

NEW HAVEN PORT AUTHORITY

2016 AUDIT RESULTS

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To the Board of Commissioners of the
New Haven Port Authority

In planning and performing our audit of the financial statements of the New Haven Port Authority (the "Authority") as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency to be a significant deficiency in internal control:

As noted in the prior year, management relies upon the auditor to prepare financial statements in accordance with generally accepted accounting principles. Management does not have the knowledge of accounting principles to determine whether the disclosures are complete. The outsourcing of this service is not unusual in organizations of your size and is a result of management's cost benefit decision to use our accounting expertise rather than incur internal resource costs.

This communication is intended solely for the information and use of the Board of Commissioners and management, and is not intended to be and should not be used by anyone other than these specified parties.

T. M. Byxbee Company, P.C.

Hamden, Connecticut
November 3, 2016

NEW HAVEN PORT AUTHORITY
2016 AUDIT RESULTS
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NEW HAVEN PORT AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

NEW HAVEN PORT AUTHORITY

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JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
New Haven Port Authority

We have audited the accompanying financial statements of the New Haven Port Authority, a component unit of the City of New Haven, which comprise the statements of net position as of June 30, 2016 and 2015, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financials statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New Haven Port Authority as of June 30, 2016 and 2015, and the respective changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, 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 operating, 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.

T. M. Bybee Company, P.C.

Hamden, Connecticut
November 3, 2016

NEW HAVEN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

JUNE 30, 2016 AND 2015

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, 2016. 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, 2016 were \$2,176,485 of which \$2,147,473 were considered current assets. Total assets include \$1,513,750 in Other Assets which represent funds held on account by the Army Corps of Engineers to include \$1,488,750 in unspent grant proceeds received from the state of Connecticut. Total assets increased by \$1,529,360 from 2015.
- Total liabilities were \$1,491,137, all of which are classified as current liabilities. An increase of \$1,489,243 from 2015. Total liabilities include \$1,488,750 in unspent grant proceeds received from the state of Connecticut which are designated for a feasibility study to deepen the main ship channel in New Haven Harbor.
- Total net position was \$685,348, an increase of \$40,117. \$500,000 has been designated by the Board for major expenditures.
- Revenues totaled \$162,314, an increase of \$1,804. The majority of the Authority's revenues for the year ended June 30, 2016 were from license fees associated with the leasing of land within the Port District. The Authority also recognized \$11,250 in grant proceeds from the state of Connecticut during the year ended June 30, 2011. Expenses for the year ended June 30, 2016 totaled \$122,573 resulting in net operating income of \$39,741. Operating income decreased by \$26,434.

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) 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, 2016 AND 2015

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

The Port Authority property, formerly known as East Shore Parkway ("ESP"), consists of five "lease parcels" (A, B, C, D, & E). There is a sixth parcel deeded to the Port Authority that remains under the control of the Connecticut Department of Transportation per the terms of an Easement Agreement between the City and the State, executed prior to its conveyance of ESP to the Port Authority. Of the five parcels identified as lease parcels, A & B are currently licensed to Gateway and Parcel C is licensed to New Haven Terminal who has an authorized sub-licensee, Harbor Terminal. Parcel D is the site of the now defunct truck electrification area and Parcel E which abuts the former Colony Hardware site is vacant.

In the past year there has been progress on the Deep Draft Navigation Study. Congress authorized \$1.5 million for the study and the Senate subsequently appropriated funds to the U.S. Army Corps of Engineers (Corps). In December 2015, the Port Authority entered into an Agreement with the Corps agreeing to serve as the project's non-federal, local sponsor, committing to 50/50 share of the total project cost which may not exceed \$3 million. When the federal funds were authorized the Port Authority requested assistance from the State of Connecticut in the form of a grant-in-aid to cover its share (\$1.5million). Those funds were authorized by the State Bond Commission and were received by the Port Authority in June 2016. Interviews are underway with terminal operators, shipping agents, and pilots to gather information needed to determine the economic benefits of deepening the channel. The channel depth is currently authorized at thirty-five feet and the benefits will be analyzed at one foot increments from 37 to 42 feet. In addition to the economic justification it must be determined that the project is feasible by engineering standards and environmentally acceptable. These analyses will all be used as the basis for a recommendation to Congress to reauthorize depth of the channel in New Haven harbor and at what depth. 2014 also saw the completion of another Corps project, the restoration of New Haven harbor's three breakwaters, all of which had sustained considerable damage from Hurricane Irene and Super Storm Sandy.

CDM Smith, Inc. was retained by the Port Authority to conduct a traffic study in the Port District. This study will access current and prospective traffic volumes, circulation patterns, signage, truck staging and road conditions. In addition they will be evaluating the relationship of vehicular, rail, bicycle and pedestrian movements within the district and will suggest improvements and identify potential funding opportunities. At this time, traffic counts have been taken, existing road conditions examined and surveys have been distributed to Port businesses.

The Port has seen significant increases in waterborne cargo during this past year, most notably the return of steel products from Europe and South America which include cold and hot rolled steel, structural and reinforcing steel. In addition to the truck movements of this product out of the port there has been in an increase in rail movements. The outward bound steel and inward bound raw materials for production of biodiesel have resulted in approximately 2,500 rail cars at the port this past year. Given this increase, the freight rail provider, Providence & Worcester has purchased a locomotive to permanently station at the port of New Haven to handle the increased volume.

NEW HAVEN PORT AUTHORITY

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

JUNE 30, 2016 AND 2015

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

New Haven Waterways ("NHW"), located at the former U.S. Steel site and also known as the North Yard, advanced the maritime use of that site this past year. The property has approximately 1,100 linear feet of frontage on the Quinnipiac River, but only 300' feet of bulkhead exists and that is currently being used by a marine contractor. In July of 2016, the Connecticut Department of Energy and Environmental Protection issued a Permit to conduct improvements on the site that include the construction of a 25' x 150' long platform; removal of a portion of the timber bulkhead and installation of 300 linear feet of steel sheet pile bulkhead.

The interests of the Port Authority and the marine-related businesses within the district continue to be represented by management in several forums, as a member of the Marine Group established for Long Island Sound and charged with implementing a Concept of Operation for Port security; at monthly meetings of the Connecticut Maritime Coalition and the New Haven Petroleum Coop and most recently the Connecticut Port Authority. In addition, the Executive Director is a member of the Board of Directors of the North Atlantic Ports Association and chairs its Traffic Board.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Judith Sheiffele, Executive Director, New Haven Port Authority, 200 Orange Street, Room G3, New Haven, CT 06510.

NEW HAVEN PORT AUTHORITY

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 623,551	\$ 609,976
Accounts Receivable	2,640	554
Prepaid Expenses	7,532	7,583
Other Asset (Note 7)	<u>1,513,750</u>	<u>-</u>
Total Current Assets	2,147,473	618,113
LAND (NOTE 3)	<u>29,012</u>	<u>29,012</u>
TOTAL	<u>\$ 2,176,485</u>	<u>\$ 647,125</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,387	\$ 1,894
Other Liability (Note 7)	<u>1,488,750</u>	<u>-</u>
Total Current Liabilities	<u>1,491,137</u>	<u>1,894</u>
NET POSITION		
Invested in Capital Assets	29,012	29,012
Unrestricted	156,336	166,219
Board Designated for Major Expenditures	<u>500,000</u>	<u>450,000</u>
Total Net Position	<u>685,348</u>	<u>645,231</u>
TOTAL	<u>\$ 2,176,485</u>	<u>\$ 647,125</u>

NEW HAVEN PORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
License Fees	\$ 151,064	\$ 158,010
Grant Income	11,250	-
Sale of Easement Rights	-	2,500
Total Revenues	<u>162,314</u>	<u>160,510</u>
EXPENSES		
Payroll	51,623	50,248
Payroll Taxes	4,303	4,157
Utilities	1,067	1,136
Insurance	11,853	12,666
Legal Fees	10,106	3,869
Other Professional Fees	18,599	8,040
Dues and Subscriptions	4,925	5,401
Travel	1,559	2,128
Fuel Assistance Program	3,979	5,437
Channel Deepening Study	11,250	-
Miscellaneous	3,309	1,253
Total Expenses	<u>122,573</u>	<u>94,335</u>
OPERATING INCOME	<u>39,741</u>	<u>66,175</u>
NON-OPERATING REVENUES		
Interest Income	376	42
Total Non-Operating Revenues	<u>376</u>	<u>42</u>
CHANGE IN NET ASSETS	40,117	66,217
NET POSITION - BEGINNING OF YEAR	<u>645,231</u>	<u>579,014</u>
NET POSITION - END OF YEAR	<u>\$ 685,348</u>	<u>\$ 645,231</u>

NEW HAVEN PORT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATIONS		
Receipts from License Agreements	\$ 148,978	\$ 159,849
Grant Income	11,250	-
Sale of Easement Rights	-	2,500
Payments to Suppliers	(90,887)	(42,814)
Payments to Employees	(56,142)	(54,405)
Net Cash Provided By Operations	<u>13,199</u>	<u>65,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Land Sale	-	27,000
Interest Income	<u>376</u>	<u>42</u>
Net Cash Provided By Investing Activities	<u>376</u>	<u>27,042</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,575	92,172
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>609,976</u>	<u>517,804</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 623,551</u>	<u>\$ 609,976</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 39,741	\$ 66,175
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable (License Fees)	(2,086)	1,839
Decrease (Increase) in Prepaid Expenses	51	792
Decrease (Increase) in Other Asset	(1,513,750)	
Increase (Decrease) in Accounts Payable and Accrued Expenses	493	(3,676)
Increase (Decrease) in Other Liability	<u>1,488,750</u>	<u>-</u>
Net Cash Provided By Operating Activities	<u>\$ 13,199</u>	<u>\$ 65,130</u>

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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 Aldermen 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 is a component unit of the City of New Haven. 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, 2016.

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.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

Accounts Receivable

Accounts receivable include amounts due from licenses for the monthly use of certain premises and amounts due from the State of Connecticut related to the sale of a land parcel. The Authority uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience and reviews of the existing receivables. Management has determined that all receivables are fully collectible; therefore no allowance for uncollectible accounts has been recorded in the accompanying financial statements.

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.

Date of Management’s Review

Subsequent events have been evaluated through November 3, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following in the Statements of Net Position at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Deposits	\$203,039	\$189,840
Money Market	<u>420,512</u>	<u>420,136</u>
	<u>\$623,551</u>	<u>\$609,976</u>

As of June 30, 2016, the carrying amount of the Authority’s cash and cash equivalents was \$623,551 with bank balances of \$625,551. The amount of bank balances covered under federal depository insurance was \$250,000. The remaining \$375,551 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.

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.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 – COMMITMENTS

The Authority entered into a contract for a traffic study for \$48,000. Through June 30, 2016, the Authority has realized \$10,500 in expenses related to the study.

The Authority, as owner, or in its capacity as agent for the City, is also the lessor under the terms of various 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 and include terms ranging from one to five years.

A schedule as of June 30, 2016 of minimum future rentals for the next five years on noncancelable license agreements where the Authority, as owner, is the licensor, is summarized as follows:

2017	\$149,028
2018	149,028
2019	84,000
2020	84,000
2021	<u>21,000</u>
Total	<u>\$487,056</u>

NOTE 5 – CONCENTRATIONS

For the years ended June 30, 2016 and 2015, two license holders accounted for 98% and 92% of the Authority's license fee revenues, respectively.

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 all otherwise taxable property owned by the Port Authority. In addition, the Authority shall 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, 2016 and 2015.

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, 2016 and 2015.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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. As of June 30, 2016, the Authority's portion of the shared study costs totaled \$11,250. The unspent funds, \$1,513,750, are being held in the Authority's name by the ACOE and are reported as an Other Asset on the Statement of Net Position. The unspent portion of the State Grant proceeds, \$1,488,750 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.

NOTE 8 – NET POSITION DESIGNATION

On November 3, 2016 and November 5, 2015, the Board of Commissioners approved resolutions designating an additional \$50,000 and \$75,000 of unrestricted net position to be restricted for special projects including land acquisition or capital improvements within the port district, respectively. The total amounts designated for special projects including land acquisition or capital improvements was \$500,000 and \$450,000 at June 30, 2016 and 2015, respectively.

T. M. BYXBEE COMPANY, P.C.

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FAX (203) 288-6117

November 3, 2016

To the Board of Commissioners of the
New Haven Port Authority

We have audited the financial statements of the New Haven Port Authority for the year ended June 30, 2016, and have issued our report thereon dated November 3, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the New Haven Port Authority are described in Note 1 to the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates at June 30, 2016.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated November 3, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the New Haven Port Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

