease Accounting (GASB 87)**

Government Accounting Standards Board Statement No. 87 (“GASB 87”) establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessor is required to recognize, for each lease, a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the term of the lease. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods. Interest revenue is recognized on the lease receivable and the inflow of resources (revenue) is recognized from the deferred inflows of resources in a systematic and rational manner over the term of the lease. Certain regulated leases that are subject to external laws, regulations, or legal rulings (e.g. the FAA) do not recognize a lease receivable. Regulated leases include leases between airports and air carriers and other aeronautical users.

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to Financial Statements**

**Year ended June 30, 2024**

**(6) Lease Accounting (GASB 87) (continued)**

The Authority, as lessor in its agreement with The New HVN, LLC, subleases terminal and parking space (non-aeronautical) and hangar (aeronautical) space to the lessee. Under GASB 87, when a lease contains multiple components, the lease may be accounted for as a single lease when the various components of the lease cannot be practically allocated among its components. If multiple components are accounted for as a single lease unit, the accounting for that unit should be based on the primary lease component. The Authority has concluded that the primary components of the lease with The New HVN, LLC are primarily non-aeronautical and therefore the Authority recognizes a receivable and a deferred inflow of resources in accordance with GASB 87.

The Authority's lease with The New HVN, LLC commenced August 19, 2022, and expires August 19, 2065, with no extension options. The lease requires payment of an annual base rent in the amount of \$550,000 paid in monthly installments. The lease includes variable revenue components, including: increases for future increases in the Consumer Price Index, a percentage of lessee gross revenues, and certain professional fee reimbursements associated with new terminal and runway projects. Variable revenues are not included in the measurement of the lease receivable. The Authority recognized approximately \$112,000 in variable lease revenue for FY24.

During the year ended June 30, 2024, the Authority recognized the following inflows related to the lease:

Lease revenue	\$146,041
Interest revenue	403,959
Revenue from variable payments not included in measurement of lease receivable	<u>112,235</u>
	<u>\$662,235</u>

Amounts recognized as lease receivables and deferred inflows of resources-leases was \$12,583,813 at ended June 30, 2024. The GASB 87 lease receivable rate was 3.19% at the inception of the lease. The Authority used the Bloomberg 30-year Municipal Benchmark to estimate the discount rate.

(Continued)

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to Financial Statements**

**Year ended June 30, 2024**

**(6) Lease Accounting (GASB 87) (continued)**

The table below summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows, and lease interest receivable as of June 30, 2024:

<u>Fiscal Year</u>	<u>Lease Receivable</u>	<u>Lease Interest</u>	<u>Total Lease Payments</u>
2025	\$ 150,768	399,232	550,000
2026	155,648	394,352	550,000
2027	160,687	389,313	550,000
2028	165,888	384,112	550,000
2029	171,258	378,742	550,000
2030-2034	943,124	1,806,876	2,750,000
2035-2039	1,105,981	1,644,019	2,750,000
2040-2044	1,296,956	1,453,044	2,750,000
2045-2049	1,520,909	1,229,091	2,750,000
2050-2054	1,783,535	966,465	2,750,000
2055-2059	2,091,507	658,493	2,750,000
2060-2064	2,452,661	297,339	2,750,000
2065-2066	584,891	37,554	622,445
	<u>\$ 12,583,813</u>	<u>10,038,632</u>	<u>22,622,445</u>

**(7) State and Municipal Funding**

The Authority did not recognize any State of Connecticut (“State”) operating subsidies or grant funds in FY24. The Authority received \$40,000 in State funds in FY24. Those funds were recognized into income in a previous fiscal year and represent the State’s portion of sound insulation projects that the State agreed to fund in 2020. The completion of this project was delayed due to COVID-19.

The Authority did not receive any operating funds during the fiscal year ended June 30, 2024 from the City and the Authority has not budgeted any revenues from the City for future years.

The City of New Haven has historically provided funding for general Airport improvements and purchases to support a safe operating environment for both commercial air service and general aviation activities through a pledge of bond funds in the City’s adopted budget. This has included funding for capital improvements as part of the local share required for certain FAA grants.

The Authority did not receive any local share of improvement funds from the City in FY24, but has requested reimbursements from the City from bond funds previously pledged to the Authority. This includes costs related to the recently completed Residential Sound Insulation Program – Phase #6, upgrades to the West Terminal, maintenance on the Authority’s ARFF vehicles, and obstruction removals at nearby properties.

(Continued)



# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(7) State and Municipal Funding (continued)**

The City, in previous fiscal years, advanced funds to the Authority to fund equipment and payments to contractors and suppliers for capital projects in advance of reimbursement from the FAA and the State. The Authority reimburses the City after filing the required funding requests and project close-out documentation with the FAA, and funds have been received. Project costs not funded by the FAA or the State were considered the local match. No funds were advanced by the City during the year ended June 30, 2024. Accumulated grant funds received or receivable by the Authority and payable to the City were approximately \$5,146,000 for FY24 with final balances subject to FAA review and close-out and a reconciliation of final amounts owed to and from the City.

### **(8) Federal Funding**

The Authority received funding for expenditures reimbursable under the FAA AIP and the Airport and Law Enforcement Officer (“LEO”) grants administered by the TSA. The Authority recognized approximately \$3,050,000 in FAA AIP grant income and \$74,000 in LEO grant income during FY24.

### **(9) Grants Receivable**

Grants receivable consisted of Authority expenditures reimbursable under FAA AIP at the Airport in the amount of \$2,801,671 at June 30, 2024.

### **(10) Leased Premises, Transfer of Personal Property and Airport Assets**

In accordance with Section 3.1 of the 1998 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.

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. See Note 1.

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, 2024. On August 19, 2022, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement extending the term through June 30, 2064.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### **(11) Management Agreement**

The Authority entered into a management agreement with Avports on July 1, 1998 to operate the Airport. In conjunction with the 43-year Lease and Development Agreement signed August 19, 2022, the existing management agreement was amended and restated with a term of 43 years with Avports operating under the new name of Avports HVN, LLC. Avports HVN, LLC would also commence an extension of Runway 2-20. See Note 1.

Under the amended management agreement, AvPorts HVN, LLC is primarily responsible for managing the airfield as the Authority's agent. Certain roles and responsibilities previously performed by the manager relating to the terminal and air service development are now performed by the Lessee. A reasonable management fee in line with industry standards is to be included in the Airfield Operating Budget and payable to the Manager. This fee replaces the previous arrangement that also provided for engineering, air service, and incentive fees, and included management of the terminal. The FY24 management fee for the airfield was approximately \$140,000 following the latest amendment.

Amounts due to Avports under the amended management agreement for Airfield expenses totaled approximately \$630,000 at June 30, 2024. Amounts due from the Lessee to cover the related Airfield operating deficit was approximately \$534,000 at June 30, 2024.

The amended management agreement requires the Lessee to maintain the Authority's Capital Fund. The Lessee is responsible for all capital improvement costs at the Airport. The Lessee is responsible for any eligible grant applications. The Authority, as sponsor, receives the grant awards and reimburses the Lessee. If a local match is required, the Lessee is responsible for the cost. If eligible, PFC funds may be available to the Lessee for local match and other costs. Amounts owed by the Authority to the Lessee for capital improvements expected to be reimbursed under FAA AIP grants were approximately \$2,817,000 at June 30, 2024.

### **(12) Airport Reserve Fund**

The Lease and Development Agreement signed August 19, 2022, requires any surplus in the Admin Fund be transferred to the Airport Reserve Fund ("ARF") at year end. Funds maintained in the ARF can be used for any lawful Airport purpose to include capital improvements, repayment of transaction expenses previously reimbursed by the Lessee (approximately \$1,600,000), other unreserved Airport costs and to otherwise enhance the Airport's ability to attract commercial airline activity. The Admin Fund did not contribute to the ARF in FY23 due to an operating deficit. The Admin Fund's gross revenues in excess of expenses for FY24 did not create a cumulative surplus. At June 30, 2024 the Admin Fund's cumulative deficit was (\$40,855). Authority management will continue to monitor the Admin Fund revenue and expenses and will fund the ARF once a surplus is attained.

### **(13) Passenger Facility Charges**

The Airport's initial application to impose PFCs was approved by the FAA in 1993 and a total of eight applications had been approved through June 30, 2024. The Authority submitted PFC an

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### (13) Passenger Facility Charges (continued)

amendment to application number 8 on November 15, 2024 for \$9,350 in administrative costs incurred during previous fiscal years. The Authority now has approval to collect \$10,188,437 of PFCs and related interest. Through June 30, 2024, the Authority has cumulatively collected \$8,984,010 in PFC revenues and interest, of which \$2,148,305 was collected during the fiscal year ended June 30, 2024.

### (14) 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 HVN, LLC and The New HVN, LLC purchase all other insurance coverage for the Airport.

### (15) 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 disallowances on State or municipal projects, if any, will not be material.

The Authority may have contingent liabilities with respect to pending litigation, claims, and disputes which existed at June 30, 2024. The total liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of Authority management that any liabilities (there are presently none known) resulting there from will not have a material adverse effect on the Authority's financial position.

The Lease and Development Agreement states that the terminal portion of the Project Loan (see Note 11) will be assumed by The New HVN, LLC at closing. The Authority recognized the assumption of the Loan by the Lessee during FY23, with revenues of approximately \$6,750,363 recorded in the Capital Fund. Under certain circumstances, such as the Lessee being unable to reach financial close, significant delays, or unfavorable determinations arising from the environmental process, the Lease and Development Agreement may be terminated and the Project Loan and other agreed costs will then be payable by the Authority at the agreed terms.

While there is some uncertainty related to the environmental process and the terminal and runway developments, the Authority has a high level of confidence in these projects and believes that they are in the long-term interests of the Airport and the surrounding community. Therefore, while the Authority is disclosing the possibility that this Loan obligation may return, it has elected not to record a contingent liability for this eventuality.

The Authority will continue to pursue the runway and terminal projects in line with FAA, federal, state, and local requirements.

(Continued)

# TWEED-NEW HAVEN AIRPORT AUTHORITY

## Notes to Financial Statements

Year ended June 30, 2024

### (16) Economic Dependency

A significant portion of total revenue is directly and indirectly related to commercial airline service. During FY24, the Airport was served by and dependent on one major airline, however a second airline commenced operations at the Airport beginning in December 2024. The Airport has historically been dependent on federal, State, and local government grants for Airport improvements and operating subsidies. The Authority has granted the rights to certain airport revenues to The New HVN, LLC who have agreed to make significant financial investments at the Airport through a combination of debt and equity funding.

### (17) 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. 101, *Compensated Absences*.** The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- **Statement No. 102, *Certain Risk Disclosures*.** The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The future impact on the Authority's financial position or results of operations has not yet been determined for the unadopted standards above.

### (18) Subsequent Events

On January 2, 2025, the Authority received a Notice of Transfer from the Lessee dated December 23, 2024, stating that the Lessee will be shifted from being a wholly owned subsidiary of Avports LLC to being a wholly owned subsidiary of Avports LLC's newly formed sister company Avports Development Company, LLC. Both Avports LLC and Avports Development Company, LLC will be wholly owned by Avports Management Newco, LLC. On January 14, 2025, the Authority sent a letter to the Lessee requesting certain clarifications on this Transfer, such as the effective date of this transaction, whether this transaction represents a Change in Control under the terms of the Lease, and information to satisfy the Authority that no consents are needed from the Authority for this transaction.

On February 6, 2024 the Town of East Haven announced their intent to appeal the FAA's decision on the EA and on February 14, 2024 filed a petition for review with the United States Court of Appeals for the District of Columbia Circuit. Following various motions and preliminaries during 2024, the FAA, through the Department of Justice, recently requested an extension to file its brief, which will now be due at the end of February 2025. Under the current schedule, additional briefs are due from the Intervenor and Petitioner by April, with Final briefs anticipated by mid-May 2025.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

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

Year ended June 30, 2024

	<u>Admin Fund</u>		<u>Airfield Fund</u>		<u>General Fund</u>	<u>Restricted Fund</u>	<u>Restricted Fund</u>
	<u>Budgeted Amounts- Final</u>	<u>Actual</u>	<u>Budgeted Amounts- Final</u>	<u>Actual</u>		<u>(Passenger Facility Charges)</u>	<u>(Capital Projects)</u>
<b>Revenues:</b>							
Government reimbursements	\$ -	-	-	-	-	-	3,125,625
Concessions, fees and rentals	610,000	231,470	389,651	526,093	-	2,195,491	610
Expense reimbursements and other income	105,660	27,322	3,684,098	2,389,376	234	-	-
Interest income-GASB 87	-	403,959	-	-	-	-	-
Interest and investment income	-	-	-	-	252	60,928	126,986
<b>Total revenues</b>	<u>715,660</u>	<u>662,751</u>	<u>4,073,749</u>	<u>2,915,469</u>	<u>486</u>	<u>2,256,419</u>	<u>3,253,221</u>
<b>Authority expenses:</b>							
Professional fees	324,060	313,947	-	-	-	-	-
Authority management	311,600	306,451	-	-	-	-	-
Management and performance fees	-	-	140,000	140,000	-	-	-
<b>Airport operations:</b>							
Salaries and benefits	-	-	2,714,339	1,860,028	-	-	-
Maintenance	-	578	668,250	545,178	-	-	-
Administration, office and marketing expenses	75,000	6,627	193,600	183,822	-	-	12,064
Utilities	-	-	205,200	112,479	-	-	-
Residential sound insulation	-	-	-	-	-	-	940,932
Security	-	-	56,000	10,654	-	-	74,298
Insurance	5,000	8,520	96,360	63,308	-	-	-
<b>Capital outlays:</b>							
Infrastructure capital costs	-	-	-	-	-	-	2,099,640
<b>Total expenditures</b>	<u>715,660</u>	<u>636,123</u>	<u>4,073,749</u>	<u>2,915,469</u>	<u>-</u>	<u>-</u>	<u>3,126,934</u>
<b>Other financing sources and uses, including transfers:</b>							
Interfund transfers	-	-	-	-	135,637	(9,350)	(126,287)
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,637</u>	<u>(9,350)</u>	<u>(126,287)</u>
<b>Net changes in fund balances</b>		26,628		-	136,123	2,247,069	-
<b>Fund balances - beginning of year</b>		(67,483)		-	286,126	2,153,291	-
<b>Fund balances - end of year</b>	\$	<u>(40,855)</u>		<u>-</u>	<u>422,249</u>	<u>4,400,360</u>	<u>-</u>

**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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 19, 2025.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Solution + Company, LLC*

February 19, 2025



**Independent Auditor's Report On Compliance For Each Major Program  
And On Internal Control Over Compliance Required By The Uniform Guidance**

To the Board of Commissioners  
Tweed-New Haven Airport Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Tweed-New Haven Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tweed-New Haven Airport Authority's major federal programs for the year ended June 30, 2024. Tweed-New Haven Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Tweed-New Haven Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tweed-New Haven Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tweed-New Haven Airport Authority's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Tweed-New Haven Airport Authority's federal programs.



## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tweed-New Haven Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tweed-New Haven Airport Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tweed-New Haven Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Tweed-New Haven Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tweed-New Haven Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Solakian + Company, LLC*

February 19, 2025

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2024**

<u><b>Federal Agency/Pass-through Agency/Program Title</b></u>	<u><b>Federal Assistance Listing Number</b></u>	<u><b>Grant Number</b></u>	<u><b>Federal Expenditures</b></u>
U.S. Department of Transportation- Airport Improvement Program:			
Residential Sound Insulation Program - Phase 6	20.106	3-09-0013-057-2020	940,932
Twys A F G Construction Ph 1 & Relocate Perimeter Fence	20.106	3-09-0013-061-2021	653,945
Airport Rescue Grant	20.106	3-09-0013-064-2022	10,465
Environmental Assessment Five Year Development	20.106	3-09-0013-066-2022	399,873
Acquire Snow Removal Equipment	20.106	3-09-0013-067-2022	1,046,112
TSA Law Enforcement Officer Grant	97.090	N/A	<u>74,298</u>
<b>Total U.S. Department of Transportation -Airport Improvement Program</b>			<b>\$ <u><u>3,125,625</u></u></b>

See notes to schedule of expenditures of federal awards.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year ended June 30, 2024**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Tweed-New Haven Airport Authority (Authority) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**Note 3 – Amendments to Agreement with City of New Haven**

On August 19, 2022, the Authority executed three agreements that collectively resulted in significant changes to the Authority's operating structure. Firstly, the City of New Haven (City) and the Authority entered into an Amended and Restated Lease and Operating Agreement. The Authority then executed the sixth amendment to the management agreement with Avports HVN, LLC (Manager) and a Lease and Development Agreement with The New HVN, LLC (Lessee). Each agreement has a term of 43 years. The amended agreement with the City extended the term date to June 30, 2064.

**TWEED-NEW HAVEN AIRPORT AUTHORITY**

**Schedule of Findings and Questioned Costs - Federal Awards**

**Year ended June 30, 2024**

**Section 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 deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- Significant deficiency(ies) 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 200.516 of the Uniform Guidance? \_\_\_\_\_ yes  X  no

Identification of major programs:

CFDA Number(s): 20.106 - U.S. Department of Transportation-Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$  750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**Section II – Financial Statement Findings**

No findings or questioned costs are reported relating to financial statements audit.

**Section III– Federal Award Findings and Questioned Costs**

No findings or questioned costs are reported relating to Federal award programs.