

NEW HAVEN PORT AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



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

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, 2021 and 2020, 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 an opinion on these financial statements based on our audit. We conducted our audit 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 opinion.

Opinion

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, 2021 and 2020, and the 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 3-6 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.

Handwritten signature of T.M. Byrbee Company, P.C.

Hamden, Connecticut
January 13, 2022

NEW HAVEN PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

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, 2021. 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, 2021 were \$1,141,825 of which \$1,112,813 were considered current assets. Total assets include \$266,878 in Other Assets which represent funds held on account by the Army Corps of Engineers to include \$241,878 in unspent grant proceeds received from the state of Connecticut. Total assets increased by \$60,798 since June 30, 2020.
- Total liabilities were \$267,454, all of which are classified as current liabilities, an increase of \$3,962 from June 30, 2020. Total liabilities include \$241,878 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 \$874,371, an increase of \$56,836. A portion of total net position equal to \$675,000 has been designated by the Board for major expenditures and future grant-related cost sharing.
- Revenues totaled \$190,097, a decrease of \$127,686. The majority of the Authority's revenues for the year ending June 30, 2021, were from license fees associated with the leasing of land within the Port District and the recognition of \$14,513 in grant proceeds from the state of Connecticut. Expenses for the year ended June 30, 2021, totaled \$133,760 resulting in net operating income of \$56,337. \$140,488 of the decrease in revenues is related to the expenditure of grant procedures and the related revenue recognition associated with those expenditures. Operating income increased by \$31,492 during the year ended June 30, 2021.

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.

NEW HAVEN PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

Overview of the Financial Statements: (Continued)

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

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

The Port of New Haven continues to be the busiest port in Connecticut and of the New England ports is second only to Boston in volume of cargo handled annually. The 2019 report by the US Army Corps of Engineers which ranked the top 150 US ports by cargo volume placed New Haven at 52. In addition to the waterborne cargo, the port has experienced an increase in rail moves to and from the port. 2020 also saw a significant investment in rail infrastructure with the construction of a six-rail car transloading facility at the Safety-Kleen Terminal on Forbes Avenue. There are also proposals to expand rail infrastructure at both Gateway and New Haven Terminal. To that end, NHPA served as sponsor for the federal CRISI Transportation grant and Maritime Infrastructure grant which would have provided funding for Gateway Terminal to increase rail within the port. Federal and state grant opportunities will continue to be pursued for infrastructure development.

Operating revenue is derived from license fees paid by terminals for the use of approximately 12 acres of land located in the port district and used for the storage of break bulk cargo transiting the port. This land, formerly known as East Shore Parkway ("ESP"), consists of three parcels. Parcels 1, 2 and 3. Parcels 1 and 2 have been divided to create Lease Parcels A, B, C, D & E. All five are currently licensed as follows: Gateway Terminal has licenses for Parcels A & B and D & E and Parcel C is licensed to New Haven Terminal and sub-licensed to Harbor Terminal. Parcel 3 is the subject of long-standing and yet resolved dispute between the Connecticut Department of Transportation ("CONNDOT") and NHPA. Since 2006, under the terms of construction easement, this parcel has been used as a Waste Stockpile Area to dewater and store dredge spoils originally associated with the Harbor Crossing project. That easement was to terminate with the closeout of the Harbor Crossing project, March 31, 2017. However, in February 2019 CONNDOT proceeded to take Parcel 3 by eminent domain; followed in 2020 by the passage of a Conveyance Bill by the State Legislature that required CONNDOT to sell Parcel 3 to the Port Authority for the amount determined by CONNDOT to be just compensation. CONNDOT deposited those funds in Superior Court, where they remain pending the results of current negotiations with CONNDOT. These negotiations include disposition of four additional parcels within the port district that were acquired by CONNDOT for the Harbor Crossing project and that had been considered for purchase by the Connecticut Port Authority ("CPA). CPA is no longer interested in acquiring these parcels but do, however, want to ensure that the parcels continued use be in support of maritime activity. New Haven Port Authority, with CPA, have been attempting to negotiate a path forward that would permit New Haven Port Authority to receive a grant from CPA in the amount of \$751,000 to purchase said parcels directly from CONNDOT. There is an additional parcel being considered for acquisition by the New Haven Port Authority and we are awaiting the results of environmental testing on that property.

The Deep Draft Navigation Study of the Federal Channel has been completed and was forwarded to the Headquarters of the U.S. Army Corps of Engineers ("Corps"). The Chief's report, recommending the channel be deepened to 40 feet, was signed in May 2020 by General Semonite. In December of that year, the Water Resource and Development ACT (WRDA), was passed by the bi-partisan Congressional Omnibus bill. The bill included the reauthorization of the channel depth. In January 2021, the Senate adopted TITLE IV-Water

NEW HAVEN PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2021

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

Resource and Development, authorizing six projects, one of which was the New Haven Harbor Navigation Improvement Project. The next step is to secure an appropriation to cover the federal cost share, estimated at \$55,250,000. The non-federal cost share of approximately \$25,000,000 has already been approved by the Connecticut State Legislature. The original cost of this study is \$3 million which has been shared by the federal government and the local sponsor on a 50/50 basis. Although the New Haven Port Authority is the local sponsor our cost share was funded through a State of Connecticut Grant in the amount of \$1.5 million. A condition of that grant is that a single audit be performed each year through the term of the project. The 2020 single audit has been completed and the 2021 single audit is in process.

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

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

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.

NEW HAVEN PORT AUTHORITY

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

JUNE 30, 2021

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, 2021 AND 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|---------------------------|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 837,840 | \$ 762,388 |
| Prepaid Expenses | 8,095 | 8,236 |
| Other Asset (Note 7) | <u>266,878</u> | <u>281,391</u> |
| Total Current Assets | <u>1,112,813</u> | <u>1,052,015</u> |
| LAND (NOTE 3) | <u>29,012</u> | <u>29,012</u> |
| TOTAL | <u>\$ 1,141,825</u> | <u>\$ 1,081,027</u> |

LIABILITIES AND NET POSITION

| | | |
|--|---------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 12,439 | \$ 7,101 |
| Deferred Revenue | 13,137 | - |
| Other Liability (Note 7) | <u>241,878</u> | <u>256,391</u> |
| Total Current Liabilities | <u>267,454</u> | <u>263,492</u> |
| NET POSITION | | |
| Invested in Capital Assets | 29,012 | 29,012 |
| Unrestricted | 170,359 | 163,523 |
| Board Designated for Major Expenditures and Grant-Related Cost Sharing | <u>675,000</u> | <u>625,000</u> |
| Total Net Position | <u>874,371</u> | <u>817,535</u> |
| TOTAL | <u>\$ 1,141,825</u> | <u>\$ 1,081,027</u> |

NEW HAVEN PORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| REVENUES | | |
| License Fees | \$ 175,584 | \$ 162,782 |
| Grant Income (Note 7) | <u>14,513</u> | <u>155,001</u> |
| Total Revenues | <u>190,097</u> | <u>317,783</u> |
| EXPENSES | | |
| Payroll | 61,783 | 62,183 |
| Other Professional Fees | 18,804 | 24,655 |
| Legal Fees | 17,365 | 24,057 |
| Channel Deepening Study (Note 7) | 14,513 | 155,001 |
| Insurance | 8,788 | 8,878 |
| Payroll Taxes | 5,260 | 5,249 |
| Dues and Subscriptions | 4,750 | 5,265 |
| Fuel Assistance Program | 2,169 | 4,019 |
| Miscellaneous | 328 | 1,243 |
| Travel | <u>-</u> | <u>2,388</u> |
| Total Expenses | <u>133,760</u> | <u>292,938</u> |
| OPERATING INCOME | <u>56,337</u> | <u>24,845</u> |
| NON-OPERATING REVENUES | | |
| Interest Income | <u>499</u> | <u>6,761</u> |
| Total Non-Operating Revenues | <u>499</u> | <u>6,761</u> |
| CHANGE IN NET POSITION | 56,836 | 31,606 |
| NET POSITION - BEGINNING OF YEAR | <u>817,535</u> | <u>785,929</u> |
| NET POSITION - END OF YEAR | <u>\$ 874,371</u> | <u>\$ 817,535</u> |

See notes to financial statements.

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NEW HAVEN PORT AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATIONS | | |
| Receipts from License Agreements | \$ 188,721 | \$ 167,268 |
| Grant Income | 14,513 | 155,001 |
| Payments to Suppliers | (61,238) | (235,011) |
| Payments to Employees | <u>(67,043)</u> | <u>(67,448)</u> |
| Net Cash Provided By Operations | <u>74,953</u> | <u>19,810</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Income | <u>499</u> | <u>6,761</u> |
| Net Cash Provided By Investing Activities | <u>499</u> | <u>6,761</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 75,452 | 26,571 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>762,388</u> | <u>735,817</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 837,840</u> | <u>\$ 762,388</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 56,337 | \$ 24,845 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operations: | | |
| Change in Assets and Liabilities: | | |
| Decrease (Increase) in Accounts Receivable (License Fees) | - | 4,486 |
| Decrease (Increase) in Prepaid Expenses | 141 | (2,525) |
| Decrease (Increase) in Other Asset | 14,513 | 155,000 |
| Increase (Decrease) in Accounts Payable and Accrued Expenses | 5,338 | (6,996) |
| Increase (Decrease) in Deferred Revenue | 13,137 | - |
| Increase (Decrease) in Other Liability | <u>(14,513)</u> | <u>(155,000)</u> |
| Net Cash Provided By Operating Activities | <u>\$ 74,953</u> | <u>\$ 19,810</u> |

See notes to financial statements.

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 seven Board members as of June 30, 2021.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Revenue and Expense Classification

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

Cash and Cash Equivalents

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

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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. There were no receivables due to the Authority at June 30, 2021 and 2020.

Deferred Revenue

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

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 January 13, 2022, 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, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|---|------------------|------------------|
| Deposits | \$324,201 | \$174,248 |
| Money Market | 97,957 | 172,876 |
| State of Connecticut Short-Term Investment Fund | <u>415,682</u> | <u>415,264</u> |
| | <u>\$837,840</u> | <u>\$762,388</u> |

As of June 30, 2021, the carrying amount and bank balances of the Authority’s cash and cash equivalents was \$837,840. The amount of bank balances covered under federal depository insurance was \$250,000. The remaining \$587,840 was uninsured.

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

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

NEW HAVEN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 – COMMITMENTS

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, 2021 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:

| | |
|-------|------------------|
| 2022 | \$198,060 |
| 2023 | 129,777 |
| 2024 | 33,000 |
| 2025 | <u>8,325</u> |
| Total | <u>\$369,162</u> |

NOTE 5 – CONCENTRATIONS

For the years ended June 30, 2021 and 2020, 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 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, 2021 and 2020.

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, 2021 and 2020.

NEW HAVEN PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021, the Authority's portion of the shared study costs totaled \$14,513 (\$155,001 at June 30, 2020). Through June 30, 2021, the Authority's share of cumulative project costs was \$1,258,122. The unspent funds, \$266,878 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, \$241,878 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 January 13, 2022 and January 7, 2021, the Board of Commissioners approved a resolution designating an additional \$50,000 and \$25,000 of unrestricted net position be restricted for special projects including land acquisition, grant-related cost sharing contributions or capital improvements within the port district. The total amounts designated for special projects including land acquisition, grant-related cost sharing contributions or capital improvements within the port district was \$675,000 and \$625,000 at June 30, 2021 and 2020, respectively.

NOTE 9 – PARCEL 3 – EAST SHORE PARKWAY

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

NEW HAVEN PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 10 – RECENT GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENT – NOT YET EFFECTIVE

GASB No. 87, Leases – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement 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 **NOTE 10 – RECENT GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENT – NOT YET EFFECTIVE (CONTINUED)**

principle that leases are financings of the right to use an underlying asset. Under this Statement, 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. This statement was originally effective for fiscal years beginning after December 15, 2019. In May 2020, the pronouncement was postponed by 18 months.

The Authority has not yet determined how GASB No. 87 will affect the financial statements when implemented.