

**NEW HAVEN PORT AUTHORITY**  
**INDEPENDENT AUDITORS' REPORT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**



**T.M. BYXBEE COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

**NEW HAVEN PORT AUTHORITY**

**TABLE OF CONTENTS**

**JUNE 30, 2022 AND 2021**

PAGES

**INDEPENDENT AUDITORS' REPORT**

1-2

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

3-6

**AUDITED FINANCIAL STATEMENTS**

Statements of Net Position

7

Statements of Revenues, Expenses and Changes in Net Position

8

Statements of Cash Flows

9

Notes to Financial Statements

10-14



## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the  
New Haven Port Authority

### Opinion

We have audited the accompanying financial statements of the New Haven Port Authority, which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Haven Port Authority as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the New Haven Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 New Haven Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 New Haven Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the New Haven Port Authority's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion 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.



Hamden, Connecticut  
December 8, 2022

## NEW HAVEN PORT AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2022

The Management's Discussion and Analysis of the New Haven Port Authority's (the "Authority") financial performance provides an overall review of the Authority's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the Authority's financial performance.

These financial statements have been prepared using the requirements stipulated by the Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* ("GASB 34"). Under GASB 34, the Authority is considered a special purpose government engaged in a business-type activity. As such, the Authority uses the economic resources measurement focus and accrual basis of accounting.

#### Financial Highlights:

- The Authority implemented *GASB 87, Leases*, during the year ended June 30, 2022 retrospectively to June 30, 2021. *GASB 87*, requires the recognition of certain lease assets previously classified as operating leases and the recognition of deferred inflows based on the payment provisions in the contract. The Authority recognized \$761,843 and \$937,331 of license fee receivable assets and related deferred inflows of resources on the statements of net position for the years ended June 30, 2022 and 2021, respectively.
- Total assets at June 30, 2022, were \$1,927,306 of which \$1,316,268 were considered current assets. Total assets decreased by \$151,850 since June 30, 2021. The decrease is due primarily to a reduction in the License Fees Receivable asset as of June 30, 2022.
- Total liabilities were \$291,129, all of which are classified as current liabilities, an increase of \$23,675 from June 30, 2021.
- Total net position was \$874,334, a decrease of \$37. A portion of total net position equal to \$675,000 has been designated by the Board for major expenditures and future grant-related cost sharing.
- Revenues totaled \$193,366, an increase of \$21,839. The majority of the Authority's revenues for the year ending June 30, 2022, were from license fees associated with the leasing of land within the Port District. Expenses for the year ended June 30, 2022, totaled \$215,643 resulting in a net operating loss of \$22,277. Operating income decreased by \$60,044 during the year ended June 30, 2022.

#### Overview of the Financial Statements:

The statement of net position presents the financial position of the Authority as of a specific date. It provides information about the nature and amounts of resources (assets), obligations (liabilities), deferred inflows and net assets.

The statement of revenue, expenses and changes in net position presents changes in net assets (revenue and expenses) over the course of the year. This statement measures the Authority's profitability and success in funding its expenses through user charges.

**NEW HAVEN PORT AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**JUNE 30, 2022**

**Overview of the Financial Statements: (Continued)**

The statement of cash flows presents the cash activities of the Authority segregated by three major cash flow categories: operating activities, capital and related financing activities and investing activities. This statement may be useful in determining changes in the liquidity of the Authority and in understanding how cash and cash equivalents were used during the year.

**Conditions, Facts or Decisions that will Affect the Authority's Financial Position**

The Port of New Haven continues to be the busiest port in Connecticut and of the New England ports is second only to Boston in volume of cargo handled annually. The Waterborne Commerce of the United States 2020 report by the US Army Corps of Engineers Institute of Water Resources ranked New Haven 58<sup>th</sup> based on tonnage. There are also proposals to expand rail infrastructure at both Gateway and New Haven Terminal. To that end, NHPA again served as sponsor for the federal Maritime Infrastructure grant which would have provided funding for Gateway Terminal to increase rail within the port. Federal and state grant opportunities will continue to be pursued for infrastructure development.

Operating revenue is derived from license fees paid by terminals for the use of approximately 12 acres of land located in the port district and used for the storage of break bulk cargo transiting the port. This land, formerly known as East Shore Parkway ("ESP"), consists of three parcels. Parcels 1, 2 and 3. Parcels 1 and 2 have been divided to create Lease Parcels A, B, C, D & E. All five are currently licensed as follows: Gateway Terminal has licenses for Parcels A & B and D & E and Parcel C is licensed to New Haven Terminal and sub-licensed to Harbor Terminal.

Parcel 3 is the subject of long-standing and yet unresolved dispute between the Connecticut Department of Transportation ("CONNDOT") and NHPA. Since 2006, under the terms of construction easement, this parcel has been used as a Waste Stockpile Area to dewater and store dredge spoils originally associated with the Harbor Crossing project. That easement was to terminate with the closeout of the Harbor Crossing project, March 31, 2017. However, in February 2019 CONNDOT proceeded to take Parcel 3 by eminent domain; followed in 2020 by the passage of a Conveyance Bill by the State Legislature that required CONNDOT to sell Parcel 3 to the Port Authority for the amount determined by CONNDOT to be just compensation. CONNDOT deposited those funds in Superior Court, where they remain pending the results of current negotiations with CONNDOT. These negotiations include disposition of four additional parcels within the port district that were acquired by CONNDOT for the Harbor Crossing project and that had been considered for purchase by the Connecticut Port Authority ("CPA"). CPA is no longer interested in acquiring these parcels but do, however, want to ensure that the parcels continued use be in support of maritime activity. New Haven Port Authority has been attempting to negotiate a path forward that would permit New Haven Port Authority to receive a grant from CPA in the amount of \$751,000 to purchase said parcels directly from CONNDOT.

**NEW HAVEN PORT AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**JUNE 30, 2022**

**Conditions, Facts or Decisions that will Affect the Authority's Financial Position (Continued)**

Environmental Site Assessments were performed for several of these parcels indicating some environmental contamination in excess of the Remediation Standards Regulations; however, as an agency with condemnation authority, NHPA is not subject to the Transfer Act. NHPA currently believes it has a path forward for purchasing these properties in 2023. An additional parcel will be acquired by the New Haven Port Authority from CONNDOT and turned over to a developer soon.

Acquisition of two adjacent parcels from private individuals with the possibility of demolition of onsite structures is being explored.

The Deep Draft Navigation Study of the Federal Channel has been completed and was forwarded to the Headquarters of the U.S. Army Corps of Engineers ("Corps"). The Chief's report, recommending the channel be deepened to 40 feet, was signed in May 2020 by General Semonite. In December of that year, the Water Resource and Development ACT (WRDA), was passed by the bi-partisan Congressional Omnibus bill. The bill included the reauthorization of the channel depth. In January 2021, the Senate adopted TITLE IV-Water Resource and Development, authorizing six projects, one of which was the New Haven Harbor Navigation Improvement Project. In January 2022, the federal government appropriated \$63,000,000 to cover the federal cost share of the design and construction phases of the project. The non-federal cost share of approximately \$25,000,000 has already been approved by the Connecticut State Legislature. The Connecticut Port Authority will act as the non-federal sponsor for the design and construction phases of the project. Upon execution of a Memorandum of Understanding between the Corps and the Connecticut Port Authority, the design phase of the project will commence.

The original cost of the study was \$3 million which had been shared by the federal government and the local sponsor on a 50/50 basis. Although the New Haven Port Authority is the local sponsor our cost share was funded through a State of Connecticut Grant in the amount of \$1.5 million plus an additional \$25,000 from the New Haven Port Authority. A condition of that grant is that a single audit be performed each year through the term of the project. The 2020 and 2021 single audit were completed in July 2022. In June 2022, the Corps returned the unspent balance of the local sponsor cost share and returned the monies owed to the State in July 2022.

One of the first projects undertaken by the New Haven Port Authority was the preparation of a Strategic Land Use Plan which was adopted in 2007. With the financial assistance of the Connecticut Port Authority, over the next several months an engineering/planning firm will be retained by NHPA to update that plan and prepare a master plan that focuses on improving port infrastructure to support the multi-modal movement of freight through the port of New Haven. Several studies that have been completed over the past few years; namely, the Traffic Study prepared by CDM Smith, the Freight Study prepared by the Southern Connecticut Council of Governments, the State of Connecticut's freight plan as well as the feasibility study prepared by the US Army Corps of Engineers for the channel deepening will all inform the Master Plan.

**NEW HAVEN PORT AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**JUNE 30, 2022**

**Conditions, Facts or Decisions that will Affect the Authority's Financial Position (Continued)**

The New Haven Port Authority had joined in an Amicus Curia Brief in *Rosado et al. v Pruitt et al.* (now *Rosado et al v. Wheeler et al*) in which New York State, the plaintiff, challenged the US Environmental Protection Agency for its designation of the Eastern Long Island Disposal Site ("ELDS") as an open-water disposal site for dredged material. ELDS serves the dredged material disposal needs for projects in eastern Connecticut, New York, and Rhode Island. Absent the availability of ELDS for the disposal of suitable dredge material, those materials could be barged to the Central Long Island site for disposal. It is considered in the best interest of the NHPA that the ELDS remain available for the disposal needs of eastern Connecticut, leaving Central and Western Disposal sites available to serve the long term needs for disposal of suitable dredge materials generated in this part of the State. An additional concern existed that if New York were to prevail with this appeal they would work their way through Long Island Sound attempting to have all open water disposal sites closed. A decision was rendered by United States Eastern District Judge Korman in July 2020 which denied the Plaintiff's motions for summary judgment and Defendant's cross-motions for summary judgment were granted. In his conclusion, Judge Korman stated that in designating the Eastern site, EPA based its findings on substantial evidence, and followed the agency's obligations under the law. New York State appealed that judgment, but the decision rendered by the District Court was affirmed by the Second Circuit in a decision on September 2, 2022, by Chief Judge Livingstone and Circuit Judges Carney and Bianco.

The interests of the New Haven Port Authority and marine-related businesses continue to be represented by management in several forums: as a member of the New Haven Marine Group established for Long Island Sound and charged with implementation of the Concept of Operations for port security; at monthly meetings of the New Haven Cooperative, the Connecticut Maritime Coalition, the Connecticut Port Authority, and the Greater New Haven Chamber of Commerce. Less regularly, but no less important, are the interactions with members of the North Atlantic Ports Association and the American Association of Port Authorities.

We will continue to work with our local, state, federal and industry partners to ensure the preservation of our deep water-ports and to advocate for policies and resources necessary to maintain and improve the infrastructure at the port of New Haven.

**Requests for Information**

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Sally Kruse, Executive Director, New Haven Port Authority, 200 Orange Street, New Haven, CT 06510.



NEW HAVEN PORT AUTHORITY

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,127,718	\$ 837,840
License Fees Receivable	179,817	175,487
Prepaid Expenses	8,733	8,095
Other Asset (Note 7)	-	266,878
Total Current Assets	<u>1,316,268</u>	<u>1,288,300</u>
<b>NON-CURRENT ASSETS</b>		
License Fees Receivable, non-current	<u>582,026</u>	<u>761,844</u>
<b>LAND (NOTE 3)</b>	<u>29,012</u>	<u>29,012</u>
TOTAL	<u>\$ 1,927,306</u>	<u>\$ 2,079,156</u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 40,417	\$ 12,439
Deferred Revenue	17,275	13,137
Due to State of Connecticut	233,437	-
Other Liability (Note 7)	-	241,878
Total Current Liabilities	<u>291,129</u>	<u>267,454</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
License Fees	<u>761,843</u>	<u>937,331</u>
<b>NET POSITION</b>		
Invested in Capital Assets	29,012	29,012
Unrestricted	170,322	170,359
Board Designated for Major Expenditures and Grant-Related Cost Sharing	<u>675,000</u>	<u>675,000</u>
Total Net Position	<u>874,334</u>	<u>874,371</u>
TOTAL	<u>\$ 1,927,306</u>	<u>\$ 2,079,156</u>

See notes to financial statements.

(7)

**NEW HAVEN PORT AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
License Fees	\$ 184,925	\$ 157,014
Grant Income (Note 7)	<u>8,441</u>	<u>14,513</u>
Total Revenues	<u>193,366</u>	<u>171,527</u>
<b>EXPENSES</b>		
Payroll	77,566	61,783
Other Professional Fees	38,771	18,804
Legal Fees	65,236	17,365
Channel Deepening Study (Note 7)	8,441	14,513
Insurance	9,233	8,788
Payroll Taxes	7,686	5,260
Dues and Subscriptions	5,395	4,750
Fuel Assistance Program	1,570	2,169
Miscellaneous	999	328
Travel	746	-
Total Expenses	<u>215,643</u>	<u>133,760</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(22,277)</u>	<u>37,767</u>
<b>NON-OPERATING REVENUES</b>		
Interest Income	1,323	499
Interest Income from Licensing Agreement	<u>20,917</u>	<u>18,570</u>
Total Non-Operating Revenues	<u>22,240</u>	<u>19,069</u>
<b>CHANGE IN NET POSITION</b>	(37)	56,836
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>874,371</u>	<u>817,535</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 874,334</u>	<u>\$ 874,371</u>

See notes to financial statements.

(8)

**NEW HAVEN PORT AUTHORITY**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Receipts from License Agreements	\$ 189,063	\$ 170,151
Grant Income	8,441	14,513
Payments to Suppliers	(103,051)	(61,238)
Payments to Employees	<u>(85,252)</u>	<u>(67,043)</u>
Net Cash Provided By Operations	<u>9,201</u>	<u>56,383</u>
 <b>CASH FLOWS FROM CAPITAL</b>		
Collection of Other Asset	<u>258,437</u>	<u>-</u>
Net Cash Provided By Capital Activities	<u>258,437</u>	<u>-</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	<u>22,240</u>	<u>19,069</u>
Net Cash Provided By Investing Activities	<u>22,240</u>	<u>19,069</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	31,441	75,452
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>837,840</u>	<u>762,388</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,127,718</u>	<u>\$ 837,840</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (22,277)	\$ 37,767
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Change in Assets and Liabilities:		
Decrease (Increase) in License Fees Receivable	175,488	155,634
Decrease (Increase) in Prepaid Expenses	(638)	141
Increase (Decrease) in Accounts Payable and Accrued Expenses	27,978	5,338
Increase (Decrease) in Deferred Revenue	4,138	13,137
Increase (Decrease) in Deferred Inflows of Resources	<u>(175,488)</u>	<u>(155,634)</u>
Net Cash Provided By Operating Activities	<u>\$ 9,201</u>	<u>\$ 56,383</u>

See notes to financial statements.

**NEW HAVEN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Introduction

The accounting and reporting framework and the more significant principles and practices of the New Haven Port Authority (the “Authority”) are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Authority’s financial activities.

On May 6, 2002, section 7-329b of the Connecticut General Statutes amended the term “port authority” to include the New Haven Port Authority. This act of the General Assembly provided the enabling legislation for the City of New Haven (the “City”) to establish the New Haven Port Authority. On February 3, 2003, the New Haven Board of Alders adopted an ordinance creating the Port Authority for the purpose of developing, operating, and serving as an advocate for the port community and district within the City. The Authority commenced independent operations January 2008 upon the receipt of 14.3 acres of land known as East Shore Parkway and cash from the City.

The Authority is governed by a Board of Directors which is appointed by the Mayor and confirmed by the Board of Alders. There were six Board members as of June 30, 2022.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) and apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The Authority also has the option to follow subsequent FASB guidance subject to the same limitations and elects to do so.

Revenue and Expense Classification

The Authority distinguishes operating revenue and expenses from nonoperating revenue and expenses in its statement of revenues, expenses, and changes in net position. Operating revenue consists of those revenues earned from license fees associated with the leasing of land within the port district and grants. Grant funds are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Accordingly, when such funds are received, they are recorded as a liability until related and authorized expenditures have been made. Operating expenses relate to the costs associated with administering, operating, and developing the port district in connection with its daily operations.

Cash and Cash Equivalents

Cash consists of monies held in checking accounts. Cash equivalents are comprised of money market funds and investments in the state of Connecticut Short-Term Investment Fund.

**NEW HAVEN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Inflows of Resources

Deferred inflows of resources have been recorded for license agreements where the Authority is the lessor on license agreements that qualify under Government Accounting Standards Board 87, Leases (“GASB 87”). They are amortized over the life of the license agreement as payments are received from the lessees.

Deferred Revenue

Deferred revenue represents license fees received from licensees in the current year for future periods.

License Fees Receivable

The Authority’s license fee receivable is measured at the present value of license fee payments expected to be received during the lease term. Under the license agreements, the Authority may receive variable license fee payments that are dependent upon increases in the Consumer Price Index for all Urban Consumers. The variable payments are recorded as an inflow of resources in the period the payment is received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pronouncements Issued

For the years ended June 30, 2022 and 2021, the Authority GASB 87, Lease Accounting, which increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASBS 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Authority as lessor, has incorporated license agreements into the June 30, 2022 and 2021 financial statements.

Date of Management’s Review

Subsequent events have been evaluated through December 8, 2022, which is the date the financial statements were available to be issued.

**NEW HAVEN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following in the Statements of Net Position at June 30, 2022 and 2021:

	2022	2021
Deposits	\$ 450,590	\$324,201
Money Market	260,232	97,957
State of Connecticut Short-Term Investment Fund	416,896	415,682
	<u>\$1,127,718</u>	<u>\$837,840</u>

As of June 30, 2022, the carrying amount and bank balances of the Authority’s cash and cash equivalents was \$1,127,718. The amount of bank balances covered under federal depository insurance was \$250,000. The remaining \$877,718 was uninsured.

The Authority entered into a third-party custodial agreement with Citizens Bank in 2009 with the Bank of New York acting as custodian. The agreement collateralizes 102% of any uninsured deposits held by Citizens Bank.

The State of Connecticut Short-Term Investment Fund is rated AAAm with Standard & Poor’s.

**NOTE 3 – LAND**

There was no carrying value related to the land received from the City consistent with the City’s accounting. Capitalized costs related to the land of \$29,012 are various legal and engineering fees paid by the Authority.

**NOTE 4 – LEASING ARRANGMENTS**

The Authority, as owner, or in its capacity as agent for the City, is also the lessor under the terms of three separate license agreements on property owned by the Authority. Such licenses relate to the rental of certain land parcels located in the port district. Leasing arrangements require monthly license fee payments. The monthly license fees allow for annual adjustments based on future increases in the Consumer Price Index for all Urban (CPI-U) consumers.

The license agreements expiration dates, including licensee options to renew, are as follows:

Parcel A & B	September 30, 2024
Parcel C	June 30, 2027
Parcel D & E	September 30, 2029

The license fee receivable is measured as the present value of the future minimum license fee payments expected to be received during the lease terms at a discount rate of 2.44%, which was the long-term Treasury in effect at the implementation of GASB 87. Variable license fee payments based on future CPI-U increases are not included in the measurement of the receivable and are recognized in the period to which those payments relate.

**NEW HAVEN PORT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 4 – LEASING ARRANGEMENTS (CONTINUED)**

For the year ended June 30, 2022, the Authority recognized \$175,487 of license fee revenue and \$20,917 of interest revenue under the license agreement. In addition, the Authority recognized \$9,438 in variable license fee revenue.

For the year ended June 30, 2021, the Authority recognized \$155,634 of license fee revenue and \$18,570 of interest revenue under the license agreement. In addition, the Authority recognized \$1,380 in variable license fee revenue.

A schedule as of June 30, 2022 of minimum future license fees on noncancelable license agreements where the Authority, as owner, is the licensor, is summarized as follows:

<u>Year Ending June 30</u>	<u>License Fee Revenue</u>	<u>Interest Revenue</u>	<u>Total</u>
2023	\$179,817	\$ 16,587	\$196,404
2024	184,254	12,150	196,404
2025	120,794	8,155	128,949
2026	100,828	5,636	106,464
2027	103,316	3,148	106,464
2028-2029	<u>72,834</u>	<u>2,092</u>	<u>74,926</u>
	<u>\$761,843</u>	<u>\$ 47,768</u>	<u>\$809,611</u>

**NOTE 5 – CONCENTRATIONS**

For the years ended June 30, 2022 and 2021, two license holders accounted for 100% of the Authority’s license fee revenues.

**NOTE 6 – RELATED PARTIES**

The ordinance establishing the Port Authority for the City of New Haven provides for, among other things, that the Authority will be assessed a payment in lieu of taxes (PILOT) payable to the City on profit-making leases of property owned by the Port Authority. In addition, the Authority may pay a PILOT to the City, in accordance with section 7-329u of the Connecticut General Statutes, in such an amount to be established should the Authority become profitable. In no case, however, shall any payment be made unless the Authority has sufficient funds to make such payment and to operate the Authority and maintain a reasonable reserve for necessary operating and/or capital expenditures. No PILOT payment was assessed for fiscal years ended June 30, 2022 and 2021.

The City provides computer equipment, telephone equipment, and office space to the Authority at no charge.

No amounts were due to or from the City for the years ended June 30, 2022 and 2021.

**NEW HAVEN PORT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

**NOTE 7 – OTHER ASSET AND OTHER LIABILITY**

During the year ended June 30, 2016, the Authority received a \$1,500,000 grant from the state of Connecticut to study the feasibility of deepening the main ship channel in New Haven Harbor. The study is a 50% shared study with U.S. Army Corp of Engineers (ACOE). As a condition of the agreement with the ACOE, the Authority made an initial payment of \$25,000 to commence the study and subsequently forwarded the state of Connecticut grant funds to the ACOE. For the year ended June 30, 2022, the Authority's portion of the shared study costs totaled \$8,441 (\$14,513 at June 30, 2021). Through June 30, 2022, the Authority's share of cumulative project costs was \$1,266,564. The unspent funds, \$258,436 were returned to the Authority in August 8, 2022. The unspent portion of the State Grant proceeds, \$236,436 are reported as an Other Liability on the Statement of Net Position. If project costs are less than the grant, the Authority must return the unexpended funds within sixty days following the closeout of the grant. The Authority satisfied this obligation in August 2022. As a condition of the grant, the Authority is subject to a program examination to test its compliance with the provisions of the award.

**NOTE 8 – NET POSITION DESIGNATION**

On January 13, 2022, the Board of Commissioners approved a resolution designating an additional \$50,000 of unrestricted net position be restricted for special projects including land acquisition, grant-related cost sharing contributions or capital improvements within the port district. The total amounts designated for special projects including land acquisition, grant-related cost sharing contributions or capital improvements within the port district was \$675,000 at June 30, 2022 and 2021.

**NOTE 9 – PARCEL 3 – EAST SHORE PARKWAY**

The State of Connecticut Department of Transportation had condemned a construction easement over this parcel in 2006, at which time the land was owned by the City of New Haven. When the New Haven Port Authority acquired this parcel from the City in 2008, it was acquired subject to this easement. The easement was to expire at the close out of the State's Harbor Crossing project (March 31, 2017). In April of 2017, the State sent notice of their intent to acquire Parcel 3. The Authority did not want to sell this parcel but did, however, offer to lease it to the State. On February 26, 2019, the State filed the Notice of Condemnation and Assessment of Damages with the Clerk of the Superior Court in the Judicial District of New Haven. The State also deposited in Superior Court a check in the amount of \$205,000 representing the assessed damages. The Authority never took possession of these funds and the proceeds remain in a court appointed escrow account. On that same day the State filed with the Town Clerk of the City of New Haven the Certificate of Condemnation, which effectively gave the State title to Parcel 3. During the 2019 Legislative Session Bill No. 1125 was passed which required the State to transfer the land back to the Authority for no additional monetary consideration. The future use and ownership of Parcel 3 is now being discussed with CTDOT in conjunction with negotiations between NHPA and CTDOT to acquire four (4) parcels in the port district which had been acquired for the Harbor Crossing project and which CTDOT now wants to sell.