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CERTIFICATE OF DELIVERY

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

I further certify that the original of this report was delivered to John M. Picard, Chairman, on the 27th day of January 27, 2023.

Solakian & Company, LLC

Solakian & Company, LLC



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF FINANCE

FY 2021-2022 MUNICIPAL AUDIT QUESTIONNAIRE

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

Name of Auditee _____

Fiscal Period under Audit _____

(Audit Firm Name)

(Signature)

(Date)

This Questionnaire was reviewed with and a copy given to:

Name of Municipal Official

on

Date

Title of Municipal Official

Telephone

	<u>YES</u>	<u>NO</u>	<u>NA</u>
1. Did you inform the town, city or Borough clerk of that part of Section 7-394 of the General Statutes which provides that within one week after receiving the audit report he/she shall cause to be published a legal notice in a newspaper having a substantial circulation in the municipality that the report is on file in said clerk's office?	_____	_____	_____
2. Did you obtain a letter from municipal counsel with respect to unpaid or pending judgments and as to any other legal proceeding affecting the municipality's finances?	_____	_____	_____
3. Were financial statements and/or books and records of the entity made available within a reasonable time after the close of the fiscal year?	_____	_____	_____
4. Did the entity issue tax anticipation notes (TANs) during the fiscal year? (If yes, the notes to the financial statements should provide details regarding such TANs, including the purpose for which the TANs were issued.)	_____	_____	_____
5. Was a separate management letter issued in addition to the Internal Control Report? If so, it must be submitted to the Office of Policy and Management with the audit report.	_____	_____	_____
6. Were municipal officials (including the chief elected or executive official and governing body of the municipal entity) made aware of findings and recommendations resulting from the audit?	_____	_____	_____
7. Federal Single Audit Act as Amended, 1996; Uniform Guidance for Federal Awards (Title 2 of CFR, 12/26/13)			
(a) Did you conduct a Single Audit of Federal Financial Assistance expended by the entity for FY 2021-22?	_____	_____	_____
(b) Is a copy of the Single Audit included in the reporting package submitted?	_____	_____	_____
8. State Single Audit (SSA) Act as amended by P.A. 09-7; Regulations to the SSA Act as amended by P.A. 09-7			
(a) Did you conduct a Single Audit of state financial assistance expended by the entity for FY 2021-22 or a program-specific audit of the entity's sole state program?	_____	_____	_____
(b) Is a copy of the State Single Audit or program-specific audit included in the reporting package submitted?	_____	_____	_____

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



TWEED-NEW HAVEN AIRPORT AUTHORITY

Government-wide Financial Statements and Single Audit Reports

Year ended June 30, 2022

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, 2022, 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, 2022, 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 1-11 and 34 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*, and the schedule of expenditures of state financial assistance as required by the State Single Audit Act are presented for purposes of additional analysis and are 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 January 18, 2023, 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.



January 18, 2023

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Tweed New Haven Airport Authority (the “Authority”) offers readers the following overview and analysis of the financial activities at the Tweed New Haven Airport (the “Airport”) for the fiscal year ended June 30, 2022 (FY22). Complete financial information begins on page 12.

The Authority has witnessed an historic transformation over the last 18 months. During the COVID-19 pandemic, American Airlines reduced its flights schedules and the Airport recorded only 7,052 enplanements in FY21. This is down from 42,273 enplanements in FY19, the highest level in a decade.

But following significant investments in the terminal facilities and the continued growth of Avelo Airlines since its entrance into the New Haven market in November 2021, the Airport saw more than 43,000 enplanements in the month of July alone and is on track to exceed 330,000 enplanements in the 2022 calendar year. From having service to only one destination at the end of 2021, the Airport now offers non-stop flights to 14 locations on Avelo. Following the six initial routes to Florida launched last winter, Avelo has since added Nashville, Charleston SC, Myrtle Beach, Chicago, Baltimore/Washington D.C., Raleigh/Durham, Savannah, and Wilmington NC. Avelo now bases 5 aircraft at the Airport and has approximately 215 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 with The New HVN, LLC that included plans for future airfield enhancement 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 starting point for these agreements was an Amended and Restated Lease and Operating Agreement between the City of New Haven and the Authority extending the existing lease for an additional 43 years. This agreement no longer anticipates the City providing subsidies for Airport operations or financial assistance for Airport capital projects.

The Authority has engaged a consulting firm to prepare an Environmental Assessment that analyzes 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. Finalization of the draft Environmental Assessment will be subject to public review and comment in the next several months.

The long-term agreements with The New HVN, LLC and Avports HVN, LLC transfer significant financial risks from the Authority and eliminate reliance on State and City subsidies to fund operating and capital costs. Significant steps remain with regards to FAA environmental review, governmental permitting and private financing of the eastside airfield and terminal improvements.

The changes to the Authority's operating and financial structure necessitated by these agreements will be reflected in the FY23 financial statements.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Financial Highlights

- Total assets exceeded liabilities by \$27,951,366 at the close of the fiscal year. Of this amount, (\$1,379,675) represents a deficit in the unrestricted net position. Net position restricted for Capital Projects amounted to \$29,157,862 and the net position restricted in the Passenger Facility Charge Fund totaled \$173,179.
- General Fund revenues for FY22 were \$6,630,364, an increase of \$3,129,503 from FY21. The majority of the increase was due to certain professional fee reimbursements related to the new Lease and Development Agreement, and higher parking, concession, and airline revenues due to the addition of new air service at the Airport and a significant increase in the number of enplanements.
- The operating subsidies from the City of New Haven (City) and the State of Connecticut (State) totaled \$300,000 and \$750,000, respectively. The State subsidy was reduced from \$1,500,000. The City subsidy remained unchanged.
- City and State subsidies represented 62% of airport General Fund revenues in FY20, 51% in FY21 and 16% for FY22. The State operating subsidy was eliminated effective January 1, 2022. City operating support was reduced to \$162,500 for fiscal year 2022-2023 and is not anticipated for future years.
- General Fund revenues for FY22 includes \$1,016,669 under a Federal CARES Act grant. The Airport also received an Airport Rescue Grant in the amount of \$1,240,815 which will be recognized as income in FY23.
- General Fund expenses for FY22 were \$6,491,950, or 67.2% higher than FY21. This is largely attributable to an increase in legal and professional fees associated with the Authority's new agreements with Avports and the City. Airport operations expenses were higher due to the increased activity at the Airport in FY22.
- Salaries and benefits were \$1,829,403, an increase of \$321,759 but less than the budgeted figure of \$2,473,270. The Authority initially anticipated Avelo commencing earlier in FY22.
- 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 and community relations. Authority management expenses were \$132,150 in FY22, an increase of 9% from FY21.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Financial Highlights (continued)

- Professional fees include general corporate legal services, accounting, and the services of the independent auditor. Total expenses for these services in FY22 were \$2,155,361. Professional fees were higher than the total of \$1,005,457 spent on these items in FY21 and higher than the FY22 budget figure of \$150,000, a majority of which were related to the new Lease and Development Agreement. A total of \$1,600,000 of professional fees incurred during the negotiation and development of the new agreements were reimbursed by Avports. The Authority recognized \$1,033,658 in such reimbursements in FY22 and the balance will be matched against similar professional fees and recognized in FY23.
- The balance sheet reflects that unrestricted cash and cash equivalents were \$1,159,209. Cash and cash equivalents in all three Funds were \$5,680,892 on June 30, 2022. The Authority entered into a long-term project loan for certain improvements at the Airport. The balance outstanding at June 30, 2022 was \$7,466,072. The majority of the loan is forgivable following the execution of the Lease and Development Agreement. However, under certain circumstances, including, but not limited to Authority default under the Lease and Development Agreement, or Avports being unable to reach financial close, portions of the loan and related costs may become payable to Avports.

Management believes that future cash flow from operations and concessions, together with government grants and contractual reimbursements will be adequate to meet its anticipated financial obligations as set forth in the FY23 Operating Budget. The Authority developed two Operating Budgets for FY23. The first assumed that the Authority would continue operating the Airport consistent with prior years, while the second assumed the signing of the Lease and Development Agreement.

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 12 and 13); and provide information about the activities of the Authority as a whole. The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Both long-term assets and long-term liabilities are measured using this basis of accounting. The remaining statements are fund financial statements that focus on individual parts of the Authority, reporting the Authority's General Fund operations in more detail than the government-wide financial statements, and start on page 14.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Overview of the Financial Statements (Continued)

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

Government-Wide Statements

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

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

Fund Financial Statements

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

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

The Authority maintains three individual governmental funds – the General Fund and two special revenue funds. The General Fund accounts for the basic operations of the Airport. The Restricted Fund (Passenger Facility Charges) is used to account for the collection of passenger facility charges. Cash in this governmental fund may only be spent with prior FAA approval. The Restricted Fund (Capital Projects) is comprised of FAA and DOT reimbursements received for prior payments made by the Authority. These funds were appropriated for capital projects and are restricted for such use. The fund financial statements can be found on pages 14 and 15.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Government-Wide Financial Analysis

Net Position

The Authority's net position increased \$2,475,214 before prior period adjustments during FY22. Total net position includes \$35,916,225 of land, equipment and capital improvements. Total unrestricted net position reflects a deficit of (\$1,379,675), a decrease of \$615,526 from FY21. The Statement of Net Position at June 30, 2022 is shown below:

<i>Assets</i>	Governmental Activities
Current assets:	
Cash and cash equivalents	\$ 1,159,209
Accounts receivable, net	2,269,437
Grants and government reimbursements receivable, net	2,913,161
Total current assets	<u>6,341,807</u>
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	551,335
Cash and cash equivalents-Capital Fund	3,970,348
Capital assets-Land	2,579,182
Capital assets-Capital projects in progress	2,894,065
Capital equipment and improvements, net	30,442,978
Total restricted assets	<u>40,437,908</u>
Total assets	<u>\$ 46,779,715</u>
<i>Liabilities and Net Position</i>	
Current liabilities:	
Current portion of long-term liabilities	\$ 707,709
Accounts payable and accrued expenses	9,292,421
Deferred revenue	2,069,856
Total current liabilities	<u>12,069,986</u>
Long-term liabilities:	
Project loan payable	6,758,363
Total liabilities	<u>18,828,349</u>
Net Position:	
Net investment in capital assets	29,157,862
Restricted for Passenger Facility Charges	173,179
Unrestricted	(1,379,675)
Total net position	<u>27,951,366</u>
Total liabilities and net position	<u>\$ 46,779,715</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Government-Wide Financial Analysis (continued)

Statement of Activities

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

Governmental activities are determined by subtracting from program revenues, grants and contributions and government reimbursements total operating expenses. In FY22, net governmental activities including the restricted accounts resulted in net income of \$2,470,611 and investment income was \$4,603 for a change in net position of \$2,475,214. This figure, when added to the Authority's net position of \$25,476,152 at the beginning of the fiscal year, equals net position of \$27,951,366 at the end of the fiscal year.

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

Revenues by major functions:

Functions/Programs:	2022			
	Program Revenues	Grants and Contributions	Investment income	Total Revenue
Primary government-governmental activities:				
Airport operations and capital projects	\$ 2,738,751	1,050,000	4,603	3,793,354
Airport parking lot	1,773,051	-	-	1,773,051
Government reimbursements and other income	-	6,300,971	-	6,300,971
Passenger facility charges	999,348	-	-	999,348
Total Revenue	\$ 5,511,150	7,350,971	4,603	12,866,724

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

Functions/Programs:	2022	2021
	Expenses	Expenses
Primary government-governmental activities:		
Airport operations	\$ 10,391,510	\$ 4,013,704
Total Expenses	\$ 10,391,510	\$ 4,013,704

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Fund Financial Statement Analysis

Balance Sheet

The balance sheet presents information on the Authority's assets and liabilities. At the end of FY22, total General Fund assets were \$3,287,930 with no long-term liabilities or debt. At the end of FY22, Restricted Capital Projects Fund assets were \$6,832,381 with current portion of long-term debt of \$707,709 and Restricted Passenger Facility Charge Fund assets were \$743,179. See table below:

	2022			
	<u>General Fund</u>	<u>Restricted Fund (PFCs)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,159,209	551,335	3,970,348	5,680,892
Accounts receivable, net	2,077,593	191,844	-	2,269,437
Grant and reimbursements receivable	51,128	-	2,862,033	2,913,161
Total assets	<u>\$ 3,287,930</u>	<u>743,179</u>	<u>6,832,381</u>	<u>10,863,490</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 3,090,256	-	6,202,165	9,292,421
Current portion of long-term debt	-	-	707,709	707,709
Interfund balances payable (receivable)	(492,507)	570,000	(77,493)	-
Deferred revenue	2,069,856	-	-	2,069,856
Total Current Liabilities	<u>4,667,605</u>	<u>570,000</u>	<u>6,832,381</u>	<u>12,069,986</u>
Fund balance	<u>(1,379,675)</u>	<u>173,179</u>	<u>-</u>	<u>(1,206,496)</u>
Total liabilities and fund balances	<u>\$ 3,287,930</u>	<u>743,179</u>	<u>6,832,381</u>	<u>10,863,490</u>

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

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 deficit of the General Fund was (\$1,379,675) at the end of FY22, compared to a fund deficit of (\$764,149) at the end of FY21. The fund balance of the Restricted Capital Projects Fund was \$0 at the end of FY22 compared to a Capital Projects fund deficit of (\$438,166) at the end of FY21.

The Fund Balance of the Passenger Facility Charge (PFC) Restricted Fund was \$173,179 at the end of FY22, compared to \$143,778 at the end of FY21. PFC funds are used for eligible airport capital projects authorized under FAA regulations. See table below:

	2022			
	<u>General Fund</u>	<u>Restricted Fund (PFCs)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Total revenues & other financing sources \$	6,630,364	999,757	11,994,966	19,625,087
Total expenses	<u>6,491,950</u>	<u>-</u>	<u>13,281,096</u>	<u>19,773,046</u>
Net revenues (expenditures)	138,414	999,757	(1,286,130)	(147,959)
Fund net position - beginning of year	(764,149)	143,778	(438,166)	(1,058,537)
Interfund Transfers	<u>(753,940)</u>	<u>(970,356)</u>	<u>1,724,296</u>	<u>-</u>
Fund net position - end of year	<u>\$ (1,379,675)</u>	<u>173,179</u>	<u>-</u>	<u>(1,206,496)</u>

	2021			
	<u>General Fund</u>	<u>Restricted Fund (PFCs)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total</u>
Total revenues & other financing sources \$	3,500,861	25,044	296,505	3,822,410
Total expenses	<u>3,882,435</u>	<u>-</u>	<u>238,472</u>	<u>4,120,907</u>
Net revenues (expenditures)	(381,574)	25,044	58,033	(298,497)
Fund net position - beginning of year	<u>(381,612)</u>	<u>118,734</u>	<u>(497,162)</u>	<u>(760,040)</u>
Interfund Transfers	<u>(963)</u>	<u>-</u>	<u>963</u>	<u>-</u>
Fund net position - end of year	<u>\$ (764,149)</u>	<u>143,778</u>	<u>(438,166)</u>	<u>(1,058,537)</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Budgetary Highlights

The statement of revenues, expenses and changes in fund balance-budgetary comparison schedule, which is a supplementary schedule, reports the operating revenue and expenses and non-operating revenue and expenses and compares them against budgeted amounts. General Fund revenues exceeded expenses during FY22 by \$138,414 compared to FY21 when expenses exceeded revenues by \$381,574. Total general fund revenues, excluding professional fee reimbursements, were \$37,985 or 0.7% higher than budget. Total general fund expenses, again excluding the professional fee reimbursements, were lower than budget by \$57,509 or 1%. The budgetary comparison schedule can be found on page 34.

Factors Impacting Future Periods

The Airport recorded 157,797 enplanements in FY22, a remarkable improvement from FY21. The loss of American Airlines in September 2021 was followed by the commencement of Avelo operations in November. Passenger enplanements over the last five years were as follows:

FY22	157,797
FY21	7,052
FY20	38,767
FY19	42,273
FY18	33,902

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, availability of aircraft, etc. 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 (SCASD) grant from Department of Transportation, that when combined with local commitments and contributions makes \$1.25m available to support marketing, incentives, or revenue guarantees for new service or new entrant airlines. The Authority and The New HVN, LLC continue to have discussions with airlines about serving the Airport.

The Airport's runway is shorter than all but a handful of U.S. airports with Part 139 Certification offering scheduled commercial service. The master plan recommended extending runway 2/20 to a length of 6,635 to 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.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Factors Impacting Future Periods (continued)

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.

Therefore, both the runway extension and a new terminal are critical for the long-term success of the Airport. Following the completion of required environmental permitting processes, the Authority and The New HVN, LLC will review and analyze the estimated costs of the projects including any required environmental mitigation costs, 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 New HVN, LLC.

The new agreements with The New HVN, LLC and the City eliminate the reliance on operating subsidies, with The New HVN, LLC assuming all financial responsibility for Airport operating expenses. The Authority will receive \$550,000 in rents from The New HVN, LLC (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).

In addition to Airport operating expenses, The New HVN, LLC will also be responsible for capital project costs such as the terminal, that are not covered by FAA grants, PFCs and other sources. In return, The New HVN, LLC will receive Airport revenues such as airline rents, car parking, and rental car revenues, etc. As such, Authority revenues and expenses will be significantly different in FY23 as compared to prior years, as terminal related revenues and expenses will no longer flow through the Authority's accounts.

In recent years, the City has pledged that a small portion of City bond funds be utilized towards projects at the Airport. The Authority has submitted requests to the City for reimbursement of capital projects from the City's bond funds allocated to the Airport. The Amended and Restated Lease and Operating Agreement with the City does not contemplate any future bond funds for the Authority beyond those covered by the pending request.

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

- Rehabilitation of the west terminal apron
- Expansion of the ARFF station
- Acquisition of a snow plow, sweeper and equipment storage shed
- Updates to the noise exposure map
- Obstruction removal on and around the Airport
- Residential sound insulation projects

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Management's Discussion and Analysis

June 30, 2022

Analysis and Conclusions

After decades of financial under-performance and reliance on subsidies, the Authority made the bold decision to enter new agreements with Avports HVN, LLC and The New HVN, LLC that transfers significant financial and operational risks and enables major capital investments to be made in the 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.

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, 2022

<i>Assets</i>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 1,159,209
Accounts receivable, net	2,269,437
Grants and government reimbursements receivable, net	2,913,161
Total current assets	<u>6,341,807</u>
Restricted assets:	
Cash and cash equivalents-Passenger Facility Charges	551,335
Cash and cash equivalents-Capital Fund	3,970,348
Capital assets-Land	2,579,182
Capital assets-Capital projects in progress	2,894,065
Capital equipment and improvements, net	30,442,978
Total restricted assets	<u>40,437,908</u>
Total assets	\$ <u><u>46,779,715</u></u>
<i>Liabilities and Net Position</i>	
Current liabilities:	
Current portion of long-term liabilities	\$ 707,709
Accounts payable and accrued expenses	9,292,421
Deferred revenue	2,069,856
Total current liabilities	<u>12,069,986</u>
Long-term liabilities:	
Project loan payable	6,758,363
Total liabilities	<u>18,828,349</u>
Net Position:	
Net investment in capital assets	29,157,862
Restricted for Passenger Facility Charges	173,179
Unrestricted	(1,379,675)
Total net position	<u>27,951,366</u>
Total liabilities and net position	\$ <u><u>46,779,715</u></u>

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Statement of Activities

Year ended June 30, 2022

Functions/Programs:		Program Revenues			Net (Expense)
					Revenue and
					Changes in Net
					Position
	Expenses	Charges for	Operating	Capital	Total Governmental
		Services	Grants and	Grants and	Activities
			Contributions	Contributions	
Governmental activities:					
Airport operations	\$ 10,164,828	2,738,751	1,050,000	-	(6,376,077)
Airport parking operations	226,682	1,773,051	-	-	1,546,369
Government reimbursements	-	-	51,192	5,233,110	5,284,302
Grant income	-	-	1,016,669	-	1,016,669
Passenger Facility Charges	-	999,348	-	-	999,348
Total governmental activities	\$ 10,391,510	5,511,150	2,117,861	5,233,110	2,470,611
General revenues:					
Investment income					4,603
Change in net position					2,475,214
Net position-beginning of year, as restated					25,476,152
Net position-end of year					\$ 27,951,366

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Balance Sheet-Governmental Fund Type and Account Groups

June 30, 2022

	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 1,159,209	551,335	3,970,348	5,680,892
Accounts receivable, net	2,077,593	191,844	-	2,269,437
Grants and government reimbursements receivable, net	<u>51,128</u>	<u>-</u>	<u>2,862,033</u>	<u>2,913,161</u>
Total assets	<u>\$ 3,287,930</u>	<u>743,179</u>	<u>6,832,381</u>	<u>10,863,490</u>
<i>Liabilities and Fund Balances</i>				
Accounts payable and accrued expenses	\$ 3,090,256	-	6,202,165	9,292,421
Current portion of long-term debt	-	-	707,709	707,709
Interfund balances payable (receivable)	(492,507)	570,000	(77,493)	-
Deferred revenue	<u>2,069,856</u>	<u>-</u>	<u>-</u>	<u>2,069,856</u>
Total liabilities	<u>4,667,605</u>	<u>570,000</u>	<u>6,832,381</u>	<u>12,069,986</u>
Fund net position:				
Nonspendable	-	-	-	-
Restricted	-	173,179	-	173,179
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>(1,379,675)</u>	<u>-</u>	<u>-</u>	<u>(1,379,675)</u>
Total fund balance (deficit)	<u>(1,379,675)</u>	<u>173,179</u>	<u>-</u>	<u>(1,206,496)</u>
Total liabilities and fund balances	<u>\$ 3,287,930</u>	<u>743,179</u>	<u>6,832,381</u>	<u>10,863,490</u>

Reconciliation of governmental fund net position:

Total fund balances	\$ (1,206,496)
Reconciling items:	
Land	2,579,182
Construction in progress	2,894,065
Capital improvements	54,066,389
Less accumulated depreciation	(23,623,411)
Less long-term liabilities	<u>(6,758,363)</u>
Net position of governmental activities	<u>\$ 27,951,366</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, 2022

	<u>General Fund</u>	<u>Restricted Fund (Passenger Facility Charges)</u>	<u>Restricted Fund (Capital Projects)</u>	<u>Total (Memorandum Only)</u>
Revenues:				
Concessions, fees and rentals	\$ 3,478,144	999,348	-	4,477,492
State of Connecticut subsidy	750,000	-	-	750,000
City of New Haven subsidy	300,000	-	-	300,000
Grant income	1,016,669	-	-	1,016,669
Government reimbursements and other income	51,192	-	5,233,110	5,284,302
Avports reimbursements	1,033,658	-	-	1,033,658
Interest and investment income	701	409	3,493	4,603
	<u>6,630,364</u>	<u>999,757</u>	<u>5,236,603</u>	<u>12,866,724</u>
Total revenues				
Authority expenses:				
Management and performance fees	305,964	-	-	305,964
Professional fees	2,155,361	-	-	2,155,361
Authority management	132,150	-	-	132,150
Avports ASD Fund	81,954	-	-	81,954
Avports engineering fee	93,049	-	-	93,049
Marketing and promotional	2,415	-	-	2,415
Airport operations:				
Salaries and benefits	1,829,403	-	-	1,829,403
Maintenance	575,836	-	58,980	634,816
Parking contractor expense	226,682	-	-	226,682
Residential sound insulation	-	-	1,424,150	1,424,150
Utilities	282,626	-	-	282,626
Administration, office and marketing expenses	409,956	-	219	410,175
Insurance	106,012	-	-	106,012
Security	290,542	-	-	290,542
Interest expense	-	-	19,024	19,024
Capital outlays:				
Infrastructure capital costs	<u>-</u>	<u>-</u>	<u>11,778,723</u>	<u>11,778,723</u>
Total expenditures	<u>6,491,950</u>	<u>-</u>	<u>13,281,096</u>	<u>19,773,046</u>
Other financing sources and uses, including transfers:				
Project loan	-	-	6,758,363	6,758,363
Interfund transfers	<u>(753,940)</u>	<u>(970,356)</u>	<u>1,724,296</u>	<u>-</u>
Total other financing sources	<u>(753,940)</u>	<u>(970,356)</u>	<u>8,482,659</u>	<u>6,758,363</u>
Net changes in fund balances	(615,526)	29,401	438,166	(147,959)
Fund balances - beginning of year	<u>(764,149)</u>	<u>143,778</u>	<u>(438,166)</u>	<u>(1,058,537)</u>
Fund balances - end of year	<u><u>\$ (1,379,675)</u></u>	<u><u>173,179</u></u>	<u><u>-</u></u>	<u><u>(1,206,496)</u></u>

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

Total net change in fund balances-governmental funds \$ (147,959)

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 5,020,360

Depreciation expense (2,397,187)

Change in net position of governmental activities \$ 2,475,214

See accompanying notes to basic financial statements.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(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 its functions;
- Employ staff, borrow funds, issue and sell bonds;
- Acquire property by purchase or lease;
- Prepare and issue budgets; and
- Exercise all other powers granted by law.

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

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, 2022

(1) Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(1) Summary of Significant Accounting Policies (continued)

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

Grant funds are considered to be earned to the extent 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.

Fund Equity and Net Position

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

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

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

- 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 Passenger Facility Charges (“PFC”) – This category is used to account for collection of PFCs and payment or reimbursement of related capital improvements of 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 account is a restricted fund that 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.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(1) Summary of Significant Accounting Policies (continued)

Fund Equity and Net Position (continued)

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

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

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

Budgetary Information and Accounting

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

Cash and Cash Equivalents

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(1) Summary of Significant Accounting Policies (continued)

Receivables and Payables

All receivables and payables are reported at their gross value. Receivables are reduced by the estimated portion that is expected to be uncollectible. The Authority establishes an allowance for estimated uncollectible accounts when appropriate. There was no allowance for uncollectible accounts as of June 30, 2022.

Capital Assets

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

Income Taxes

The Authority is exempt from federal and state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Authority and recognize a tax liability (or asset) if it has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the applicable taxing authorities. Management has concluded that as of June 30, 2022, 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 as to use by approval of the FAA. Additionally, the cash and other assets in the Capital Project Fund are restricted to Airport capital improvements 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 general-purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, operating results or cash flows in conformity with generally accepted accounting principles.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(1) Summary of Significant Accounting Policies (continued)

Pronouncements Issued

GASB Statement No. 87, Leases, became effective for the year ended June 30, 2022. The new statement requires recognition of certain lease assets and liabilities for leases with terms greater than one year that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority as lessor, considered the impact of the new pronouncement along with the subsequent event described in Note 21 and determined that the new pronouncement did not have a material effect on the June 30, 2022 financial statements.

Date through Which Subsequent Events Have Been Evaluated

Management has evaluated subsequent events through January 18, 2023, 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.

The following is a reconciliation between the Governmental Funds balance sheet and the statement of net position at June 30, 2022:

Fund deficit		(\$ 1,206,496)
Add: Land	2,579,182	
Construction in progress	2,894,065	
Capital improvements	54,066,389	
Accumulated depreciation	(23,623,411)	35,916,225
Less: Long-term liabilities		(6,758,363)
Net position		<u>\$27,951,366</u>

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

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

The following is a reconciliation between the statement of governmental funds, revenues, expenditures and changes in fund balances and the statement of activities for the year ended June 30, 2022:

Net change in fund balances -governmental funds	(\$ 147,959)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. The amount by which depreciation and amortization exceeded capital outlays in the current period as follows:

Expenditures for capital projects, net of long-term debt incurred	5,020,360
Depreciation expense	(2,397,187)
Change in net position	<u>\$2,475,214</u>

(3) Cash and Cash Equivalents

Cash and cash equivalents, for both the General Fund and the Restricted Funds, consisted of the following in the statement of net position at June 30, 2022:

Deposits	\$5,129,557
Money market funds	<u>551,335</u>
	<u>\$5,680,892</u>

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

The Authority maintains cash accounts in financial institutions which insure deposits with the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2022, the aggregate cash balances on deposit at the financial institutions used by the Authority exceeded FDIC deposit insurance limits by approximately \$5,441,212.

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

(4) Restricted Assets

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(5) Capital Assets

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2022:

	<u>Not Depreciated</u>		<u>Depreciated</u>		
	<u>Land</u>	<u>Construction in Progress</u>	<u>Improvements</u>	<u>Vehicles and Equipment</u>	<u>Totals</u>
Capital Assets					
Beginning Balance	\$ 2,516,450	365,922	43,777,319	1,101,222	47,760,913
Increases	62,732	2,652,774	8,001,711	1,061,506	11,778,723
Decreases	-	-	-	-	-
Transfers	-	(124,631)	124,631	-	-
Ending Balance	<u>2,579,182</u>	<u>2,894,065</u>	<u>51,903,661</u>	<u>2,162,728</u>	<u>59,539,636</u>
Accumulated Depreciation					
Beginning Balance	-	-	20,726,718	499,506	21,226,224
Increases	-	-	2,234,154	163,033	2,397,187
Decreases	-	-	-	-	-
Ending Balance	<u>-</u>	<u>-</u>	<u>22,960,872</u>	<u>662,539</u>	<u>23,623,411</u>
Capital Assets, net	\$ <u>2,579,182</u>	<u>2,894,065</u>	<u>28,942,789</u>	<u>1,500,189</u>	<u>35,916,225</u>

(6) State and Municipal Funding

The 2020 Connecticut General Assembly authorized \$1,500,000 in operating funds for the Authority for the year ended June 30, 2021. The Authority received a reduced amount of state funding of \$750,000 for the year ended June 30, 2022, and has not budgeted any further funds from the state for future years. In addition, the Authority has received state grant funds of up to \$40,000 annually in recent years for capital improvements as part of a 10% local share required for certain FAA grants. The Authority recognized \$40,000 in state funds in fiscal year 2022.

The Authority received operating funds during the fiscal year ended June 30, 2022 from the City in the amount of \$300,000, the same amount as received in fiscal 2021. The City's approved fiscal 2023 operating budget includes a reduced amount of \$162,500, and the Authority has not budgeted further revenues from the City in future years.

The City of New Haven also provides funding for general Airport improvements and purchases to support a safe operating environment for both commercial air service and general aviation activities including for capital improvements as part of a 10% local share required for certain FAA grants. The Authority received approximately \$656,000 in City funds during the year ended June 30, 2022.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(6) State and Municipal Funding (continued)

The City, at times, advances funds to the Authority for project implementation and is reimbursed by the Authority when FAA grant funds are received. During the year ended June 30, 2022, the City advanced approximately \$3,350,000 towards FAA reimbursable projects. Accumulated grant funds received or receivable by the Authority and payable to the City were approximately \$6,202,165 at June 30, 2022.

(7) Federal Funding

On April 22, 2021, the Authority applied for and was awarded a grant under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to cover operating costs of the Airport for FY22. The amount of the Award was \$1,016,699. The authority also applied and was accepted for an Airport Rescue Grant in the amount of \$1,240,815. The Authority received the grant on June 22, 2022 and will reserve these funds for FY23 obligations. Accordingly, the proceeds of the Airport Rescue Grant are reflected in deferred revenue on the government-wide statement of net position.

The Authority also receives funding for expenditures reimbursable under FAA Airport Improvement Projects (AIP) at the Airport and Law Enforcement Officer (LEO) grants administered by the TSA, and other reimbursement agreements.

The following summarizes the Authority's grant revenue for the fiscal year ended June 30, 2022:

Source	Type		Total
	Operating	Capital	
Airport CARES Grant	\$ 1,016,669	-	1,016,669
AIP Grants	-	4,537,082	4,537,082
LEO Grants	51,192	-	51,192
Total Federal Grants	<u>1,067,861</u>	<u>4,537,082</u>	<u>5,604,943</u>
City and State Grants			
Operating Subsidies	1,050,000	-	1,050,000
State of Connecticut Capital Improvement Grant	-	40,000	40,000
City of New Haven Capital Contributions	-	656,028	656,028
Total City and State Grants	<u>1,050,000</u>	<u>696,028</u>	<u>1,746,028</u>
Total Grant Revenue	<u>\$ 2,117,861</u>	<u>5,233,110</u>	<u>7,350,971</u>

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(8) Grants and Government Reimbursements Receivable

Grants and government reimbursements receivable include Authority expenditures reimbursable under FAA Airport Improvement Projects (AIP) at the Airport, Law Enforcement Officer (LEO) grants administered by the TSA, and other reimbursement agreements. Grants receivable consisted of the following in the statement of net position at June 30, 2022:

AIP Grants – FAA	\$2,811,389
LEO Grants – TSA	51,128
State of Connecticut Capital Improvement	40,000
Reimbursable Agreement – FAA	9,361
Other	<u>1,283</u>
	<u>\$2,913,161</u>

(9) 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.

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, 2022.

On August 19, 2022, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement. See Note 21.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(10) Management Agreement

The Authority entered into a management agreement with Avports on July 1, 1998 to operate the Airport. Avports is primarily responsible for general operations, hiring and training staff, safety and security compliance, maintenance and repair services, construction management, air service development, aviation support, accounting, and project planning functions. The management agreement expires June 30, 2024 with the option of one additional three-year extension to June 30, 2027.

The agreement with Avports specifically provides for the following:

- Avports bills the Authority on a monthly basis for all labor and operating costs. Avports receives an annual fixed fee (approximately \$306,000 for FY22) that increases by 3% each year. Effective July 1, 2004, the management agreement established an additional \$100,000 fee, subject to a 3% increase each year, allocated to air service development (ASD), including airline industry experts and attendance at airline conferences, under a plan approved by the Authority. In FY19, expenditures from the ASD Fund were reduced by mutual agreement as a budgetary control measure. Expenditures from the ASD Fund totaled approximately \$82,000 in FY22.
- Avports provides certain engineering services as part of the management agreement up to \$35,000 per year. Amounts in excess of \$35,000 are billed at standard hourly rates. Engineering costs in excess of amounts allowed for in the management agreement and charged to the Authority totaled approximately \$93,000 in FY22.
- Avports is also entitled to various incentive fees under certain circumstances, such as additional air carriers and increased enplaned passengers. No incentives were paid in FY22.
- The Management Agreement allows the Authority to secure additional services from Avports based on proposals submitted for such services as the need may arise.
- Avports had a right of first refusal on future Airport development, approved by the Authority in January 2007. This expired in 2018.

Amounts due to Avports under the management agreement totaled approximately \$644,000 at June 30, 2022.

The Authority and Avports have negotiated the terms of a new, 43-year Lease and Development Agreement that would see an Avports affiliate (the New HVN LLC) construct a new terminal and related infrastructure on the east side of the Airport upon securing all required approvals and funding. The existing management agreement was amended and restated, also 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. These agreements were executed August 19, 2022. See Note 21.

Reimbursement of professional fees associated with the development and negotiation of the new agreements is part of the new Lease and Development Agreement with the Authority. The negotiated amount of professional fee reimbursement was \$1,600,000, with \$1,033,658 recognized in FY22, with the remainder to be recorded in FY23.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(11) Project Loans

The fourth amendment to the management agreement with Avports executed May 17th, 2019 includes a new article whereby Avports would loan the Authority up to \$1,150,000 for professional services pertaining to an environmental assessment and certain agreed upon capital projects.

Under the terms of the amended agreement, the Authority has pledged all PFC Funds to be dedicated to the Project Loan repayment upon reimbursement to the Authority. Interest accrues at 6% per annum and interest expense on borrowings was \$19,024 during FY22. There were no new borrowings under the fourth amendment loan during FY22, and the remaining balance of \$325,591 (including accrued interest) was repaid on May 27, 2022.

On October 1, 2021, the Authority and Avports executed the first amendment to the fifth amendment of the management agreement to pursue required terminal upgrades to accommodate a new air carrier at the Airport. Under the terms of this amendment, Avports and the Authority agreed that Avports will undertake an environmental assessment of the runway extension and east terminal projects and oversee, manage, and administer the design and construction of west terminal upgrades.

Under this amended agreement, Avports agreed to a second project loan for the environmental assessment and terminal upgrades up to \$11,000,000 provided the Authority will have paid \$1,200,000 to Avports (see Note 12).

Amounts borrowed and outstanding on the terminal upgrades portion of the project loan for the year ended June 30, 2022 were \$6,758,363.

Amounts incurred under the second project loan related to the environment assessment are eligible for reimbursement from the FAA as an AIP grant. Therefore, this portion of the second project loan is payable to Avports upon receipt of FAA reimbursable funds. Total amounts incurred for the environmental assessment were \$707,709 as of June 30, 2022 and are reflected as a current liability on the government-wide statement of net position.

Repayments of amounts advanced together with interest of 6%, are due six months from the date of execution (provided operating revenues exceed operating expenses) with a final maturity date of June 30, 2024. If amounts remain unpaid at the final maturity date, the Authority agrees to extend Avports management agreement as necessary to ensure Avports is compensated for the remaining loan balance. Upon the execution of certain other events (See Note 21), Avports (or other related entity) would assume the Authority's obligation to repay the balance outstanding on the second project loan. No repayment schedule has been provided.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(12) Three-Party Agreement

In June 2021, the Authority entered into a Three-Party Agreement with Avports and TEM Enterprises, doing business as Avelo Airlines (“Avelo”). Avelo committed \$1,200,000 in pre-paid Airport fees that the Authority would commit towards terminal upgrades required for and in anticipation of Avelo commencing future operations at the Airport (see Note 21). Under the terms of the agreement:

- Avelo deposited \$1,200,000 of pre-paid Airport fees into a segregated reserve account held by Avports.
- Amounts can be withdrawn on a pari passu basis by Avports with Project Loan advances to pay for design and construction costs for terminal upgrades.
- Should Avelo cease operations at the Airport, the deposit is non-refundable to Avelo unless the terminal upgrades are suspended, cancelled, or terminated by the Authority prior to substantial completion. These upgrades were completed by December 31, 2021.
- Certain user fees will be waived to Avelo for a period of twelve months commencing upon the substantial completion of the terminal upgrades.

The entire \$1,200,000 was expended during the year ended June 30, 2022 on the terminal upgrades. The pre-paid Airport fees were amortized and recognized as revenue beginning January 1, 2022 through August 19, 2022.

(13) Passenger Facility Charges

The Airport’s initial application to impose PFCs was approved by the FAA in 1993 and a total of seven applications had been approved through June 30, 2022. The Authority submitted PFC application #8 on October 7, 2022 and received FAA approval on November 2, 2022 for projects totaling \$5,221,900. The Authority now has approval to collect \$10,179,087 of PFCs and related interest. Through June 30, 2022, the Authority has cumulatively collected \$4,931,761 in PFC revenues, of which \$819,607 was collected during the fiscal year ended June 30, 2022.

(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 purchases all other insurance coverage for the Airport.

(15) Contracts and Commitments

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

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(15) Contracts and Commitments (continued)

- The Authority granted Northeast Ramp, LLC (Northeast) the right of ingress to and egress from the Airport for the period May 1, 2000 to May 1, 2030. An Access Fee is determined by a formula utilizing a certain Consumer Price Index. The Access Fee in FY22 was approximately \$10,800.
- The Authority has entered into a long-term lease, as amended, with the Fixed Base Operator (Robinson Aviation, Inc.) for certain Airport land, on which Robinson Aviation built aircraft hangars and offices. Rental to the Authority for FY2022 is approximately \$112,000 and is adjusted annually. Robinson Aviation also provides aircraft fueling, aviation services including charter flights, and maintains the leased ramp area.
- The Authority entered into three one-year leases with rental car companies for use of counter and storage space and parking spaces at the Airport. The agreements include provisions for the Airport to collect 10% of rental car revenues and a customer facility charges on rental car transactions at the Airport. All of the car rental agreements expire October 31, 2022. The rental car agreements were extended on a month-to-month basis in anticipation of a competitive procurement process that is expended to conclude early in 2023. Rental fees for these leases were approximately \$198,000 in FY22.
- The Authority entered into a concession agreement with G Café beginning November 1, 2021 through October 31, 2022. The agreement calls for fixed monthly fees of \$1,551 plus a percentage of the Café's revenues. Rental income under this concession agreement was approximately \$48,000 for FY22.

On August 19, 2022 entered into a new Lease and Development Agreement with the New HVN, LLC. Per the agreement, certain Authority leases, including the above are assigned to the New HVN, LLC. See Note 21. As of June 30, 2022, the approximate minimum future rentals on noncancellable license agreements through August 19, 2022, where the Authority as owner or in its capacity as agent, is approximately \$28,000.

(16) Related Party Transactions

The City provides law enforcement services to the Authority. Law enforcement costs provided by the City to the Authority were approximately \$229,000 during FY22. Amounts unpaid and payable for law enforcement costs due to the City at June 30, 2022 were approximately \$62,000.

(17) Contingent Liabilities

The Authority has received State and municipal grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for any expenditures disallowed under terms of the grant. Authority management believes such disallowances, if any, will not be material. In addition, the Authority may have contingent liabilities with respect to pending litigation, claims and disputes which existed at June 30, 2022. The total liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of the Authority management that any liabilities (and there are none known) resulting there from will not have a material adverse effect on the Authority's financial position.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(18) Economic Dependency

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

(19) Prior Period Adjustment

On August 19, 2022, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement. This clarified the Authority's right to use, lend, lease, sell or otherwise dispose of or deal with any tangible personal property and Airport improvements transferred by the City to the Authority. As a result, the Authority determined that prior personal property acquisitions and infrastructure improvements made by the Authority, but funded, in part, with the support of the City, were understated on the Authority's government-wide financial statements by \$22,689,019, net of related depreciation. The effect of the prior period adjustment on opening net position and Authority fund balances is shown on the table below:

	June 30, 2021 As Previously Reported	Prior Period Adjustment	June 30, 2021 As Restated
Government-wide			
Governmental Activities	\$ <u>2,787,133</u>	<u>22,689,019</u>	<u>25,476,152</u>
Governmental funds			
General Fund	(764,149)	-	(764,149)
Restricted Fund (Passenger Facility Charges)	143,778	-	143,778
Restricted Fund (Capital Projects)	<u>(438,166)</u>	<u>-</u>	<u>(438,166)</u>
Total Governmental Funds	\$ <u>(1,058,537)</u>	<u>-</u>	<u>(1,058,537)</u>

(20) 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. 91, *Conduit Debt Obligations*.** The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(20) Implementation of Future GASB Pronouncements (continued)

- **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- **Statement No. 96, *Subscription-Based Information Technology Arrangements*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- **Statement No. 98, *The Annual Comprehensive Financial Report*.** The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.
- **Statement No. 99, *Omnibus 2022*.** The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged and is permitted by topic.
- **Statement No. 100, *Accounting Changes and Error Corrections*.** The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- **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.

(21) Subsequent Events

On August 19, 2022, the City and the Authority entered into an Amended and Restated Lease and Operating Agreement. The amended agreement extends the demised 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.
- Restricts The New HVN, LLC from using landing fees or other financial incentives to attract general aviation to the Airport.

(Continued)

TWEED-NEW HAVEN AIRPORT AUTHORITY

Notes to Financial Statements

Year ended June 30, 2022

(21) Subsequent Events (continued)

- Permits the Authority to work with The New HVN, LLC, 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 to 6,635 feet as described in the Airport Master Plan, a new taxiway adjacent to the east terminal, and access roads to the east terminal.
- 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.

Concurrent with the signed Amended and Restated Lease and Operating Agreement, the Authority executed the sixth amendment to the management agreement with Avports, HVN LLC (the Manager) and the Lease and Development Agreement with the New HVN, LLC (the Lessee). Each agreement has a term of 43 years.

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

The Lessee will assume financial and operational responsibility to design, build, finance, operate and maintain commercial passenger terminals, to include the current west side and future east side terminal. The Lessee will assume 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 become the responsibility of the Lessee. Any deficits within the airfield are to be subsidized by the Lessee under the Lease and Development Agreement.

The Lease and Development Agreement states that the terminal portion of the Project Loan (see Note 11) will be assumed by the Lessee at closing. However, under certain circumstances, such as the Lessee being unable to reach financial close, or 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 at the agreed terms. Given the uncertainty of the environmental process, as a prudent financial measure and in accordance with accounting for gain contingencies, the Authority has not eliminated the Project Loan, nor recognized the corresponding revenue for the forgiveness of the obligation as of January 18, 2023. This decision in no way diminishes the Authority's confidence in the project, or belief that it is in the long-term interests of the Airport and the surrounding community. It 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, 2022

(21) Subsequent Events (continued)

The Lessee will pay the Authority annual base rent of \$550,000, adjusted annually for changes in the Consumer Price Index, a tiered percentage of gross revenues up to 8%, and up to an additional \$200,000 annually for consulting and professional fees associated with the new terminal and runway projects.

The Authority will continue to be responsible for its own administrative and professional fees for oversight of the Airport. The Authority will continue to be the Airport sponsor for purposes of collecting PFC revenues and FAA AIP grants. The Lessee will assume the local match requirements, if any, for AIP funded projects.

The Manager will continue to act 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) from any revenue that Authority receives in excess of its administrative budget each year. The ARF can be used at Authority's discretion for any lawful purpose. It can also be used to repay the Lessee's reimbursement of the Authority's transaction costs (see Note 10) 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.

The Airport Executive Director successfully ran for the office of State of Connecticut Comptroller in the November 2022 state-wide elections. The Board took the pre-emptive step to advertise the position and retained a search firm to identify qualified candidates for selection of a new Executive Director. A new Executive Director was approved by the Board at its December meeting.

TWEED-NEW HAVEN AIRPORT AUTHORITY

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

Year ended June 30, 2022

	General Fund		Restricted Fund	Restricted Fund	
	Budgeted Amounts-		(Passenger Facility	(Capital Projects)	
	Original & Final	Actual	Charges)		Total
Revenues:					
Concessions, fees and rentals	\$ 3,375,806	3,478,144	999,348	-	4,477,492
State of Connecticut subsidy	1,500,000	750,000	-	-	750,000
City of New Haven subsidy	325,000	300,000	-	-	300,000
Grant Income	256,765	1,016,669	-	-	1,016,669
Government reimbursements	100,800	51,192	-	5,233,110	5,284,302
Avports reimbursements		1,033,658	-	-	1,033,658
Interest and investment income	350	701	409	3,493	4,603
Total revenues	5,558,721	6,630,364	999,757	5,236,603	12,866,724
Authority expenses:					
Management and performance fees	305,964	305,964	-	-	305,964
Professional fees	150,000	2,155,361	-	-	2,155,361
Authority management	125,000	132,150	-	-	132,150
Avports ASD Fund	81,954	81,954	-	-	81,954
Avports engineering fee	50,000	93,049	-	-	93,049
Marketing and promotional expenses	50,000	2,415	-	-	2,415
Airport operations:					
Salaries and benefits	2,473,270	1,829,403	-	-	1,829,403
Maintenance	461,274	575,836	-	58,980	634,816
Parking contractor expense	-	226,682	-	-	226,682
Residential sound insulation	-	-	-	1,424,150	1,424,150
Utilities	466,998	282,626	-	-	282,626
Administration, office and marketing expenses	845,989	409,956	-	219	410,175
Insurance	202,952	106,012	-	-	106,012
Security	302,400	290,542	-	-	290,542
Interest expense	-	-	-	19,024	19,024
Capital outlays:					
Infrastructure capital costs	-	-	-	11,778,723	11,778,723
Total expenditures	5,515,801	6,491,950	-	13,281,096	19,773,046
Other financing sources and uses, including transfers:					
Project loan		-	-	6,758,363	6,758,363
Interfund transfers		(753,940)	(970,356)	1,724,296	-
Total other financing sources		(753,940)	(970,356)	8,482,659	6,758,363
Net changes in fund balances		(615,526)	29,401	438,166	(147,959)
Fund balances - beginning of year		(764,149)	143,778	(438,166)	(1,058,537)
Fund balances - end of year		\$ (1,379,675)	173,179	-	(1,206,496)

See accompanying notes to basic financial statements.

**Independent Auditor's Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

To the Board of Directors
Tweed-New Haven Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tweed-New Haven Airport Authority (Authority) as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 18, 2023.

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.

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

January 18, 2023

**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, 2022. 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, 2022.

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.

Solution + Company, LLC

January 18, 2023

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation- Airport Improvement Program:			
Master Plan Update	20.106	3-09-0013-047-2019	\$ 57,604
Residential Sound Insulation Program - Phase 5	20.106	3-09-0013-049-2019	1,130,266
Relocate Runway 20	20.106	3-09-0013-050-2020	34,397
Snowblower	20.106	3-09-0013-053-2020	500,617
Airfield Painting	20.106	3-09-0013-055-2020	26,846
Master Plan Update Phase 2	20.106	3-09-0013-059-2021	30,000
Airport Coronavirus Response Grant Program - Operations	20.106	3-09-0013-060-2021	1,016,669
Twys A F G Construction Ph 1 & Relocate Perimeter Fence	20.106	3-09-0013-061-2021	1,884,445
Land Swap	20.106	3-09-0013-063-2021	62,732
Environmental Assessment Five Year Development	20.106	3-09-0013-066-2022	637,349
TSA Law Enforcement Officer Grant	97.090	N/A	<u>51,192</u>
Total U.S. Department of Transportation -Airport Improvement Program			\$ <u><u>5,432,117</u></u>

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, 2022

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, 2022. 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 – Agreement with City of New Haven

The Tweed-New Haven Airport is owned by the City of New Haven (City) and leased to the Authority under a Lease and Operating Agreement dated July 1, 1998, and subsequently amended and restated August 19, 2022. The Authority has historically relied on ongoing financial support from the City, including operating subsidies and contributions towards capital projects.

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs - Federal Awards

Year ended June 30, 2022

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): 14.218 - HUD Community Development Block Grant

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.

**Independent Auditors' Report On Compliance For Each Major State Program
And On Internal Control Over Compliance Required By The State Single Audit Act**

To the Board of Directors
Tweed-New Haven Airport Authority

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Tweed-New Haven Airport Authority's (Authority) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Authority's major state programs for the year ended June 30, 2022. The Authority's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State 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; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 state program. Our audit does not provide a legal determination of the 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 the Authority's state programs.

(Continued)

Auditors' 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 the 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 State Single Audit 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 the Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, 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 the 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 the 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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 state 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 state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Solution + Company, LLC

January 18, 2023

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2022

State Grantor Pass-Through <u>Grantor Program Title</u>	State Grant Program <u>Core-CT Number</u>	<u>Expenditures</u>
Connecticut Airport Authority:		
General Operating Subsidy	AERO 5800-1389	\$ <u>750,000</u>
Total state financial assistance		\$ <u>750,000</u>

NOTES TO SCHEDULE

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Tweed-New Haven Airport Authority under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including General Operating Subsidy and related projects including noise reduction and sound insulation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

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

TWEED-NEW HAVEN AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs – State Financial Assistance

Year ended June 30, 2022

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

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

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

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

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Connecticut Airport Authority:		
Operating Subsidy	AERO 5800-13891	\$ <u>750,000</u>
• Dollar threshold used to distinguish between type A and type B programs		\$ <u>100,000</u>

(Continued)

II. Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2022.

III. State Financial Assistance Findings and Questioned Costs

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