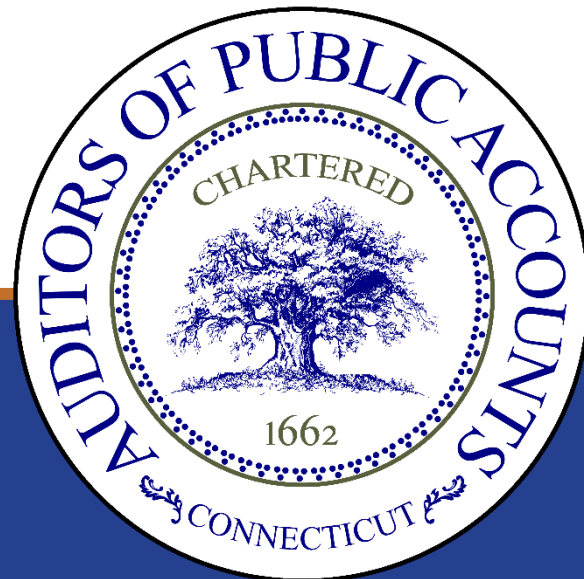


AUDITORS' REPORT

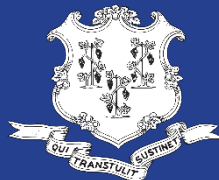
Tweed New Haven Airport Authority

FISCAL YEARS ENDED JUNE 30, 2020 AND 2021



STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor



CRAIG A. MINER
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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CRAIG A. MINER

February 15, 2024

INTRODUCTION

We are pleased to submit this audit of the Tweed New Haven Airport Authority for the fiscal years ended June 30, 2020 and 2021 in accordance with the provisions of Sections 2-90 and 15-120o(c) of the Connecticut General Statutes. Our audit identified an instance of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Tweed New Haven Airport Authority during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

A handwritten signature in black ink, appearing to read "Marcin Baran".

Marcin Baran
Principal Auditor

Approved:

A handwritten signature in black ink, appearing to read "John C. Geragosian".

John C. Geragosian
State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Tweed New Haven Airport Authority disclosed the following recommendation, which was not repeated from the previous audit.

Finding 1

Noncompliance with Reporting Requirements

Criteria	Section 15-120o(b) of the General Statutes requires the board of directors of the Tweed-New Haven Airport Authority to annually contract for a compliance audit of the authority's activities during the preceding fiscal year. The audit must determine whether the authority complied with its regulations concerning affirmative action, personnel practices, purchase of goods and services, and use of surplus funds. The board is required to submit the audit report to the Governor, the Auditors of Public Accounts, and the joint standing committee of the General Assembly having cognizance of matters relating to finance, revenue, and bonding.
Condition	The authority did not contract for its required compliance audits in accordance with Section 15-120o(b) of the General Statutes. Those audits would have determined whether the authority complied with its regulations concerning affirmative action, personnel practices, purchase of goods and services, and use of surplus funds during the audited period.
Effect	Concerned parties are less assured that the authority complied with its regulations.
Cause	We could not readily determine why the Tweed-New Haven Airport Authority did not contract for its required audits.
Prior Audit Finding	This finding has not been previously reported.
Recommendation	The Tweed-New Haven Airport Authority should contract for annual compliance audits in accordance with Section 15-120o(b) of the General Statutes.
Agency Response	"The Tweed New Haven Airport Authority agrees with the finding. The Authority will contract for annual compliance audits that meet the requirements of Section 15-120o subsection b of the General Statutes."

STATUS OF PRIOR AUDIT RECOMMENDATIONS

We did not follow up on the five audit recommendations included in our [prior audit report](#) on the Tweed New Haven Airport Authority. Implementation did not apply to our current audit objectives.

Since our prior audit, there were significant changes to Tweed's management structure which will alter how we approach the scope of future audits. Section 15-120o(b) and (c) of the General Statutes requires the board of directors of the Tweed-New Haven Airport Authority to annually contract for compliance and financial audits of the authority's activities during the preceding fiscal year.

Our future audits will review whether the authority complied with its statutory requirement to obtain these audits. We also intend to independently review these audits to ensure they were performed in accordance with their statutory intent.

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Tweed New Haven Airport Authority in fulfillment of our duties under Sections 2-90 and 15-120o (c) of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2020 and 2021. The objectives of our audit were to evaluate the authority's significant internal controls over compliance and its compliance with policies and procedures internal to the authority or promulgated by state and federal laws, including as applicable, but not limited to whether the authority has complied with its regulations concerning statutory reporting and board meeting minutes.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the authority and certain external parties. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the authority's management and the authority's information systems. It was not subject to the audit procedures applied in our audit of the authority. For the areas audited, we:

1. Did not identify deficiencies in internal controls;
2. Identified apparent noncompliance with laws and regulations.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Tweed New Haven Airport Authority.

ABOUT THE AGENCY

Overview

The [Tweed New Haven Airport Authority](#) was created July 1, 1997, by Public Act 97-271, codified under Title 15, Chapter 267a of the General Statutes.

The authority was created to maintain and improve Tweed-New Haven Airport. The authority is a body politic and corporate constituting a public instrumentality and political subdivision of the state, created to perform an essential public and governmental function.

According to Section 15-120j of the General Statutes, the authority shall manage, maintain, supervise, and operate Tweed-New Haven Airport; conduct the business of a regional airport; charge reasonable fees for the service it performs; enter into contracts, leases, and agreements for goods and equipment and for services with airlines, concessions, counsel, consultants, and advisors; contract for construction projects; contract to finance the operations and debt of the airport and borrow funds for airport purposes; employ staff necessary to carry out its functions and purposes; acquire property for airport purposes; prepare and issue budgets, reports, procedures and audits; and execute all other powers granted.

The authority is authorized to issue bonds, notes, and other obligations for any of its corporate purposes. Debt issued by the authority is not debt of the State of Connecticut or any other political subdivision, and the state is not obligated for such debt, as specified in Section 15-120l(g) of the General Statutes. No bonds have been issued by the authority.

Organizational Structure

Pursuant to Section 15-120i(b) of the General Statutes, the authority is governed by a 15-member board of directors, each serving not more than two consecutive four-year terms. Eight board members are appointed by the mayor of New Haven, five by the mayor of East Haven, and two by the South Central Regional Council of Governments.

The board of directors elects a chairperson from among its members and annually elects one of its members as vice-chairperson. John Picard served as chairperson and Gerald T. Weiner served as vice-chairperson during the audited period.

The airport is staffed via a management contract with AFCO AvPorts Management, LLC., and an executive director appointed by the authority. Sean Scanlon served as executive director during the audited period and until his resignation in December 2022. Thomas Rafter was appointed executive director in January 2023 and continues to serve in that capacity.

Significant Legislative Changes

There were no notable legislative changes that took effect during the audited period.

Financial Information

The activities of the authority are accounted for in three funds. A description of each fund and its purpose, as described in the notes to the authority's financial statements, follows:

General Fund – Revenues and expenses applicable to the operations of Tweed-New Haven Airport are accounted for within the General Fund. It is the general operating fund of the authority and functions under a legal budget adopted by the board of directors.

Passenger Facility Charge Fund – Passenger facility charges are accounted for in the Passenger Facility Charge Fund, a special revenue fund. Passenger facility charges are fees collected for federally approved airport improvements and expenditures. The fees are added as surcharges to passenger airline tickets, with the approval of the Federal Aviation Administration (FAA) for a specific program period and are renewable upon request. Projects funded partially or entirely with passenger facility charges must meet at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national air transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) create opportunities for enhanced competition between or among carriers.

Restricted Capital Project Fund – This fund is comprised of Federal Aviation Administration (FAA) and Connecticut Department of Transportation reimbursements the authority received for prior payments to contractors and consultants from its capital bond funds. The resources in this fund are restricted to capital project use.

Statement of Revenues

General Fund operating revenues for the fiscal years ended June 30, 2020 and 2021, respectively, are summarized below. The information was obtained from the authority’s audited financial statements:

Revenues Description	As of June 30,		
	2019	2020	2021
State of Connecticut Subsidy	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Concessions, Fees, and Rentals	1,061,560	1,206,975	621,159
Government Reimbursement and Other Income	-	709,130	294,456
City of New Haven Funding	325,000	325,000	300,000
Grant Income	-	77,362	1,104,100
Interest and Investment Income	567	2,115	2,695
Total General Fund Revenues	\$ 2,887,127	\$ 3,820,582	\$ 3,822,410

The increases in revenues in fiscal year 2020 and 2021 are due to FAA funded airport improvement projects.

Statement of Expenditures

General Fund expenses for the fiscal years ended June 30, 2020 and 2021, are summarized as follows. The information was obtained from the authority’s audited financial statements:

Expenses Description	As of June 30,		
	2019	2020	2021
Management and Performance Fees	\$ 280,000	\$ 288,400	\$ 297,052
Authority Management	96,202	73,196	121,135
Professional Fees	146,679	128,620	1,005,457
AvPorts ASD Fund	75,000	77,250	79,567
Marketing and Promotional	26,610	74,196	4,723
Engineering Fees	-	69,168	40,292
Airport Operations:			
Salaries and Benefits	1,375,727	1,545,153	1,507,644
Maintenance	305,519	357,396	293,282
Utilities	304,259	261,606	243,970
Residential Sound Insulation	0	176,208	9,385
Administration, Office, and Marketing	145,815	104,800	86,342
Insurance	69,123	83,601	101,989
Security	8,609	18,259	109,113
Interest Expense	-	15,225	20,118
Bad Debts	-	1,548	-
Capital Outlays:			
Infrastructure Capital Cost	-	916,726	200,838
Total General Fund Expenses	\$ 2,835,543	\$ 4,191,520	\$ 4,120,907

The increase in expenditures in fiscal years 2020 and 2021 was due to the additional FAA funding for capital projects received and an increase in professional fees.

Passenger Facility Charge Fund

The authority accounts for passenger facility charges in the Passenger Facility Charge Fund. The fund's expenditures are for various FAA-approved airport improvement projects. Revenues totaled \$155,277 and \$25,044 during the fiscal years ended June 30, 2020 and 2021, respectively, and consisted of concession, fee, rental, interest, and investment income. Expenditures totaled \$5 and \$0 during the fiscal years ended June 30, 2020 and 2021, respectively. As of June 30, 2021, the fund had a \$143,778 restricted fund balance.

Restricted Capital Project Fund

The authority created this fund to account for restricted funds received from governmental agencies for capital projects. The fund is comprised of FAA and State of Connecticut Airport Authority reimbursements that the authority received for prior payments made to contractors and consultants from capital bond funds allocated by the City of New Haven, or, in some instances, from airport operating funds. Revenues totaled \$710,272 and \$296,505 during the fiscal years ended June 30, 2020 and 2021, respectively. Expenditures totaled \$1,210,620 and \$238,472 during the fiscal years ended June 30, 2020 and 2021, respectively. In the fiscal year ended June 30, 2020, the authority transferred \$952 and \$256,000 from the General Fund and the Passenger Facility Charge Fund, respectively. In the fiscal year ended June 30, 2020, there was a \$963 fund transfer from the General Fund. As of June 30, 2021, the fund had a \$2,078,284 restricted fund balance.

Other State Financial Assistance

The State of Connecticut provided the authority \$1,500,000 in operating subsidies in each of the fiscal years ended June 30, 2020 and 2021.

State funds were authorized under Public Acts 13-184 and 15-244 for the development and improvement of general aviation airport facilities, including grants-in-aid to municipal airports, except for Bradley International Airport.

Other Audits and Engagements

Financial Audits

An independent public accounting firm audited the authority's financial statements for the fiscal years ended June 30, 2020 and 2021. The audit reports covering these fiscal years contained unqualified opinions and disclosed no reportable conditions or audit findings.