

**NEW HAVEN PORT AUTHORITY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, 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, 2020 and 2019, 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 3-6 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.



Hamden, Connecticut  
January 7, 2021

## NEW HAVEN PORT AUTHORITY

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

JUNE 30, 2020 AND 2019

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, 2020. 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, 2020 were \$1,081,027 of which \$1,052,015 were considered current assets. Total assets include \$281,391 in Other Assets which represent funds held on account by the Army Corps of Engineers to include \$256,391 in unspent grant proceeds received from the state of Connecticut. Total assets decreased by \$130,390 from 2019 due in large part to grant related expenditures.
- Total liabilities were \$263,492, all of which are classified as current liabilities, a decrease of \$161,996 from 2019. Total liabilities include \$256,391 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 \$817,535, an increase of \$31,606. A portion of total net position equal to \$625,000 has been designated by the Board for major expenditures.
- Revenues totaled \$317,783, a decrease of \$249,112. The majority of the Authority's revenues for the year ended June 30, 2020 were from license fees associated with the leasing of land within the Port District and the recognition of \$155,001 in grant proceeds from the state of Connecticut. Expenses for the year ended June 30, 2020 totaled \$292,938 resulting in net operating income of \$24,845. \$251,651 of the decrease in revenues and expenses is related to expenditure grant procedures and the related revenue recognition associated with those expenditures. Operating income decreased by \$13,288.

#### 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, 2020 AND 2019**

**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 second only to Boston in terms of volume of cargo handled annually. The most recent ranking by the US Army Corps of Engineers of the top 150 ports in the US based on cargo volume ranked New Haven at 53. In addition to the waterborne cargo we had seen an increase in rail, moves to and from, the port and additional on-terminal spurs being proposed by Safety-Kleen at its Forbes Avenue terminal, Gateway and New Haven Terminal.

When the American Association of Port Authorities (AAPA) staged its 5th annual "Ports Day", participating members were hoping to raise public consciousness of the vital role that ports play.

Port authorities wanted the shipping public to know that investment in dredging and infrastructure was continuing to ramp up on all coasts in anticipation of more mega-vessel calls. Platforms for digitization and related technologies were also being installed, along with new recruitment plans for a new generation of highly skilled workers. However, now, the common issue of the COVID-19 pandemic prevails over all others.

Prior to this global emergency, the domestic maritime industry employed more than 642,000 full time dockside workers, all of whom dedicated to "flattening the curve" of the virus. Today, many of those jobs are in jeopardy as terminal operations have slowed and cargo throughput is not likely to measure up to even last year's disappointing numbers. Planning for the future will be another new challenge for both port operators and global shippers.

The pandemic is having wide-ranging effects on port space, both through disruptions to supply chains emanating from the first rounds of infection in Asia and government-imposed restrictions on individuals, businesses and corporations; the former directly affecting cargo port volumes, while the latter affects the broader consumer demand that drives imports and exports.

Furthermore, the economic effects of the pandemic are expected to generate throughput and cargo declines along with financial stresses in excess of what would be expected under typical recessionary conditions. However, for the balance of 2020, particularly in North America and Europe, cargo shipping is increasingly likely to face ongoing economic developments like the global financial crises 10 years ago, pressuring volumes and revenues well into 2021.



**NEW HAVEN PORT AUTHORITY**

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

**JUNE 30, 2020 AND 2019**

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

Operating revenue for the New Haven Port Authority is derived from license fees collected from terminals located at the port of New Haven for storage of 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 Leased Parcels A, B, C, D & E. Of these five parcels, three are the subject of license agreements; A & B are licensed to Gateway Terminal and Parcel C to New Haven Terminal, who has been authorized to sublicense it to Harbor Terminal. Parcel 3 has been occupied by the Connecticut Department of Transportation ("CONNDOT") since 2006 under the terms of construction easement and it has been used as a Waste Stockpile Area to dewater and store dredge spoils during construction of 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 by the passage of a Conveyance Bill by the State Legislature during the 2019 Session that required CONNDOT to sell Parcel 3 to the Port Authority for the amount determined by CONNDOT to be just compensation and filed in court. That sale is still pending. There remain several additional parcels within the port district that were acquired by CONNDOT for the Harbor Crossing project that are being considered for purchase by the Connecticut Port Authority ("CPA"). CPA's ownership would ensure that the land is used to support maritime activity at the port of New Haven. Currently, we believe both CONNDOT and CPA have little interest in acquiring these parcels. There is an additional parcel being considered for acquisition by the New Haven Port Authority pending environmental testing.

The Deep Draft Navigation Study of the Federal Channel is completed. The 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 2019 single audit has been completed and the 2020 audit is in process.

The U.S. Army Corps of Engineers ("Corps") milestone meeting held in January 2019, which included several divisions within the Corps and the local sponsors, affirmed that the recommended plan to deepen the channel to 40 feet and widen the channel and turning basin move forward. The project is estimated to result in approximately 400,000,000 cubic yards of dredge material. In addition to placing suitable material at the Central Long Island Sound Disposal Site, several beneficial re-uses have been proposed including creation of shellfish habitat, re-establishing the Sandy Point salt marsh, filling the Morris Cove and West River Borrow Pits. Public meetings had been held to solicit comment about the proposed plan and there have been several internal reviews. This proposal for the Port of New Haven has passed the House of Representatives and is now on the Senate floor. No vote has been taken. We don't foresee any progress until 2022.

The Freight Study funded by the South Central Regional Council of Governments has been finalized and work can now commence on developing the scope for a Strategic Plan which will build on the findings of the freight study. Connecticut Port Authority secured bond authorization in the amount of \$500,000 to fund this plan which will update the Strategic Land Use Plan of 2007 and will focus on infrastructure improvements to support the multi-modal freight moves through the port of New Haven. Additionally, a

**NEW HAVEN PORT AUTHORITY**

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

**JUNE 30, 2020 AND 2019**

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

Traffic Study was recently completed by CDM Smith, and a committee of the New Haven Port Authority was formed to review its conclusions and prioritize the recommendations made therein.

The New Haven Port Authority has joined in an Amicus Curia Brief in Rosado et al. v Pruitt et al (now Rosado et al v. Wheeler et al), which is pending in U.S. District Court for the Eastern District of New York. 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 was to prevail with this appeal they would work their way through Long Island Sound attempting to have all open water disposal sites closed.

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 and the Connecticut Port Authority. In addition, the Executive Director is a member of the Board of Directors of the North Atlantic Ports Association. She has worked with Gateway Industries in their proposal for the federal CRISI Transportation grant. Gateway is dedicated to increasing rail within the port footprint as is the New Haven Port Authority.

The Board members of the NHPA have a desire to "beautify the port area" and I have been tasked with researching grant opportunities to display murals on the terminal tanks. The challenge will be paying the individual artists. I will work with the terminals to gauge their interest in participating. I have spoken with the Yale Peabody Museum about the steps they undertook to put the dinosaur on a tank years ago and am working with New Haven's Arts & Cultural Director for funding. Chuck Mascola, one of our Board members, has created signage that we would like to get installed at the entrance to the Water St. Bridge. The bridge is owned by the State of Connecticut and I have met with much resistance to putting 2 cameras on the bridge. I am taking a different route and have forwarded my request for signage to the City of New Haven's Legislative Liaison in Hartford, perhaps there is another way to address this obstacle.

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

**Requests for Information**

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



**NEW HAVEN PORT AUTHORITY**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2020 AND 2019**

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 762,388	\$ 735,817
Accounts Receivable	0	4,486
Prepaid Expenses	8,236	5,711
Other Asset (Note 7)	<u>281,391</u>	<u>436,391</u>
Total Current Assets	<u>1,052,015</u>	<u>1,182,405</u>
<b>LAND (NOTE 3)</b>	<u>29,012</u>	<u>29,012</u>
TOTAL	<u>\$ 1,081,027</u>	<u>\$ 1,211,417</u>

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 7,101	\$ 14,097
Other Liability (Note 7)	<u>256,391</u>	<u>411,391</u>
Total Current Liabilities	<u>263,492</u>	<u>425,488</u>
<b>NET POSITION</b>		
Invested in Capital Assets	29,012	29,012
Unrestricted	163,523	156,917
Board Designated for Major Expenditures	<u>625,000</u>	<u>600,000</u>
Total Net Position	<u>817,535</u>	<u>785,929</u>
TOTAL	<u>\$ 1,081,027</u>	<u>\$ 1,211,417</u>

**NEW HAVEN PORT AUTHORITY**

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

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
License Fees	\$ 162,782	\$ 160,243
Grant Income (Note 7)	<u>155,001</u>	<u>406,652</u>
Total Revenues	<u>317,783</u>	<u>566,895</u>
<b>EXPENSES</b>		
Channel Deepening Study (Note 7)	155,001	406,652
Payroll	62,183	53,351
Other Professional Fees	24,655	17,631
Legal Fees	24,057	18,217
Insurance	8,878	9,692
Fuel Assistance Program	4,019	8,228
Dues and Subscriptions	5,265	5,132
Payroll Taxes	5,249	4,371
Miscellaneous	1,243	4,091
Travel	<u>2,388</u>	<u>1,397</u>
Total Expenses	<u>292,938</u>	<u>528,762</u>
<b>OPERATING INCOME</b>	<u>24,845</u>	<u>38,133</u>
<b>NON-OPERATING REVENUES</b>		
Interest Income	<u>6,761</u>	<u>10,120</u>
Total Non-Operating Revenues	<u>6,761</u>	<u>10,120</u>
<b>CHANGE IN NET POSITION</b>	31,606	48,253
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>785,929</u>	<u>737,676</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 817,535</u>	<u>\$ 785,929</u>

**NEW HAVEN PORT AUTHORITY**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Receipts from License Agreements	\$ 167,268	\$ 157,176
Grant Income	155,001	406,652
Payments to Suppliers	(235,011)	(470,165)
Payments to Employees	<u>(67,448)</u>	<u>(58,483)</u>
Net Cash Provided By Operations	<u>19,810</u>	<u>35,180</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	<u>6,761</u>	<u>10,120</u>
Net Cash Provided By Investing Activities	<u>6,761</u>	<u>10,120</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	26,571	45,300
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>735,817</u>	<u>690,517</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 762,388</u>	<u>\$ 735,817</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 24,845	\$ 38,133
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	(3,067)
Decrease (Increase) in Prepaid Expenses	(2,525)	1,054
Decrease (Increase) in Other Asset	155,000	406,653
Increase (Decrease) in Accounts Payable and Accrued Expenses	(6,996)	(940)
Increase (Decrease) in Other Liability	<u>(155,000)</u>	<u>(406,653)</u>
Net Cash Provided By Operating Activities	<u>\$ 19,810</u>	<u>\$ 35,180</u>

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

**JUNE 30, 2020 AND 2019**

**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, 2020.

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, 2020 AND 2019**

**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 January 7, 2021, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deposits	\$174,248	\$154,439
Money Market	172,876	172,399
State of Connecticut Short-Term Investment Fund	<u>415,264</u>	<u>408,979</u>
	<u>\$762,388</u>	<u>\$735,817</u>

As of June 30, 2020, the carrying amount and bank balances of the Authority's cash and cash equivalents was \$762,388. The amount of bank balances covered under federal depository insurance was \$250,000. The remaining \$512,388 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, 2020 AND 2019**

**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, 2020 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:

2021	\$ 163,644
2022	163,644
2023	<u>96,189</u>
Total	<u>\$423,477</u>

**NOTE 5 – CONCENTRATIONS**

For the years ended June 30, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019.



**NEW HAVEN PORT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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, 2020, the Authority's portion of the shared study costs totaled \$155,001 (\$406,652 at June 30, 2019). Through June 30, 2020, the Authority's share of cumulative project costs was \$1,243,609. The unspent funds, \$281,391 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, \$256,391 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 7, 2020, the Board of Commissioners approved a resolution designating an additional \$25,000 of unrestricted net position to be restricted for special projects including land acquisition or capital improvements within the port district. The total amounts designated for special projects including land acquisition or capital improvements was \$625,000 and \$600,000 at June 30, 2020 and 2019, 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. Since the Authority never took possession of the proceeds and the entire transaction is expected to be reversed, no sale proceeds, assets or liabilities were reflected in the financial statements.

**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

**NEW HAVEN PORT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**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.

**NOTE 11 – SUBSEQUENT EVENT**

For the year ended June 30, 2020, the Authority evaluated subsequent events for potential recognition and disclosures through January 7, 2021, the date of financial statement issuance. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact revenues and other transactions. Other financial impact could occur though such potential impact is unknown at this time.