

# **NEW HAVEN PORT AUTHORITY**

## **2017 AUDIT RESULTS**

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NEW HAVEN PORT AUTHORITY  
2017 AUDIT RESULTS  
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**NEW HAVEN PORT AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017 AND 2016**

**NEW HAVEN PORT AUTHORITY**

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**JUNE 30, 2017 AND 2016**

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# T. M. BYXBEE COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 and 2016, 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 financial 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, 2017 and 2016, 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  
March 1, 2018

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

**JUNE 30, 2017 AND 2016**

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, 2017. 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, 2017 were \$2,081,895 of which \$2,052,883 were considered current assets. Total assets include \$1,372,164 in Other Assets which represent funds held on account by the Army Corps of Engineers to include \$1,347,164 in unspent grant proceeds received from the state of Connecticut. Total assets decreased by \$94,590 from 2016.
- Total liabilities were \$1,350,622, all of which are classified as current liabilities. A decrease of \$140,515 from 2016. Total liabilities include \$1,347,164 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 \$731,273, an increase of \$45,925. \$550,000 has been designated by the Board for major expenditures.
- Revenues totaled \$291,418, an increase of \$129,104. The majority of the Authority's revenues for the year ended June 30, 2017 were from license fees associated with the leasing of land within the Port District and the recognition of \$141,856 in grant proceeds from the state of Connecticut. Expenses for the year ended June 30, 2017 totaled \$245,913 resulting in net operating income of \$45,505. Operating income increased by \$5,764.

**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, 2017 AND 2016**

**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 with the most recent statistics reported by the US Army Corps of Engineers for 2016 ranking New Haven as 53rd. Approximately 120 of the 149 vessels transiting Long Island Sound called at New Haven where approximately 10 million tons of cargo were handled. In addition to the waterborne cargo there continues to be freight rail moves in and out of the port, numbering around 2,200 in 2017 attributable to Gateway, American GreenFuels and Palumbo Trucking who is leasing the former Bell Dock. Those numbers are expected to increase in 2018 with the installation of a new rail spur at Clean Harbors Forbes Avenue facility. It also should be noted that GreenFuels has begun to transport its biodiesel by barge, where truck had been its primary mode of transport.

East Shore Parkway (ESP) Petroleum Terminal (Gateway) continues to license Parcels A & B. That agreement with its two two-year extensions will terminate in September 20, 2020. Parcel C is licensed by New Haven Harbor Terminal (NHT), who in 2011, assigned its interest to Harbor Terminal, a subsidiary of Gateway. That license agreement will expire in June 2018 and NHT has notified the Authority of its interest in entering into a new License Agreement for Parcel C. Cargo stored on these parcels includes chemical salt, bagged salt, wood pellets and an array of steel products. Parcel 3, located on the block bounded by Stiles, Waterfront, Alabama and Waterfront Street Ext. has been used by the Connecticut Department of Transportation (CTDOT) for its Waste Stockpile Area per the terms a construction easement which was to terminate with the closeout of the Q-Bridge Crossing project (March 31, 2017). CTDOT continues to occupy Parcel 3 and the terms of their continued use of Parcel 3 are still being negotiated.

Traffic Study The Port Authority contracted with CDM Smith to conduct a traffic study of the port district. They continue to collect data on truck moves in the port and are also updating their survey of road conditions in the district.

New Haven Harbor Navigation Improvement Study During 2017, there US Army Corps of Engineers (Corps) had significant progress made in preparation of the Economic Impact Analysis (EIA) and the Environmental Impact Statement (EIS). In January 2017, a scoping meeting which was open to the public was held in New Haven. At that meeting the project, its schedule and possible alternatives for the disposal of dredge were discussed. During the year the local sponsor was asked to obtain data from the terminal owners and operators necessary for the EIS and EIA. Meetings have been held with staff from the Aquaculture department of the Connecticut Department of Energy and Environment Protection to gather information on the shellfish beds located in the harbor. There have been conference calls and meetings with the pilots and tug boat captains who accompany the vessels to their berths. In November, members of the channel design team from the Corps' Vicksburg, Mississippi center travelled to New Haven and were provided the opportunity to transit the channel on a Gateway tug. During that session the Corps received information from a Long Island Sound pilot and a tug captain regarding navigational concerns they experience and they provided recommendations for consideration in the redesign of the channel. In January 2018, the Corps held a public information meeting in New Haven to provide an update of the study. At that time, they reported that the sampling of dredged material is complete and the test results will be released this June; and explained some of the options for the disposal of the dredged material. The list included a range of options; among them are filling the Morris Cove borrow pit, creating a shellfish habitat behind the east breakwater and restoring the salt marsh at Sandy Point.



**NEW HAVEN PORT AUTHORITY**

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

**JUNE 30, 2017 AND 2016**

Inland Port The Authority is working with CHAMP P3, a nonprofit organization charged with expanding the use of both passenger and freight rail in Vermont. Together we are exploring the opportunities for cargo imported to New Haven to be railed to a location in Vermont. Genesee & Wyoming provides freight rail services at both locations.

The interests of the New Haven Port Authority and marine-related business 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 implement a Concept of Operations for port security; at monthly meeting of the New Haven Cooperative, the Connecticut Maritime Coalition and the Connecticut Port Authority. In addition, the Executive Director is a member of the board of directors of the North Atlantic Ports Association and serves as Chair of its Traffic Committee.

We will continue to work with our local, state, federal and industry partners to insure 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 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, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 672,205	\$ 623,551
Accounts Receivable	1,356	2,640
Prepaid Expenses	7,158	7,532
Other Asset (Note 7)	<u>1,372,164</u>	<u>1,513,750</u>
Total Current Assets	<u>2,052,883</u>	<u>2,147,473</u>
 <b>LAND (NOTE 3)</b>	 <u>29,012</u>	 <u>29,012</u>
 TOTAL	 <u>\$ 2,081,895</u>	 <u>\$ 2,176,485</u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 3,458	\$ 2,387
Other Liability (Note 7)	<u>1,347,164</u>	<u>1,488,750</u>
Total Current Liabilities	<u>1,350,622</u>	<u>1,491,137</u>
 <b>NET POSITION</b>		
Invested in Capital Assets	29,012	29,012
Unrestricted	152,261	156,336
Board Designated for Major Expenditures	<u>550,000</u>	<u>500,000</u>
Total Net Position	<u>731,273</u>	<u>685,348</u>
 TOTAL	 <u>\$ 2,081,895</u>	 <u>\$ 2,176,485</u>

NEW HAVEN PORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
License Fees	\$ 149,832	\$ 151,064
Grant Income (Note 7)	141,586	11,250
Total Revenues	<u>291,418</u>	<u>162,314</u>
<b>EXPENSES</b>		
Channel Deepening Study (Note 7)	\$ 141,586	\$ 11,250
Payroll	52,207	51,623
Server Equipement - FBO City of New Haven	12,100	-
Insurance	11,583	11,853
Other Professional Fees	9,678	18,599
Dues and Subscriptions	4,991	4,925
Payroll Taxes	4,380	4,303
Fuel Assistance Program	2,772	3,979
Legal Fees	2,269	10,106
Travel	1,494	1,559
Utilities	1,110	1,067
Miscellaneous	913	3,309
Computer Equipment	830	-
Total Expenses	<u>245,913</u>	<u>122,573</u>
<b>OPERATING INCOME</b>	<u>45,505</u>	<u>39,741</u>
<b>NON-OPERATING REVENUES</b>		
Interest Income	420	376
Total Non-Operating Revenues	<u>420</u>	<u>376</u>
<b>CHANGE IN NET POSITION</b>	45,925	40,117
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>685,348</u>	<u>645,231</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 731,273</u>	<u>\$ 685,348</u>

See notes to financial statements.

NEW HAVEN PORT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Receipts from License Agreements	\$ 151,116	\$ 148,978
Grant Income	141,586	11,250
Payments to Suppliers	(187,272)	(90,887)
Payments to Employees	(57,196)	(56,142)
Net Cash Provided By Operations	<u>48,234</u>	<u>13,199</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	<u>420</u>	<u>376</u>
Net Cash Provided By Investing Activities	<u>420</u>	<u>376</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	48,654	13,575
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>623,551</u>	<u>609,976</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 672,205</u>	<u>\$ 623,551</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 45,505	\$ 39,741
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable (License Fees)	1,284	(2,086)
Decrease (Increase) in Prepaid Expenses	374	51
Decrease (Increase) in Other Asset	141,586	(1,513,750)
Increase (Decrease) in Accounts Payable and Accrued Expenses	1,071	493
Increase (Decrease) in Other Liability	(141,586)	1,488,750
Net Cash Provided By Operating Activities	<u>\$ 48,234</u>	<u>\$ 13,199</u>

**NEW HAVEN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**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 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, 2017.

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, 2017 AND 2016**

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

Accounts Receivable

Accounts receivable consists primarily of amounts due from license agreements for the monthly use of certain premises. 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 March 1, 2018, 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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Deposits	\$251,273	\$203,039
Money Market	<u>420,932</u>	<u>420,512</u>
	<u>\$672,205</u>	<u>\$623,551</u>

As of June 30, 2017, the carrying amount and bank balances of the Authority’s cash and cash equivalents was \$672,205. The amount of bank balances covered under federal depository insurance was \$250,000. The remaining \$422,205 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, 2017 AND 2016**

**NOTE 4 – COMMITMENTS**

The Authority entered into a contract for a traffic study for \$48,000 during the fiscal year ending June 30, 2016. Through June 30, 2017, the Authority has realized \$12,630 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, 2017 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:

2018	\$151,176
2019	85,176
2020	85,176
2021	<u>21,294</u>
Total	<u>\$342,822</u>

**NOTE 5 – CONCENTRATIONS**

For the years ended June 30, 2017 and 2016, two license holders accounted for 100% and 98% 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, 2017 and 2016.

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, 2017 and 2016.

**NEW HAVEN PORT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**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, 2017, the Authority's portion of the shared study costs totaled \$141,586 (\$11,250 at June 30, 2016). The unspent funds, \$1,372,164, 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, \$1,347,164 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. 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 March 1, 2018 and November 3, 2016, 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 \$550,000 and \$500,000 at June 30, 2017 and 2016, respectively.



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CERTIFIED PUBLIC ACCOUNTANTS

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March 1, 2018

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 March 1, 2018. 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 December 11, 2017. 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, 2017.

### *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 March 1, 2018.

*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,

*T. M. Bybee Company, P.C.*

# T. M. BYXBEE COMPANY, P.C.

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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, 2017, 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.



Hamden, Connecticut  
March 1, 2018