

**CONNECTICUT PORT
AUTHORITY
(A COMPONENT UNIT
OF THE STATE OF
CONNECTICUT)**

**FINANCIAL STATEMENTS
JUNE 30, 2019**

CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
CONTENTS
JUNE 30, 2019

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-5
Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-13
Schedule of Project Allocations	14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Schedule of Findings	17

Independent Auditors' Report

To the Board of Directors
Connecticut Port Authority
Old Saybrook, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Connecticut Port Authority, a component unit of the State of Connecticut, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Connecticut Port Authority's financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditors' 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 auditors consider 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 Connecticut Port Authority as of June 30, 2019, and the respective changes in its financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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 financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Connecticut Port Authority's basic financial statements. The schedule of project allocations is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of project allocations is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020 on our consideration of the Connecticut Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Connecticut Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Port Authority's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
May 28, 2020

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of the Connecticut Port Authority (the Authority), a component unit of the State of Connecticut (the State), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2019. The Authority's financial statements, accompanying notes and supplementary information should be read in conjunction with the following discussion.

Introduction

The Authority was created by the State of Connecticut General Assembly pursuant to Public Act 14-222. The Authority constitutes a body corporate and politic and a public instrumentality of the State having a distinct legal existence from the State.

The purposes of the Connecticut Port Authority shall be to coordinate port development, with a focus on private and public investments, pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through Connecticut ports, market the advantages of such ports to the domestic and international shipping industry, coordinate the planning and funding of capital projects promoting the development of such ports, and develop strategic entrepreneurial initiatives that may be available to the state.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements.

The Authority engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, the Authority's basic financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; the statement of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the Authority's net position serve as a useful indicator of whether the Authority's net position is improving or deteriorating. Readers should also consider other nonfinancial factors when evaluating the Authority's net position. The statement of revenues, expenses, and changes in net position presents information on how the Authority's net position changed during the year.

All assets, liabilities and changes in net position are reported as soon as the underlying event affecting the asset or liability, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses and changes in net position will result in cash flows in future periods.

2019 Financial Highlights

Total assets exceeded total liabilities by \$2,871,345 (net position) at June 30, 2019 due primarily to state appropriations received during the fiscal year. Additionally, operating revenues exceeded operating expenses for the fiscal year.

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Operating income for 2019 was \$1,970,304, nonoperating revenues were \$542 and the change in net position was \$1,970,846.

Condensed Information

The following table reflects a summary of certain balances in the statements of net position and revenues, expenses and changes in net position:

Statements of Net Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Increase (decrease) 2019 v 2018</u>
Net position:			
Current and other assets	\$ 2,222,680	\$ 1,199,989	\$ 1,022,691
Capital assets	1,980,980	49,022	1,931,958
Total assets	<u>4,203,660</u>	<u>1,249,011</u>	<u>2,954,649</u>
Current liabilities	1,332,315	348,512	983,803
Noncurrent liabilities			-
Total liabilities	<u>1,332,315</u>	<u>348,512</u>	<u>983,803</u>
Net position, unrestricted	<u>\$ 2,871,345</u>	<u>\$ 900,499</u>	<u>\$ 1,970,846</u>

**Statements of Revenues, Expenses,
and Changes in Net Position**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>2019 v 2018</u>
Changes in net position:			
Operating revenues	\$ 3,579,200	\$ 1,851,070	\$ 1,728,130
Operating expenses	<u>1,608,896</u>	<u>1,700,328</u>	<u>(91,432)</u>
Operating income	1,970,304	150,742	1,819,562
Nonoperating revenues (expenses)	<u>542</u>	<u>9</u>	<u>533</u>
Change in net position	<u>\$ 1,970,846</u>	<u>\$ 150,751</u>	<u>\$ 1,820,095</u>

2019 Financial Analysis

Total assets of the Authority were \$4,203,660 at June 30, 2019 which represents an increase of \$2,954,649 over the prior year. Capital assets of \$1,980,980 represent the largest asset.

Total liabilities of the Authority at June 30, 2019 were \$1,332,315 which represents an increase of \$983,803 over the prior year. Accounts payable of \$853,693 make up the largest liability.

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

2019 Operating Activity

Operating revenues of the Authority were \$3,579,200, an increase of \$1,728,130 when compared to the prior year. State of Connecticut appropriations and bond funding for operations of \$2,465,375 make up the largest source of revenues.

Total operating expenses were \$1,608,896. The majority of the expenses were for salaries, fringe benefits and contractual services.

Operating revenues exceeded operating expenses by \$1,970,304. This represents an increase of \$1,819,562 compared to the prior period.

2019 Nonoperating Activity

\$110,000 of State of Connecticut bond funds were received and subsequently awarded in conjunction with the Authority's Small Harbor Improvement Projects Program (SHIPP).

Requests for Information

This financial report is designed as a general overview of the Authority's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Executive Director, Connecticut Port Authority, 455 Boston Post Rd., Suite 204, Old Saybrook, CT 06475.

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
STATEMENT OF NET POSITION
JUNE 30, 2019**

Assets:

Current assets:

Cash and cash equivalents	\$ 1,283,636
Accounts receivable	117,954
Due from State of Connecticut	819,957
Deposits and prepaid expenses	<u>1,133</u>
Total current assets	2,222,680

Noncurrent assets:

Capital assets, net of accumulated depreciation	<u>1,980,980</u>
---	------------------

Total assets	<u>4,203,660</u>
--------------	------------------

Liabilities:

Current liabilities:

Accounts payable	853,693
Accrued expenses and other	61,955
Unearned revenue	<u>416,667</u>
Total current liabilities	<u>1,332,315</u>

Net Position, Unrestricted	<u>\$ 2,871,345</u>
----------------------------	---------------------

The accompanying notes are an integral part of the financial statements

CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Operating Revenues:	
State Pier rent	\$ 269,797
State Pier operating fees	544,416
Pilotage and licensing fees	68,492
Appropriations from State	2,465,375
Miscellaneous - other	<u>231,120</u>
Total operating revenues	<u>3,579,200</u>
Operating Expenses:	
Salaries and related expense	637,089
Contractual services	777,637
Administrative and general	186,127
Depreciation	<u>8,043</u>
Total operating expenses	<u>1,608,896</u>
Operating Income	<u>1,970,304</u>
Nonoperating Revenues (Expenses):	
Appropriations from State	110,000
Investment income	542
Grant awards	<u>(110,000)</u>
Net nonoperating revenues	<u>542</u>
Change in Net Position	1,970,846
Net Position, Beginning of Year	<u>900,499</u>
Net Position, End of Year	<u>\$ 2,871,345</u>

The accompanying notes are an integral part of the financial statements

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

Cash Flows from Operating Activities:	
Cash received for services	\$ 1,518,389
State of Connecticut appropriations and bond funding received	2,291,420
Cash payments to suppliers	(403,771)
Cash payments to employees	(613,120)
Net cash provided by operating activities	<u>2,792,918</u>
Cash Flows from Noncapital Financing Activities:	
State of Connecticut appropriations and bond funding received	110,000
Grant awarded	(110,000)
Net cash provided by noncapital financing activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	<u>(1,940,001)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>542</u>
Net Increase in Cash and Cash Equivalents	853,459
Cash and Cash Equivalents, Beginning of Year	<u>430,177</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,283,636</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,970,304
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	8,043
Changes in assets and liabilities:	
Accounts receivable	4,156
Due from State of Connecticut	(173,955)
Prepaid expenses	567
Accounts payable	559,426
Accrued expenses and other	23,969
Unearned revenue	<u>400,408</u>
Net Cash Provided by Operating Activities	<u>\$ 2,792,918</u>

The accompanying notes are an integral part of the financial statements

**CONNECTICUT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Connecticut Port Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). Following is a summary of significant accounting policies of the Authority.

Reporting Entity

The Authority was created by the State of Connecticut General Assembly pursuant to Public Act 14-222. The Authority constitutes a body corporate and politic and a public instrumentality of the State having a distinct legal existence from the State.

The purposes of the Connecticut Port Authority shall be to coordinate port development, with a focus on private and public investments, pursue federal and state funds for dredging and other infrastructure improvements to increase cargo movement through Connecticut ports, market the advantages of such ports to the domestic and international shipping industry, coordinate the planning and funding of capital projects promoting the development of such ports, and develop strategic entrepreneurial initiatives that may be available to the state.

The Authority is exempt from federal and state income taxes.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

The Authority engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external parties.

The Authority uses the economic resources measurement focus and accrual basis of accounting.

The Authority distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services relating to the Authority's principal ongoing operations. Operating expenses include the cost of services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets and Depreciation

Capital assets are stated at cost except for capital assets conveyed to the Authority by the State which are stated at fair value as of the date of contribution. Expenditures in excess of \$5,000 which substantially increase the useful lives of existing assets are capitalized; routine maintenance and repairs are expensed as incurred. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets.

**CONNECTICUT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Unearned Revenue

Unearned revenue comprises prepaid lease payments received on the Connecticut State Pier lease agreement (see Note 7). The tenant made a lump-sum lease payment for a twelve-month period; these amounts will be recognized as revenue in the subsequent year as the monthly lease periods expire.

Revenues

Revenue recognition policies are as follows:

Connecticut State Pier Rents and Operating Fee Revenues

Rental and operating fees are generated by an operation and management agreement that was assigned to the Authority by the State of Connecticut. Rental revenue is recognized over the term of the lease and operating fee revenue is recognized based on reported assessable revenues as outlined in the operation and management agreement.

Other Revenue

All other types of revenues are recognized when earned.

Compensated Absences

Employees of the Authority are considered State employees for purposes of employee benefits. Employees hired by the Authority can only accumulate one year's worth of earned vacation time. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. All vacation and sick pay that would be payable assuming termination at year end is accrued on the statement of net position. The related liability is based upon current compensation levels.

Allocation of Expenses

The financial statements include certain allocations of expenses incurred jointly by the Authority and the State. Fringe benefits costs, which are incurred at the State level, are charged to the Authority based on each employee's actual benefit costs. Total fringe benefit charges to the Authority were \$269,995 for the year ended June 30, 2019.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CONNECTICUT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

2. CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

In the case of deposits, this represents the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2019, \$783,636 of the Authority's bank balance of \$1,283,636 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 655,272
Uninsured and collateral held by pledging bank's trust department not in the Authority's name	<u>128,364</u>
	<u>\$ 783,636</u>

Interest Rate Risk

The Authority manages its exposure to declines in fair value by limiting the average maturity of its cash and cash equivalents to no more than one year. The Authority does not have a formal policy relating to a specific investment related risk.

3. CAPITAL ASSETS

	<u>Depreciable Life</u>	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:					
Construction in progress		\$ -	\$ 1,895,724	\$ -	\$ 1,895,724
Capital assets being depreciated:					
Furniture and fixtures	15	43,128	15,951	-	59,079
Equipment	5	8,736	-	-	8,736
Vehicles	9	-	28,326	-	28,326
Total capital assets being depreciated		<u>51,864</u>	<u>44,277</u>	<u>-</u>	<u>96,141</u>
Less accumulated depreciation for:					
Furniture and fixtures		1,677	3,673	-	5,350
Equipment		1,165	1,747	-	2,912
Vehicles		-	2,623	-	2,623
Total accumulated depreciation		<u>2,842</u>	<u>8,043</u>	<u>-</u>	<u>10,885</u>
Total Capital Assets Being Depreciated, Net		<u>49,022</u>	<u>36,234</u>	<u>-</u>	<u>85,256</u>
Total capital assets, net		<u>\$ 49,022</u>	<u>\$ 1,931,958</u>	<u>\$ -</u>	<u>\$ 1,980,980</u>

**CONNECTICUT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

4. STATE APPROPRIATIONS AND ALLOCATIONS

During the year ended June 30, 2019, the Authority was appropriated \$400,000 by the General Assembly of the State of Connecticut to fund operating expenses. These appropriations are made in connection with the State’s annual budgetary process and are nonlapsing. The Authority is dependent upon such annual appropriations to fund its operating expenses.

The State Bond Commission has approved and allocated funding to the Authority for several purposes as noted on the schedule on page 14 of this report. For the year ended June 30, 2019, \$2,175,375 was expended by the Authority on the projects noted.

5. RELATED PARTY TRANSACTIONS

The State of Connecticut is responsible for processing the Authority’s payroll, including related benefits. Funds are applied against the Authority’s annual appropriation on a biweekly basis as the payroll is processed.

Amounts due from the State as presented in the statement of net position totaled \$819,957 at June 30, 2019. This amount represents the balance of the Authority’s appropriation and amounts expended under certain bond authorizations.

6. OPERATING LEASE

The Authority has entered into an operating lease with an unrelated entity for its office space through June 30, 2020. The lease calls for payments of \$24,768 per annum. Payments under the lease were \$23,473 for the year ended June 30, 2019.

Future minimum lease payments through June 30, 2020 are \$24,768.

7. PIER LEASE

Certain real property is leased to a tenant at the Connecticut State Pier under a lease agreement expiring in April 2039.

Future minimum rental income is as follows:

<u>Years Ending June 30</u>	
2020	\$ 500,000
2021	500,000
2022	500,000
2023	500,000
2024	541,667
2025-2029	3,791,667
2030-2034	5,041,667
2035-2039	6,041,667
	<u>\$ 17,416,668</u>

**CONNECTICUT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

8. PENSION PLAN

Plan Description

Eligible employees of the Authority participate in the State Employees' Retirement System (SERS). SERS is the single employer defined benefit pension plan of the State of Connecticut's primary government and its component units, covering substantially all of the full-time employees who are not eligible for another state-sponsored retirement plan. The plan is administered by the State Employees' Retirement Commission and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes.

As of June 30, 2019, four Authority employees were participants in the plan. The State did not provide disclosure information to the Authority relative to their participation; however, it does plan to do so for the year ending June 30, 2020.

9. POSTRETIREMENT BENEFITS

As employees of the State of Connecticut, the Authority's personnel are eligible to receive postretirement medical and life insurance coverage. The accounting for and funding of these benefits is done on a cash basis.

The costs of these benefits to the Authority for the year ended June 30, 2019 cannot be determined because postretirement benefits are paid by the State and included in the state calculated fringe rate charged to the Authority.

10. RISK MANAGEMENT

The Authority is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. Risks are managed through the purchase of commercial insurance. There have been no losses exceeding insurance coverage during the last year.

11. SUBSEQUENT EVENT

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a state of emergency to combat a novel coronavirus disease (COVID-19). On March 13, 2020, the President of the United States declared a national emergency due to the COVID-19 outbreak. Management has evaluated the matter and concluded that the Authority does not expect any negative impact to its operations due to the COVID-19 outbreak.

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
SCHEDULE OF PROJECT ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Project Name	Allocated as of June 30, 2019	Expended thru June 30, 2018	Expended July 1, 2018 thru June 30, 2019	Cumulative Expenditures thru June 30, 2019	Remaining Allocation as of June 30, 2019
Small Harbor Improvement Projects Program (SHIPP)	\$ 4,011,650	\$ 3,081,650	\$ 110,000	\$ 3,191,650	\$ 820,000
State Pier - Infrastructure Improvement and Long Term Capital Maintenance	4,560,000	513,269	1,895,724	2,408,993	2,151,007
Pier 7 Design	750,000	-	47,053	47,053	702,947
East Shore Properties Purchase	751,000	-	-	-	751,000
New Haven Port Authority Freight Study	500,000	-	-	-	500,000
Improvements at the State Pier in New London.	25,500,000	-	-	-	25,500,000
Eastern LI Sound Planning	641,106	4,103	12,233	16,336	624,770
Piping Plovers	99,465	-	35,365	35,365	64,100
Statewide Economic Development Strategies	522,821	114,410	75,000	189,410	333,411
Totals	\$ 37,336,042	\$ 3,713,432	\$ 2,175,375	\$ 5,888,807	\$ 31,447,235

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Connecticut Port Authority
Old Saybrook, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Connecticut Port Authority, a component unit of the State of Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated May 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Connecticut Port Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weakness or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Connecticut Port Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Connecticut Port Authority's Response to Findings

The Connecticut Port Authority's response to the findings identified in our audit is described in the accompanying schedule of findings. The Connecticut Port Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
May 28, 2020

**CONNECTICUT PORT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF CONNECTICUT)
SCHEDULE OF FINDINGS
JUNE 30, 2019**

2019-001	Record Retention
Criteria	Management is responsible for implementing adequate internal controls to ensure supporting documentation exists and is retained for all Authority expenditures.
Condition	The Authority was unable to provide supporting documentation for multiple expenditures and general journal entries selected for testing during the audit process.
Context	Adequate controls over the retention of supporting documentation relative to expenditures do not exist.
Effect	The lack of controls has led to supporting documentation not being maintained for certain expenditures.
Cause	The cause is due to a lack of controls over record retention.
Recommendation	We recommend the Authority develop a process to ensure supporting documentation for all Authority expenditures be properly maintained.
Views of Responsible Officials	Management agrees with the finding and recommendation.