

GREATER NEW HAVEN TRANSIT DISTRICT

**FINANCIAL STATEMENTS AND
REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND
FEDERAL AND STATE SINGLE AUDIT REPORTING**

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

GREATER NEW HAVEN TRANSIT DISTRICT

CONTENTS

Independent Auditors' Report	1-3
Managements' Discussion and Analysis	4-11
Financial Statements	
Statements of Financial Position.....	12
Statements of Activities and Changes in Net Position.....	13
Statements of Cash Flows.....	14-15
Notes to Financial Statements	16-26
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27-28
Federal Single Audit	
Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	29-31
Schedule of Expenditures of Federal Awards.....	32
Notes to Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs.....	34-35
State Single Audit	
Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act ..	36-38
Schedule of Expenditures of State Financial Assistance	39
Notes to Schedule of Expenditures of State Financial Assistance.....	40
Schedule of Findings and Questioned Costs.....	41-42



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Greater New Haven Transit District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Greater New Haven Transit District (the District), which comprise the statements of financial positions as of June 30, 2023 and 2022, and the related statements of activities and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District'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 financial position of the District, as of June 30, 2023 and 2022, and the respective statements of activities and changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 District 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 District'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 District'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 the District'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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of the District'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 the District'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 the District's internal control over financial reporting and compliance.

Marum LLP

New Haven, CT
December 1, 2023

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

The following Management's Discussion and Analysis (MD&A) of Greater New Haven Transit District's (the District) activities and financial performance provide an introduction to the financial statements of the District for the fiscal years ending June 30, 2023 and 2022.

Following this MD&A are the basic financial statements of the District together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

DISTRICT ACTIVITIES HIGHLIGHTS

The District provides transit services to the elderly and persons with disabilities in the Greater New Haven Region. Various programs are in place to provide these services including the Americans with Disabilities (ADA) complementary paratransit service, Regional Rides Program, Hamden Elderly services, and the M7 Taxi Voucher program.

The District serves as a conduit for federal and state transit infrastructure funding and continues to obtain capital funding to purchase assets needed to provide high quality transit service. Federal Transit Administration (80%) and Connecticut Department of Transportation (20%) capital funding is used to purchase land, revenue vehicles, and support equipment as well as undertake demolition, design and facility improvement projects.

The District is continuing as the lead agency on the statewide Small Vehicle Joint Procurement on behalf of many other transit districts, private providers of public transit service and 5,310 grant recipients. A contract was awarded in fiscal year 2017 to purchase approximately 500 vehicles over five years for multiple organizations within the State of Connecticut.

The Executive Director, under the direction of a Board of Directors, has the responsibility of overseeing the administrative staff and the collective bargaining unit members (mechanics and drivers) employed by the District. The mechanics and drivers of the District are represented by the Teamsters Local 443.

The Board of Directors is comprised of 13 appointed members representing 10 municipalities: Bethany, Branford, East Haven, Hamden, New Haven, North Haven, Orange, North Branford, West Haven, and Woodbridge.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL STATEMENTS

This report consists of a series of financial statements as well as the notes to the financial statements. The Statements of Net Position, the Statements of Activities and Changes in Net Position and Statements of Cash Flows provide information about the activities of the District as a whole. The notes to the financial statements provide information regarding the amounts recorded in the financial statements.

The District's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. The District is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land assets in progress) are depreciated over their estimated useful lives. See the notes to the financial statements for a summary of the District's significant accounting policies.

FINANCIAL OPERATIONS HIGHLIGHTS FOR THE FISCAL YEARS ENDED 2022-2023

- Operating revenues decreased by \$115,927 from \$298,548 to \$182,621.
- Operating expenses increased by \$1,317,216 from \$12,356,129 to \$13,673,345.
- Net non-operating revenues increased by \$1,398,147 from \$11,178,130 to \$12,576,277.
- Capital grants received in the form of grants from Federal and State governments decreased by \$1,068,381 from \$1,107,992 to \$39,611.
- The District's net position decreased by \$874,836 for fiscal year 2023 and increased by \$228,541 for fiscal year 2022.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL POSITION SUMMARY

A summary of the District's net position at June 30 is shown below:

	2023	2022	2021
Assets			
Current assets	\$ 2,818,268	\$ 2,197,325	\$ 1,972,904
Other assets	<u>6,195,169</u>	<u>7,186,337</u>	<u>6,678,987</u>
	<u>\$ 9,013,437</u>	<u>\$ 9,383,662</u>	<u>\$ 8,651,891</u>
Liabilities			
Current liabilities	\$ 1,554,428	\$ 906,427	\$ 620,790
Other liabilities	<u>74,203</u>	<u>217,593</u>	<u>--</u>
	<u>\$ 1,628,631</u>	<u>\$ 1,124,020</u>	<u>\$ 620,790</u>
Net Position			
Investment in capital assets	\$ 5,980,486	\$ 6,834,243	\$ 6,678,987
Unrestricted	<u>1,404,320</u>	<u>1,425,399</u>	<u>1,352,114</u>
	<u>\$ 7,384,806</u>	<u>\$ 8,259,642</u>	<u>\$ 8,031,101</u>

Total net position serves over time as a useful indicator of the District's financial position. The District's net position each year represents its investment in capital assets (e.g., land, vehicles, transit enhancements and other equipment) and other unrestricted amounts. Capital assets are used to provide services to the patrons and passengers of the District and to users of public transit who ride the CT Transit fixed route buses as well as to various municipalities in the South Central Region that have requested transit enhancement projects through the South Central Regional Council of Governments (SCRCOG). The District administers these projects once they have been identified as eligible by SCRCOG.

The District's assets exceeded its liabilities by \$7.4 million as of June 30, 2023, a \$0.87 million decrease from June 30, 2022 due to an increase in the operating loss from \$12.1 million in 2022 to \$13.5 million in 2023, net an increase in non-operating revenue from \$11.2 million in 2022 to \$12.6 million in 2023. The District's assets exceeded its liabilities by \$8.2 million as of June 30, 2022, a \$0.23 million decrease from June 30, 2021 due to an increase in grants receivable from the state at year end.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

FINANCIAL OPERATIONS

A summary of the District's changes in net position for the fiscal years ended June 30 is shown below:

	2023	2022	2021
Operating revenues	\$ 182,621	\$ 298,548	\$ 343,767
Operating expenses	<u>13,673,345</u>	<u>12,356,129</u>	<u>12,834,290</u>
Operating loss	(13,490,724)	(12,057,581)	(12,490,523)
Net non-operating revenues	<u>12,576,277</u>	<u>11,178,130</u>	<u>11,411,071</u>
Decrease in net position before capital grants	(914,447)	(879,451)	(1,079,452)
Federal, state and local grants used for capital purchases	<u>39,611</u>	<u>1,107,992</u>	<u>196,221</u>
(Decrease) increase in net position	<u>\$ (874,836)</u>	<u>\$ 228,541</u>	<u>\$ (883,231)</u>

Operating revenues decreased 38.83 percent from 2022 to 2023 and decreased 13.15 percent from 2021 to 2022 due to the cessation of fares starting in April 2022 through March 2023.

Operating expenses increased 3.43 percent from 2022 to 2023 mainly due to the increased labor rates and increase in their vehicle maintenance expense. Operating expenses decreased 3.73 percent from 2021 to 2022 mainly due to decreased labor costs due to decreased staffing levels.

Net non-operating revenues increased 12.51 percent 2022 to 2023 mainly due to an increase in the funding received by the ADA Dial-A-Ride Services, and American Recovery Plan Act Federal Grant in response to the COVID-19 pandemic which was used for various labor and other operational needs to supplement the cessation of fares. Net non-operating revenues decreased 2.04 percent from 2021 to 2022 mainly due to increased spending on capital asset purchases.

Federal, state and local grants used for capital purchases decreased 96.42 percent from 2022 to 2023 and increased 464 percent from 2021 to 2022. The decrease in 2023 is due to limited capital asset purchases in 2023 of furniture, computers and equipment. The significant increase in 2022 is due to significant asset purchases, primarily consisting of transit vehicles, furniture, computers and equipment and some vehicle maintenance and support equipment.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

REVENUES

A summary of revenues for the years ended June 30, 2023, 2022 and 2021, and the amounts and percentages of change in relation to prior year amounts are as follows:

	2023	% of	Increase/ (Decrease)	Percent Increase/ (Decrease)	2022	% of	Increase/ (Decrease)	Percent Increase/ (Decrease)	2021	% of
	Amount	Total	from 2022	(Decrease)	Amount	Total	from 2021	(Decrease)	Amount	Total
Operating Revenues										
Passenger fares	\$ 42,383	0%	\$ (87,622)	-67%	\$ 130,005	1%	\$ (79,505)	-38%	\$ 209,510	2%
Municipal contribution	77,263	1%	162	0%	77,101	1%	--	0%	77,101	1%
Local contribution	62,658	0%	(28,601)	-31%	91,259	1%	34,325	60%	56,934	0%
Other	317	0%	134	73%	183	0%	(39)	-18%	222	0%
Total Operating Revenues	182,621	1%	(115,927)	-39%	298,548	2%	(45,219)	-13%	343,767	3%
Non-Operating Revenues (Expenses)										
Federal, State and local assistance grants	\$ 12,594,316	97%	\$ 1,411,399	13%	\$ 11,182,917	89%	\$ (227,135)	-2%	\$ 11,410,052	95%
Interest (expense) income	(18,039)	0%	(13,252)	277%	(4,787)	0%	(5,806)	-570%	1,019	0%
Total Net Non-Operating Revenues	12,576,277	98%	1,398,147	13%	11,178,130	89%	(232,941)	-2%	11,411,071	95%
Capital Contributions	39,611	0%	(1,068,381)	-96%	1,107,992	9%	911,771	465%	196,221	2%
Total Revenues	\$ 12,798,509	100%	\$ 213,839	2%	\$ 12,584,670	100%	\$ 633,611	5%	\$ 11,951,059	100%

The decrease in passenger fares of 67% percent from 2022 to 2023 and decrease in passenger fares of 38% percent from 2021 to 2022 is due to the cessation of collection of passenger fares in the last quarter of 2022 and first three quarter of 2023, due to the State of Connecticut restrictions surrounding the COVID-19 pandemic. Municipal contributions, which are member town dues, remained consistent between 2023, 2022 and 2021. Local contributions decreased 31 percent from 2022 to 2023, and increased 60 percent from 2021 to 2022, which is attributable lower ridership from the Hamden Elderly Service contract in 2023 and higher ridership in 2022. Other contributions increased 73 percent from 2022 to 2023 and decreased 39 percent from 2021 to 2022, which is attributable to fluctuations in interest earned on investment.

Federal, State and local assistance grants increased 13 percent from 2022 to 2023 which is primarily attributable to increase in the funding received by the ADA Dial-A-Ride Services, and American Recovery Plan Act Federal Grant in response to the COVID-19 pandemic which was used for various labor and other operational needs. Federal, State and local assistance grants decreased 2 percent from 2021 to 2022 due to increased funding from the CARES Act in response to the Pandemic coupled with a greater number of funds being used for capital asset acquisitions.

Capital contributions decreased 96 percent from 2022 to 2023 due to reduction of capital asset acquisitions in 2023, compared to a increase in capital contributions of 465 percent from 2021 to 2022 attributable to the purchase of significant transit vehicles and other capital acquisitions in 2022.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

EXPENSES

A summary of expenses for the years ended June 30, 2023, 2022 and 2021, and the amounts and percentages of change in relation to prior year amounts are as follows:

	2023	% of	Increase/ (Decrease)	Percent Increase/ (Decrease)	2022	% of	Increase/ (Decrease)	Percent Increase/ (Decrease)	2021	% of
	Amount	Total	from 2022	(Decrease)	Amount	Total	from 2021	(Decrease)	Amount	Total
Operating Expenses										
Wages and fringe benefits	\$ 9,786,234	72%	\$ 1,140,362	13%	\$ 8,645,872	70%	\$ 214,078	3%	\$ 8,431,794	66%
Vehicle maintenance supplies and fuel	1,121,287	8%	546,720	95%	574,567	5%	(21,855)	-4%	596,422	5%
Depreciation	889,985	7%	(58,623)	-6%	948,608	8%	(234,825)	-20%	1,183,433	9%
Professional fees	707,685	5%	176,692	33%	530,993	4%	(11,747)	-2%	542,740	4%
Maintenance, support equip. and enhancements	372,156	3%	(624,892)	-63%	997,048	8%	(505,136)	-34%	1,502,184	12%
Telephone and utilities	295,223	2%	66,378	29%	228,845	2%	48,371	27%	180,474	1%
Insurance	124,752	1%	31,397	34%	93,355	1%	(13,732)	-13%	107,087	1%
Equipment rental and maintenance	110,629	1%	(27,042)	-20%	137,671	1%	18,553	16%	119,118	1%
Office expense and postage	42,061	0%	6,704	19%	35,357	0%	(9,988)	-22%	45,345	0%
Purchased transportation	18,612	0%	7,704	71%	10,908	0%	3,821	54%	7,087	0%
Travel and conferences	6,960	0%	6,529	1515%	431	0%	(200)	-32%	631	0%
Loss on sale and disposal of capital assets	3,383	0%	2,255	200%	1,128	0%	817	263%	311	0%
Other	194,378	1%	43,032	28%	151,346	1%	33,682	29%	117,664	1%
Total Operating Expenses	<u>\$ 13,673,345</u>	<u>100%</u>	<u>\$ 1,317,216</u>	<u>11%</u>	<u>\$ 12,356,129</u>	<u>100%</u>	<u>\$ (478,161)</u>	<u>-4%</u>	<u>\$ 12,834,290</u>	<u>100%</u>

Wages and fringe benefits steadily increased in 2023, 2022 and 2021, which is the net result of contractually obligated wage increases, and increase in benefits. Vehicle maintenance, supplies and fuel increased 95 percent from 2022 to 2023 and decreased 4 percent from 2021 to 2022, due to the fuel prices and ridership. Depreciation decreased 6 percent from 2022 to 2023 and decreased 20 percent from 2021 to 2022, which is attributable to timing of assets in service as the fleet size grew in 2021 and 2022 and remained relatively consistent in 2023. Professional fees increased 33 percent from 2022 to 2023 and decreased 2 percent from 2021 to 2022 due to increase security and information technology professional services in 2023 and decreased legal fees and reallocation methodology of information technology support service during 2022. Maintenance, support equipment and enhancements decreased 63 percent from 2022 to 2023 and 34 percent from 2021 to 2022 due to the continued decrease in maintenance and cleaning of the facility and vehicles due to COVID-19 pandemic using the CARES Act funding post COVID-19. Telephone and utilities expense increased 29 percent from 2022 to 2023 and 27 percent from 2021 to 2022 due to increased utility rates with the service providers and higher utility expenses from the office relocation in 2022.

GREATER NEW HAVEN TRANSIT DISTRICT

MANAGEMENTS' DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

EXPENSES (CONTINUED)

Insurance increased 34 percent from 2022 to 2023 and decreased 13 percent from 2021 to 2022. Equipment rental decreased 20 percent from 2022 to 2023 due to the District not having to pay another licensing fee for their computer software which was updated in 2022, and increased 16 percent from 2021 to 2022 due to licensing fees on Route Match software increasing in 2022. Office expense and postage increased 19 percent from 2022 to 2023 and decreased 22 percent in 2021 to 2022 based on various needs of the office. Purchased transportation increased 71 percent from 2022 to 2023 and increased 54 percent from 2021 to 2022 due to transportation client needs. Travel and conferences increased 1,515 percent and decreased 32 percent from 2022 to 2023 and 2021 to 2022, respectively as the District removed restrictions on all professional travel in 2023, unlike the past few years where they restricted travel due to COVID-19 pandemic. Other increased 28 percent from 2022 to 2023 and increased 29 percent from 2021 to 2022, due to increase in office and parking expense and bank charges in 2023 and 2022, respectively.

SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered highly liquid investments with a maturity of three months or less.

	2023	2022	2021
Cash flows used in operating activities	\$ (12,249,413)	\$ (10,952,485)	\$ (11,678,067)
Cash flows from non-capital financing activities	12,071,435	10,334,425	11,451,967
Cash flows from capital and related financing activities	<u>--</u>	<u>3,000</u>	<u>33,700</u>
Net (decrease) increase in cash and cash equivalents	(177,978)	(615,060)	(192,400)
Cash and cash equivalents, beginning	<u>505,600</u>	<u>1,120,660</u>	<u>1,313,060</u>
Cash and cash equivalents, ending	<u>\$ 327,622</u>	<u>\$ 505,600</u>	<u>\$ 1,120,660</u>

The District's available cash and cash equivalents decreased from \$.51 million at June 30, 2022 to \$0.33 million at June 30, 2023 and decreased from \$1.2 million at June 30, 2021 to \$.51 million at June 30, 2022. The fluctuation is primarily due to the timing of cash receipts and payments on grant receivables and payables causing a larger increase in cash flow from operating activities compared to the increase in operating assistance during the year and having to utilize the line of credit more frequently in the current year.

GREATER NEW HAVEN TRANSIT DISTRICT
MANAGEMENTS' DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During the 2023, 2022 and 2021 fiscal years, the District continued its ongoing capital programs for land acquisition, the purchase of vehicles and support equipment, facility improvement projects and transit enhancement projects. The District is also the grantee for the New Haven Alternative Analysis study and efforts continue in collaboration with the Connecticut Department of Transportation to move forward with building demolition as well as design and construction of a new operations and maintenance facility.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Executive Director, 840 Sherman Ave, Hamden, CT 06514.

GREATER NEW HAVEN TRANSIT DISTRICT

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 327,622	\$ 505,600
Grant and trade receivables	2,372,857	1,501,580
Inventory	75,135	62,998
Prepaid expenses and other current assets	42,654	127,147
Total Current Assets	<u>2,818,268</u>	<u>2,197,325</u>
Other Assets		
Operating right-of-use asset, net	214,683	352,094
Capital assets, net	5,980,486	6,834,243
Total Other Assets	<u>6,195,169</u>	<u>7,186,337</u>
Total Assets	<u>\$ 9,013,437</u>	<u>\$ 9,383,662</u>
Liabilities and Net Position		
Current Liabilities		
Line of credit	\$ 500,000	\$ --
Current portion of operating lease liability	143,389	135,951
Accounts payable	143,761	140,791
Accrued expenses	759,758	619,115
Advances payable	7,520	10,570
Total Current Liabilities	1,554,428	906,427
Operating Lease Liability , less current portion	<u>74,203</u>	<u>217,593</u>
Total Liabilities	<u>1,628,631</u>	<u>1,124,020</u>
Net Position		
Investment in capital assets	5,980,486	6,834,243
Unrestricted	1,404,320	1,425,399
Total Net Position	<u>7,384,806</u>	<u>8,259,642</u>
Total Liabilities and Net Position	<u>\$ 9,013,437</u>	<u>\$ 9,383,662</u>

The accompanying notes are an integral part of these financial statements.

GREATER NEW HAVEN TRANSIT DISTRICT

STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating Revenues	<u>\$ 182,621</u>	<u>\$ 298,548</u>
Operating Expenses		
Wages and fringe benefits	9,786,234	8,645,872
Vehicle maintenance supplies and fuel	1,121,287	574,567
Depreciation and amortization	889,985	948,608
Professional fees	707,685	530,993
Maintenance, support equipment and enhancements	372,156	997,048
Telephone and utilities	295,223	228,845
Other	194,378	151,346
Insurance	124,752	93,355
Equipment rental and maintenance	110,629	137,671
Office expense and postage	42,061	35,357
Purchased transportation	18,612	10,908
Travel and conferences	6,960	431
Loss on sale and disposal of capital assets	<u>3,383</u>	<u>1,128</u>
Total Operating Expenses	<u>13,673,345</u>	<u>12,356,129</u>
Operating Loss	<u>(13,490,724)</u>	<u>(12,057,581)</u>
Non-Operating Revenues (Expenses)		
Federal, state and local assistance grants used for operations	12,594,316	11,182,917
Interest expense, net	<u>(18,039)</u>	<u>(4,787)</u>
Total Net Non-Operating Revenues	<u>12,576,277</u>	<u>11,178,130</u>
Decrease in Net Position Before Capital Grants	<u>(914,447)</u>	<u>(879,451)</u>
Federal, State and Local Grants Used for Capital Asset Purchases	<u>39,611</u>	<u>1,107,992</u>
(Decrease) Increase in Net Position	<u>(874,836)</u>	<u>228,541</u>
Net Position - Beginning	<u>8,259,642</u>	<u>8,031,101</u>
Net Position - Ending	<u><u>\$ 7,384,806</u></u>	<u><u>\$ 8,259,642</u></u>

The accompanying notes are an integral part of these financial statements.

GREATER NEW HAVEN TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Cash received from customers	\$ 177,184	\$ 283,409
Cash paid to employees for services	(2,761,975)	(2,706,636)
Cash paid to suppliers for goods and services	<u>(9,664,622)</u>	<u>(8,529,258)</u>
Net Cash Used in Operating Activities	<u>(12,249,413)</u>	<u>(10,952,485)</u>
Cash Flows from Non-Capital Financing Activities		
Proceeds from federal, state and local assistance grants	11,725,426	10,404,843
Proceeds from line of credit	500,000	--
Cash paid on operating lease liability	(135,952)	(65,631)
Interest expense, net	<u>(18,039)</u>	<u>(4,787)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>12,071,435</u>	<u>10,334,425</u>
Cash Flows from Capital Financing Activities		
Proceeds from grant capital contributions	39,611	1,107,992
Purchase of capital assets	(39,611)	(1,107,992)
Proceeds from sale of capital assets	<u>--</u>	<u>3,000</u>
Net Cash Provided by Capital Financing Activities	<u>--</u>	<u>3,000</u>
Net Change in Cash and Cash Equivalents	(177,978)	(615,060)
Cash and Cash Equivalents - Beginning	<u>505,600</u>	<u>1,120,660</u>
Cash and Cash Equivalents - Ending	<u>\$ 327,622</u>	<u>\$ 505,600</u>

The accompanying notes are an integral part of these financial statements.

GREATER NEW HAVEN TRANSIT DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (13,490,724)	\$ (12,057,581)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	889,985	948,608
Amortization of operating right-of-use asset	137,411	67,081
Loss on sale and disposal of capital assets	3,383	1,128
Changes in operating assets and liabilities:		
Grant and trade receivables	(2,387)	2,325
Inventory	(12,137)	(20,039)
Prepaid expenses and other current assets	84,493	(43,693)
Accounts payable	2,970	27,622
Accrued expenses	140,643	139,528
Advances payable	(3,050)	(17,464)
Net Cash Used in Operating Activities	<u>\$ (12,249,413)</u>	<u>\$ (10,952,485)</u>

The accompanying notes are an integral part of these financial statements.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Greater New Haven Transit District (the District) is a regional governmental unit formed under the provisions of Chapter 103a of the Connecticut General Statutes. The District includes ten municipalities in the greater New Haven area who govern the District by appointing representatives to the Board of Directors. Those municipalities include Bethany, Branford, East Haven, Hamden, New Haven, North Branford, North Haven, Orange, West Haven and Woodbridge. The day to day affairs of the District are managed by the Executive Director and staff.

The District was established to administer transportation programs in the greater New Haven region. The District provides service to more than twenty towns as well as offers inter-district ADA trips in collaboration with neighboring transit districts. The District has a broad range of programs, with the largest being the ADA paratransit program, which currently provides service to more than 4,900 residents in the region. This program is subsidized (net of fares) by the State of Connecticut Department of Transportation (CT DOT). The District also provides the Regional Rides Program, pooling funds received from CT DOT (State Matching Grant Program, Dial-A-Ride and non-ADA) as well as member town dues.

The District serves as a conduit for federal transit funds to purchase, operate and maintain transit related infrastructure, vehicles and support equipment in the greater New Haven area. These funds benefit the District directly, individual municipalities and the region as a whole.

The CT DOT provides matching funds for the reimbursement of capital expenditures incurred by the District (for its own use) for the purchase of capital assets authorized and partially funded under capital grants provided by the Federal Transit Administration (FTA), a federally administered agency.

Any loss or significant reduction of these grants could have a significant impact on the District's financial position and operations. The continuance of the District's operations has been, and will continue to be, dependent upon the receipt of adequate funding assistance.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The District, as a governmental unit, follows accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements are presented on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability for goods and services is incurred regardless of the timing of cash flows.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively, based upon such periodic evaluation. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The balances in the cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities. Short-term investments of surplus cash are recorded at cost plus accrued interest, which approximates fair value. For purposes of reporting cash flows, cash and cash equivalents include all cash accounts and investments with an original maturity of three months or less at the time of purchase. Excess funds of the District may be deposited at the discretion of the executive director in a commercial bank or trust company with or without security to the credit of such funds.

The District has deposits in financial institutions that maintain Federal Deposit Insurance Corporation (FDIC) deposit insurance up to \$250,000 per depositor. At times, balances held at each financial institution may exceed \$250,000, which represents a credit risk to the District. The District's bank provides additional collateral coverage for any amounts in excess of the FDIC limits. The District has suffered no losses in connection with their banking activities.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GRANT AND TRADES RECEIVABLE

Grants receivable represent reimbursements not yet received by the District for grant related program expenses. Trade receivable represent receivables due from local members. Both grant and trades receivable are stated at the amount management expects to collect from outstanding balances. The District may record an allowance for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. There is no allowance for doubtful accounts as of June 30, 2023 and 2022.

INVENTORY

Inventory, consisting of fuel, bus components and supplies, is stated at the lower of cost and market, on the first-in, first-out method, or market.

CAPITAL ASSETS

Additions of capital assets which have an estimated useful life greater than one year and are greater than \$1,000 are capitalized and recorded at cost. Maintenance and repairs are charged to expense as incurred. Renewals and betterments that significantly extend the life of an asset are also capitalized. Depreciation and amortization is computed on the straight-line method over the following estimated useful lives:

Transit vehicles	4 to 7 years
Furniture, computers and equipment	3 to 7 years
Vehicle maintenance and support equipment	5 to 10 years
Building and improvements	5 to 40 years
Land improvements	20 years

When items are sold or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the respective accounts and the resulting gain or loss is reflected in the statement of activities and changes in net position.

Revenue received from the sale of capital assets acquired with grant proceeds are restricted for use in urban mass transportation systems. Sale proceeds in an amount of \$5,000 or less may be kept by the District. Proceeds received from the sale of capital assets in excess of \$5,000 must be returned to the grantor agencies, or with written permission from the grantor agencies, may be retained for the purchase of future transit assets.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

The carrying value of long-lived assets, which include capital assets, are evaluated periodically for impairment. Impairment losses are recognized when indicators of impairment are present and undiscounted cash flow estimated to be generated by District's capital assets is less than the carrying amount of such investments. The amount of the impairment loss, if any, is determined by comparing the carrying amount of the District's investments to its estimated fair value. No impairment losses have been recognized during 2023 and 2022.

LEASES

Effective July 1, 2021, the District adopted GASB Statement No. 87, *Leases* (GASB 87), which became effective for all fiscal years beginning after June 15, 2021. The District determines if an arrangement contains a lease at inception based on whether the District has the right to control the asset during the contract period and other facts and circumstances.

In 2022 two of the District's leases expired during 2022. However, The District concluded that the impact of adopting GASB 87 for this lease was not material to the District's financial position, operations and cash flows, therefore, there adoption of GASB 87 resulted in no change to the District's financial statements as of July 1, 2022. These leases were not recorded on the statements of financial position, and are expensed on a straight-line basis over the lease term in the statements of changes of activities and changes in net position.

The District entered into a new lease during 2022 for office space as the lessee, which was recorded on the District's financial statements under GASB 87 (See Note 5). The operating right-of-use asset represents the District's right to use an underlying asset for the lease term, and operating lease liability represents the District's obligation to make lease payments arising from the lease, both of which are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Any leases with a lease term of 12 months or less at inception are not recorded on the statements of financial position, and are expensed on a straight-line basis over the lease term in the statements of changes of activities and changes in net position. The operating right-of-use asset was initially measured at an amount equal to the initial measurement of the related operating lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary changes necessary to place the lease into service. The operating right-of-use asset is amortized on a straight-line basis over the life of the related lease.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCRUED VACATION AND SICK TIME POLICY

Union employees can carry up to 960 hours of sick time, however vacation must be used by June 30th of each year. Non-union employees can accumulate up to 840 hours of sick time and may carry over up to 15 days of vacation time into the following fiscal year. Upon termination, the employees are entitled to a payout of the outstanding sick and vacation time. This represents a future liability to the District which is included in the accrued expense liability on the statements of financial position.

USE OF RESOURCES

The District first applies restricted resources to an expense incurred where both unrestricted and restricted resources are available to satisfy the expense.

OPERATING AND NON-OPERATING REVENUES AND EXPENSES

Revenues received as fares or for direct compensation for transportation services are reported as operating revenues as they are earned. Capital and operating subsidy grants as well as interest income are considered to be non-operating revenues in the accounting period in which they are earned. Expenses which pertain to providing transportation services are classified as operating expenses. All other expenses as well as any other charges are classified as non-operating.

SUBSEQUENT EVENTS

Events subsequent to June 30, 2023 have been evaluated through December 1, 2023, the date that the financial statements were available to be issued. No subsequent events were identified requiring recognition or disclosure in the financial statements.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – CAPITAL ASSETS (CONTINUED)

	2022			Balance June 30, 2022
	Balance July 1, 2021	Additions	Disposals	
Less accumulated depreciation and amortization for:				
Land improvements	\$ 286,440	\$ 7,362	\$ --	\$ 293,802
Building and improvements	725,163	74,978	--	800,141
Transit vehicles	3,545,203	659,416	60,341	4,144,278
Vehicle maintenance and support equipment	619,907	24,801	1,578	643,130
Furniture, computers and equipment	1,476,757	182,051	--	1,658,808
Total accumulated depreciation and amortization	6,653,470	948,608	61,919	7,540,159
Net depreciable	2,794,917	159,384	4,128	2,950,173
Total capital assets, net	\$ 6,678,987	\$ 159,384	\$ 4,128	\$ 6,834,243

Depreciation and amortization expense amounted to \$889,985 and \$948,608 for the years ended June 30, 2023 and 2022, respectively.

NOTE 3 – ACCRUED EXPENSES

Accrued expenses consisted of the following at June 30:

	2023	2022
Accrued other	\$ 366,621	\$ 293,540
Accrued vacation and sick pay	274,555	225,656
Accrued payroll	118,582	99,919
Total	\$ 759,758	\$ 619,115

NOTE 4 – LINE OF CREDIT

The District has an available line of credit with Citizens Bank (the Bank) of \$1,000,000. There was \$500,000 outstanding on the line of credit at June 30, 2023. There was no amount outstanding on the line of credit at June 30, 2022. Borrowings on the line bear interest at LIBOR plus 3.00 percent (8.08 percent at June 30, 2023). Under the terms of the agreement, borrowings outstanding are collateralized by substantially all District assets. The District is required to meet certain financial covenants, including submitting audited financial statements within 150 days of year end. The District was in compliance with all covenants.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – LEASES

The District has a lease agreement for an administrative office space under an operating lease with a three-year term with payments ranging from \$12,000 to \$12,484 through December 2024. This lease has been recorded on the District’s financial statements in accordance with GASB 87 (see Note 1), resulting in a right-to-use asset and corresponding lease liability.

The following summarizes the operating right-of-use asset activity as reported on the District’s balance sheet for the years ended June 30:

	2023			
	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Operating right-of-use asset				
Building	\$ 419,175	\$ --	\$ --	\$ 419,175
Less accumulated amortization for:				
Building	67,081	137,411	--	204,492
Total operating right-of-use asset, net	<u>\$ 352,094</u>	<u>\$ (137,411)</u>	<u>\$ --</u>	<u>\$ 214,683</u>
	2022			
	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Operating right-of-use asset				
Building	\$ --	\$ 419,175	\$ --	\$ 419,175
Less accumulated amortization for:				
Building	--	67,081	--	67,081
Total operating right-of-use asset, net	<u>\$ --</u>	<u>\$ 352,094</u>	<u>\$ --</u>	<u>\$ 352,094</u>

Amortization expense amount to \$137,411 and \$67,081 for the years ended June 30, 2023 and 2022, respectively.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30, 2023 and 2022:

	2023	2022
Operating right-of-use asset	<u>\$ 214,683</u>	<u>\$ 352,094</u>
Current portion of operating lease liability	\$ 143,389	\$ 135,951
Operating lease liability, less current portion	<u>74,203</u>	<u>217,593</u>
Total operating lease liability	<u>\$ 217,592</u>	<u>\$ 353,544</u>

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – LEASES (CONTINUED)

The maturities of the operating lease liability as of June 30, 2023 were as follows:

<u>For the Years Ending June 30,</u>	<u>Present Value of Future Lease Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 143,389	\$ 4,960	\$ 148,349
2025	<u>74,203</u>	<u>705</u>	<u>74,908</u>
	<u>\$ 217,592</u>	<u>\$ 5,665</u>	<u>\$ 223,257</u>

Weighted average lease term and discount rate are as follows as of June 30:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term	1.50 years	2.50 years
Weighted average discount rate	3.25%	3.75%

The components of operating lease expenses that are included in "operating expenses" in the accompanying statements of activities and changes in net position were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 152,962</u>	<u>\$ 104,027</u>

The Company had a lease agreement for administrative office and bus storage facility, with escalating monthly payments of \$2,200 and additional monthly rent of \$971 for additional facility equipment rent and common area maintenances expenses that expired in December 2022.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – EMPLOYEE RETIREMENT PLANS

The District administers two defined contribution plans established on September 1, 2003 in accordance with Internal Revenue Code Section 401(a); Greater New Haven Transit District Union Employee 401(a) Plan and Greater New Haven Transit District Administrative Employee 401(a) Plan. These plans are provided to all employees who have completed three months of service and who are 18 years of age. The District contributes to the respective 401(a) plans based on employees voluntary contributions to a 457(b) plan; 100% of contributions up to 5% of compensation for union and administrative employees. Contributions are invested at the direction of the employee in one or more funds. The District made contributions of \$75,663 and \$53,021 during the years ended June 30, 2023 and 2022, respectively. Employee contributions to the plan were \$139,077 and \$131,417 during the years ended June 30, 2023 and 2022, respectively. Plan provisions and contribution requirements are established and may be amended by the District.

NOTE 7 – CONTINGENCIES

There are various claims against the District that have arisen in the normal course of business. In management's opinion, none of these claims will have a material adverse effect on the District.

In addition, the District is the recipient of funds under grant awards from federal and state sources. Although management believes costs charged to these sources are appropriate, the final determination of cost allowability rests with the funding sources. Management believes any disallowances would not have a material impact on the District's financial position.

The nature of the District's transportation service subjects it to extensive and rapidly changing federal and state environmental regulations governing air emissions, waste water discharge and solid and hazardous waste management activities. The District's policy is to accrue environmental and clean-up related costs of a non-capital nature when it is both probable that a liability has been incurred and that an amount can be reasonably estimated. It remains however, extremely difficult to reasonably quantify future environmental related expenditures and therefore no such liability has been recorded.

The District purchased land in North Haven, CT to build a new office. As part of the purchase and sale agreement, \$100,000 was to be deposited in an interest bearing cash account to fund any future environmental remediation costs the District may incur while building on the property. A corresponding contingent liability was recorded to reflect any potential costs and reimbursements made back to the seller, and included in accrued expenses on the accompanying statements of financial position.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 – COLLECTIVE BARGAINING AGREEMENT

All of the District's drivers are covered by a collective bargaining agreement, which expired on June 30, 2023. The District is currently negotiating a new collective bargaining agreement.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Greater New Haven Transit District

We have audited, in accordance with the 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 Greater New Haven Transit District (the District) as listed in the table of contents as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a 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 a 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

New Haven, CT
December 1, 2023

GREATER NEW HAVEN TRANSIT DISTRICT

FEDERAL SINGLE AUDIT

YEAR ENDED JUNE 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Greater New Haven Transit District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Greater New Haven Transit District's (the District) 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 the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion the 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 1, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

New Haven, CT
December 1, 2023

GREATER NEW HAVEN TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>U.S. Department of Transportation:</i>				
Federal Transit Cluster (Federal Transit - Formula Grants)				
CT-2022-003 (ARP)	20.507		\$ --	600,000
CT-2020-006 (CARES Act)	20.507		--	129,412
CT-2023-016 (CRRSA)	20.507		--	117,540
CT-2018-012	20.507		--	61,048
CT-2016-011	20.507		--	216
			--	908,216
Transit Services Program Cluster				
New Freedom Program				
CT-57-X004	20.521		--	18,612
Total Expenditures of Federal Awards			\$ --	\$ 926,828

See notes to schedule of expenditures of federal awards.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Greater New Haven Transit District (the District) under programs of the federal government for the year ended June 30, 2023. The information in this 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles obtained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate.

GREATER NEW HAVEN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings and questioned costs were reported for federal award programs.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no findings reported for federal award programs.

GREATER NEW HAVEN TRANSIT DISTRICT

STATE SINGLE AUDIT

YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

To the Board of Directors of
Greater New Haven Transit District

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Greater New Haven Transit District's (the District) 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 the District's major state programs for the year ended June 30, 2023. The District'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 District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2023.

Basis for Opinion the Major State Programs

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 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 District 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 the major state programs. Our audit does not provide a legal determination of the District'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 District's state programs.

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 District'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 Act 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 District's compliance with the requirements of the major state programs 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 District'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 District'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 District'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.

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.

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.

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.

Report on Schedule of Expenditures of State Awards Required by the State Single Audit Act

We have audited the financial statements of the District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 1, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Marum LLP

New Haven, CT
December 1, 2023

GREATER NEW HAVEN TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

State Grantor/ Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
<i>Department of Transportation</i>			
ADA Dial-A-Ride Services	12001-DOT57000-12379	\$ --	\$ 11,289,297
Bus Operations	12001-DOT57000-12175	--	402,486
Capital and Project - State Portion	CT-2016-011	--	15,262
Capital and Project - State Portion	CT-2018-002	--	54
Total Expenditures of State Financial Assistance		<u>\$ --</u>	<u>\$ 11,707,099</u>

See notes to schedule of expenditures of state financial assistance.

GREATER NEW HAVEN TRANSIT DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes state grant activity of the Greater New Haven Transit District (the District) under programs of the State of Connecticut for the year ended June 30, 2023. The Department of Transportation of the State of Connecticut has provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund the transportation services of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting policies generally accepted in the United States of America as applicable to governments.

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

NOTE 2 – BASIS OF ACCOUNTING

The expenditures reported on the Schedule are reported on the accrual basis of accounting.

GREATER NEW HAVEN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' 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 auditors' 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:

State Grantor and Program	State CORE-CT Number	Expenditures
ADA Dial-A-Ride Services	12001-DOT57000-12379	\$ 11,289,297
Bus Operations	12001-DOT57000-12175	402,486

Dollar threshold used to distinguish between type A and type B programs is \$234,142.

GREATER NEW HAVEN TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

II. FINANCIAL STATEMENT FINDINGS

No findings reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State Financial Assistance Programs.

IV. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings reported for state financial assistance programs