

NEW HAVEN PORT AUTHORITY
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022



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

NEW HAVEN PORT AUTHORITY

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INDEPENDENT AUDITOR'S 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, 2023 and 2022, 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, 2023 and 2022, 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 14, 2023

NEW HAVEN PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

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, 2023. 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:

- Total assets at June 30, 2023, were \$1,612,654 of which \$1,069,371 were considered current assets. Total assets decreased by \$314,652 since June 30, 2022. The decrease is due primarily to a reduction in the License Fees Receivable as of June 30, 2023, and repayments of amounts due to the state of Connecticut.
- Noncurrent assets include \$116,499 in professional fees and other related costs associated with the acquisition of additional land within the Port area expected to close in the next fiscal year.
- Total liabilities were \$44,040, all of which are classified as current liabilities, a decrease of \$247,089 from June 30, 2022. This decrease is due primarily to the payment of funds owed to the State of Connecticut.
- Total net position was \$986,588, an increase of \$112,254.
- License fee revenue totaled \$203,658, an increase of \$18,733. The majority of the Authority's revenues for the year ending June 30, 2023, were from license fees associated with the leasing of land within the Port District. Expenses for the year ended June 30, 2023, totaled \$129,164 resulting in net operating income of \$74,494. Operating income increased by \$96,771 during the year ended June 30, 2023.

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.

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.

NEW HAVEN PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

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 55th in the nation based on tonnage. There are also proposals to expand rail infrastructure at Gateway and Harbor Terminals. To that end, New Haven Port Authority again served as sponsor for the federal Maritime Infrastructure grant which would have provided funding to increase rail infrastructure within the port, with Gateway Terminal providing the local cost share for the project. Federal and state grant opportunities will continue to be pursued for infrastructure development.

In FY 22-23, the Authority transferred the bulk of its cash reserves from money market and checking accounts to its State of Connecticut Short-Term Investment Fund (STIF), resulting in additional investment income.

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 was licensed to New Haven Terminal and sub-licensed to Harbor Terminal. During FY 22-23, Harbor Terminal was sold by New Haven Terminal to Gateway.

Parcel 3 had been the subject of a long-standing and yet unresolved dispute between the Connecticut Department of Transportation ("CONNDOT") and the Authority. Since 2006, under the terms of a construction easement, this parcel had 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 and deposited \$205,000 with the Superior Court for the Judicial District of New Haven, representing the assessed damages. The Authority never took possession of those funds, which remain in a court appointed escrow account. Subsequent to that, in June 2019, the State Legislature passed Special Act 19-3 that required CONNDOT to sell Parcel 3 to the Authority for the amount of the assessed damages, i.e., \$205,000. However, the property description in the 2019 Special Act was incorrect as it included a small portion of a public right of way to be conveyed to the City of New Haven and did not include a drainage easement. In June 2023, the State Legislature passed Special Act 23-28 which corrected those errors and directed CONNDOT to transfer Parcel 3 directly to the Authority for the amount of \$205,000. A deed for the conveyance of the revised Parcel 3 has been prepared by CONNDOT and approved by the Authority. The deed must be signed by the State Treasurer, be approved by the State Properties Review Board, and be signed by the State Attorney General. Once the approvals have been secured, the Authority will withdraw the funds held by the Court (\$205,000) and the property transfer can take place.

An additional four parcels had been considered for purchase by the Connecticut Port Authority ("CPA") and the State Bond Commission had allocated \$751,000 for the CPA to purchase the properties from CONNDOT. Although, the CPA later decided not to purchase the properties, CPA supports the Authority in its desire to purchase them ensuring that the parcels continued use be in support of maritime activity.

NEW HAVEN PORT AUTHORITY

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

JUNE 30, 2023

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

As part of the second Conveyance Bill passed in June 2023, a mechanism for CONNDOT to transfer those four properties and one additional parcel directly to the Authority based on the average cost of two appraisals and an administration fee was provided. CONNDOT's combined cost for the parcels is \$697,500. CONNDOT has prepared deeds for the sale, which are in the signature process. Also, in June 2023, the State Bond Commission approved the transfer of funds for the purchase of these parcels from the CPA to the Authority. On October 17, 2023, the CPA Board passed a resolution approving the transfer of funds to the Authority. 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, the Authority is not subject to the Connecticut Transfer Act.

Three small parcels (aggregate size ~0.1 acre) are being purchased from the City of New Haven through the Property Acquisition and Disposition process. All of the properties discussed in this, and the previous two paragraphs will be licensed to port operators to provide income. The Authority has budgeted money for fencing in newly acquired property in FY 23-24.

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 Authority is pursuing a loan for acquisition of the properties and will pursue grant money for demolition and remediation.

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 CPA 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 CPA, the design phase of the project has commenced.

One of the first projects ever undertaken by the New Haven Port Authority was the preparation of a Strategic Land Use Plan which was adopted in 2007. In October 2023, the Authority issued an RFP for a port planning firm to develop a Port Strategic Master Plan. The plan should address infrastructure upgrade requirements noted in the 2007 Strategic Land Use Plan; develop an economic impact analysis of the port on the City, State and Region; explore long-term markets for which the port is uniquely suited; and the role the NHPA should play. Responses to the RFP were received in November 2023 and a contract with the successful bidder will be negotiated.

NEW HAVEN PORT AUTHORITY

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

JUNE 30, 2023

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

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, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 874,913	\$ 1,127,718
License Fees Receivable	184,254	179,817
Prepaid Expenses	<u>10,204</u>	<u>8,733</u>
Total Current Assets	<u>1,069,371</u>	<u>1,316,268</u>
 NON-CURRENT ASSETS		
Prepaid Land Acquisition Costs	116,499	-
License Fees Receivable, non-current	<u>397,772</u>	<u>582,026</u>
Total Non-Current Assets	<u>514,271</u>	<u>582,026</u>
 LAND (NOTE 3)	<u>29,012</u>	<u>29,012</u>
 TOTAL	<u>\$ 1,612,654</u>	<u>\$ 1,927,306</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 25,490	\$ 40,417
Deferred Revenue	18,550	17,275
Due to State of Connecticut	<u>-</u>	<u>233,437</u>
Total Current Liabilities	<u>44,040</u>	<u>291,129</u>
 DEFERRED INFLOWS OF RESOURCES		
License Fees	<u>582,026</u>	<u>761,843</u>
 NET POSITION		
Unrestricted	957,576	845,322
Invested in Capital Assets	<u>29,012</u>	<u>29,012</u>
Total Net Position	<u>986,588</u>	<u>874,334</u>
 TOTAL	<u>\$ 1,612,654</u>	<u>\$ 1,927,306</u>

NEW HAVEN PORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES		
License Fees	\$ 203,658	\$ 184,925
Grant Income (Note 7)	<u>-</u>	<u>8,441</u>
Total Revenues	<u>203,658</u>	<u>193,366</u>
EXPENSES		
Payroll	52,500	77,566
Other Professional Fees	4,207	38,771
Legal Fees	45,706	65,236
Channel Deepening Study (Note 7)	-	8,441
Insurance	10,178	9,233
Payroll Taxes	4,164	7,686
Dues and Subscriptions	5,571	5,395
Fuel Assistance Program	3,460	1,570
Miscellaneous	2,282	999
Travel	<u>1,096</u>	<u>746</u>
Total Expenses	<u>129,164</u>	<u>215,643</u>
OPERATING INCOME (LOSS)	<u>74,494</u>	<u>(22,277)</u>
NON-OPERATING REVENUES		
Interest Income	21,173	1,323
Interest Income from Licensing Agreements	<u>16,587</u>	<u>20,917</u>
Total Non-Operating Revenues	<u>37,760</u>	<u>22,240</u>
CHANGE IN NET POSITION	112,254	(37)
NET POSITION - BEGINNING OF YEAR	<u>874,334</u>	<u>874,371</u>
NET POSITION - END OF YEAR	<u>\$ 986,588</u>	<u>\$ 874,334</u>

NEW HAVEN PORT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATIONS		
Receipts from License Agreements	\$ 204,933	\$ 189,063
Grant Income	-	8,441
Payments to Suppliers	(88,898)	(103,051)
Payments to Employees	<u>(56,664)</u>	<u>(85,252)</u>
Net Cash Provided By Operations	<u>59,371</u>	<u>9,201</u>
 CASH FLOWS FROM CAPITAL		
Collection of Other Asset	-	25,000
Amount Due to State of Connecticut	(233,437)	233,437
Prepaid Land Acquisition Costs	<u>(116,499)</u>	<u>-</u>
Net Cash Provided By (Used In) Capital Activities	<u>(349,936)</u>	<u>258,437</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income - Investments	21,173	1,323
Interest Income - Licensing Agreements	<u>16,587</u>	<u>20,917</u>
Net Cash Provided By Investing Activities	<u>37,760</u>	<u>22,240</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(252,805)	289,878
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,127,718</u>	<u>837,840</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 874,913</u>	<u>\$ 1,127,718</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 74,494	\$ (22,277)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Change in Assets and Liabilities:		
Decrease (Increase) in License Fees Receivable	179,817	175,488
Decrease (Increase) in Prepaid Expenses	(1,471)	(638)
Increase (Decrease) in Accounts Payable and Accrued Expenses	(14,927)	27,978
Increase (Decrease) in Deferred Revenue	1,275	4,138
Increase (Decrease) in Deferred Inflows of Resources	<u>(179,817)</u>	<u>(175,488)</u>
Net Cash Provided By Operating Activities	<u>\$ 59,371</u>	<u>\$ 9,201</u>

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023.

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 investments in the state of Connecticut Short-Term Investment Fund.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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 year ended June 30, 2022, the Authority implemented 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.

Reclassifications

Certain reclassifications have been made to the prior year’s comparative information to conform to the presentation of the current year financial statements. The reclassifications have no effect on the change in net position for the prior year.

Date of Management’s Review

Subsequent events have been evaluated through December 14, 2023 which is the date the financial statements were available to be issued.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following in the Statements of Net Position at June 30, 2023 and 2022:

	2023	2022
Deposits	\$101,315	\$ 450,590
Money Market	-	260,232
State of Connecticut Short-Term Investment Fund	<u>773,598</u>	<u>416,896</u>
	<u>\$874,913</u>	<u>\$1,127,718</u>

As of June 30, 2023, the carrying amount and bank balances of the Authority’s cash and cash equivalents was \$874,913. The amount of bank balances covered under federal depository insurance was \$101,315. The remaining \$773,598 was uninsured.

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 ARRANGEMENTS

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, 2023 AND 2022

NOTE 4 – LEASING ARRANGEMENTS (CONTINUED)

For the year ended June 30, 2023, the Authority recognized \$179,817 of license fee revenue and \$16,587 of interest revenue under license agreements. In addition, the Authority recognized \$23,841 in variable license fee revenue.

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

A schedule as of June 30, 2023, 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>
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	31,878	1,422	33,300
2029	<u>40,956</u>	<u>670</u>	<u>41,626</u>
	<u>\$582,026</u>	<u>\$ 31,181</u>	<u>\$613,207</u>

NOTE 5 – CONCENTRATIONS

For the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022.

NEW HAVEN PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 7 – GRANT INCOME AND EXPENSE

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. Through June 30, 2022, the Authority's share of cumulative project costs was \$1,266,564. The unspent funds of \$258,436 were returned to the Authority June 29, 2022. The unspent portion of the State Grant proceeds of \$233,436 were returned to the State of Connecticut on August 8, 2022.

NOTE 8 – PARCEL 3 – EAST SHORE PARKWAY

The State of Connecticut Department of Transportation ("CT DOT") 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 CT DOT's Harbor Crossing project (March 31, 2017). In April 2017, CT DOT 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 CT DOT. On February 26, 2019, CT DOT filed the Notice of Condemnation and Assessment of Damages with the Superior Court in the Judicial District of New Haven. CT DOT 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 the same day CT DOT filed with the Town Clerk of the City of New Haven the Certificate of Condemnation, which effectively gave CT DOT title to Parcel 3.

In June 2019, the State Legislature passed Special ACT 19-3 that required CT DOT to sell Parcel 3 back to the Authority for the amount of the assessed damages, i.e., \$205,000. However, the property description in the 2019 Special Act was incorrect as it included a small portion of a public right of way to be conveyed to the City of New Haven rather than the Authority and did not include a drainage easement to be retained by CT DOT. In June 2023, the State Legislature passed Special ACT 23-28 which corrected those errors in the legal Description and directed CT DOT to transfer Parcel 3 directly to NHPA for the amount of \$205,000. A deed for conveyance of the revised Parcel 3 has been prepared by CT DOT and approved by the Port Authority. The deed must be signed by the State Treasurer, be approved by the State Properties Review Board, and be signed by the State Attorney General. Once the approvals have been secured, the property transfer can take place and the funds can be returned to CT DOT from the escrow account. The Authority has taken the position that no economic event has taken place with regard to Parcel 3 as it has refused possession of the condemnation proceeds and the land will be awarded back to the Authority.