CONNECTICUT PORT AUTHORITY
FY2023 ANNUAL FINANCIAL REPORT

Responsive to:
C.G.S. § 1-123(a)

Concerning Fiscal Year
July 1, 2022 - June 30, 2023

The Connecticut Port Authority ("CPA") is a quasi-public agency, pursuant to Section 1-120(1) of the General Statutes of Connecticut ("C.G.S."), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut ("State" or "Connecticut") that is responsible for coordinating the development of the State's ports and harbors and maritime economy. *See generally* C.G.S. § 15-31b(a). The creation of the CPA represents a major commitment by the State to invest in its port infrastructure to create jobs and attract private investment to the State.

Pursuant to C.G.S. § 1-123(a), "[t]he board of directors of each quasi-public agency shall annually submit a report to the Governor and the Auditors of Public Accounts. Such report shall include, but need not be limited to, the following: (1) A list of all bond issues for the preceding fiscal year, including, for each such issue, the financial advisor and underwriters, whether the issue was competitive, negotiated or privately placed, and the issue's face value and net proceeds; (2) a list of all projects other than those pertaining to owner-occupied housing or student loans receiving financial assistance during the preceding fiscal year, including each project's purpose, location, and the amount of funds provided by the agency; (3) a list of all outside individuals and firms receiving in excess of five thousand dollars in the form of loans, grants or payments for services, except for individuals receiving loans for owner-occupied housing and education; (4) a complete set of financial statements; (5) the cumulative value of all bonds issued, the value of outstanding bonds, and the amount of the state's contingent liability; (6) the affirmative action policy statement, a description of the composition of the agency's work force by race, sex, and occupation and a description of the agency's affirmative action efforts; and (7) a description of planned activities for the current fiscal year."

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I. List of Bond Issues

Not applicable. Since its inception, the CPA has yet to issue bonds.

The CPA received the following authorizations from the State of Connecticut in FY 2023:

Reference	Bond Commission Agenda	Project Purpose	Amount
PA#111-2021, Sec. 13(d)	06/30/2023, Item #7	Improvements Ports, Harbors and Marinas	$30,000,000.00

II. List of Projects Receiving Financial Assistance

The CPA funded the following projects in fiscal year 2023:

Recipient	Project Location	Project Purpose	Amount
State Pier	New London, CT	Instructure Improvements	$30,000,000.00

III. List of Outside Individuals and Firms Receiving > $5,000.00

A) GENERAL OPERATIONS ACCOUNT

Chubb Insurance	$19,344.00
City of New London-Department of Finance	$129,590.60
City of New London-Department of Public Utilities	$30,728.82
Cohn Reznick, LLP	$30,250.00
Gowrie Group	$56,953.75
Interport Pilots Agency, Inc	$7,586.00
Regan Communications d.b.a Quinn & Hary	$29,345.00
Robinson & Cole, LLP	$158,819.12
Saybrook Junction, LLC	$34,200.00
Sound Computers	$8,996.54
State of Connecticut- Office of the Treasurer	$716,785.94
	$1,222,599.77

B) BOND ACCOUNT

Chubb Insurance	$13,501.00
Gowrie Group	$123,408.15
Robinson & Cole	$150,536.55
The Connecticut Audubon Society	$19,893.00
	$307,338.70

C) HARBOR DEVELOPMENT AGREEMENT (HDA) ESCROW ACCOUNT / STATE PIER INFRASTRUCTURE IMPROVEMENTS PROJECT

AECOM	**$1,772,608.86**
Gateway	**$79,590.60**
Kiewit Infrastructure Co.	$144,265,136.87
New England Central Railroad	$1,013,928.00
North East Offshore, LLC	$791,449.27
State of Connecticut: Department of Administrative Services	$359,192.00
	$148,281,905.60

IV. Balance Sheet - Revenues and Expenditures

See "*Appendix A - CohnReznick Audit Report - FY-Ended-June 30, 2023*"

V. Value of Bonds Issued, Outstanding, and State's Contingent Liability

Not applicable. Since its inception, the CPA has yet to issue bonds.

Please see Section I for the value of authorizations from the State of Connecticut in FY2023.

VI. Affirmative Action Policy Statement / Workforce Composition / Efforts

A. EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION POLICY

[Approved December 15, 2020] It is the policy of the Connecticut Port Authority (the Authority) to provide equal employment opportunities to all applicants and employees regardless of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law. It is also the policy of the Authority to take affirmative action to employ and to advance in employment, all persons regardless of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law, and to base all employment decisions only on valid job requirements. This policy shall apply to all employment actions, including but not limited to recruitment, hiring, upgrading, promotion, transfer, demotion, layoff, recall, termination, rates of pay or other forms of compensation and selection for training, including apprenticeship, at all levels of employment.

Employees and applicants of the Authority will not be subject to harassment on the basis of race, color, religious creed, sex, sexual orientation, gender identity or expression, marital status, age, national origin, ancestry, mental disability, intellectual disability, learning disability, physical disability, veteran status, or any other characteristic protected by federal, state, or local law. Additionally, retaliation, including intimidation, threats, or coercion, because an employee or applicant has objected to discrimination, engaged or may engage in filing a complaint, assisted in a review, investigation, or hearing or have otherwise sought to obtain their legal rights under any federal, state, or local Equal Employment Opportunity law is prohibited. For information regarding the Authority's policy for addressing complaints of harassment, please refer to the Policy Against Sexual Harassment in the Authority's Employee Manual.

The Authority is committed to the principles of Equal Employment Opportunity and Affirmative Action. In order to ensure dissemination and implementation of Equal Employment Opportunity and Affirmative Action throughout the Authority, the Board of Directors of the Authority has the overall responsibility for the establishment of the affirmative action policies of the agency. The Chairperson of the board maintains ultimate responsibility for the implementation of the Equal Employment Opportunity and Affirmative Action Policy for all staff and the Executive Director is charged with the day-to-day responsibility.

Employees who feel they have been treated less favorably on the basis of any protected characteristic should contact the Authority's Executive Director, the Chairperson of the Board of Directors or the Chairperson immediately. Retaliation for making a complaint or otherwise participating in an investigation of potential violations of this policy is not tolerated.

In furtherance of the Authority's policy regarding Equal Employment Opportunity and Affirmative Action, the Authority will present an annual internal workforce analysis to be distributed to the Board of Directors no later than June 30 of each fiscal year, to ensure that its policy of nondiscrimination and affirmative action for women, minorities, individuals with disabilities, and protected veterans is accomplished.

B. WORKFORCE COMPOSITION/ANALYSIS

Category/Job Type	Caucasian (Male)	Caucasian (Female)	Black/African-American (Male)	Black/African-American (Female)	Hispanic (Male)	Hispanic (Female)	Other (Male)	Other (Female)
Officials/Directors	0	0	1	0	0	0	0	0
Professionals	0	0	0	1	0	0	0	0
Administrative/Clerical	0	1	0	0	0	0	0	0
Intern/Educational	0	0	0	0	0	0	0	0
Other	0	1*	0	0	0	0	0	0
TOTALS:	**0**	**2**	**1**	**1**	**0**	**0**	**0**	**0**

C. AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT OPPORTUNITY EFFORTS JULY 1, 2022 - JUNE 30, 2023

On February 20, 2024, an Annual Internal Workforce Analysis for Fiscal Year 2023 (FY23) was distributed to the Board of Directors. In furtherance of the Authority's policy regarding Equal Employment Opportunity and Affirmative Action, the executive director prepared an annual internal workforce analysis to ensure that the Authority's policy of nondiscrimination and affirmative action for women, minorities, individuals with disabilities, and protected veterans is accomplished.

During FY23, the Authority listed one (1) vacancy announcement for one (1) position: Office Manager. The position was filled in FY24.

The vacancy posted in FY23 noted that "The Connecticut Port Authority is an equal opportunity/affirmative action employer. We welcome all candidates to apply regardless of race, color, religion, sex (including pregnancy, sexual orientation, or gender identity), national origin, age, disability, or genetic information."

Further, in an effort to maximize distribution to as diverse an applicant pool as possible, the vacancy was listed on Workplace Diversity's digital job board, which included posting to WorkplaceDiversity.com, VeteransConnect.com, HispanicDiversity.com, DisabilityConnect.com, OutandEqual.com, LGBTConnect.com and AllDiversity.com. This resource was highlighted for us by Connecticut Innovations (the Authority has a Memorandum of Understanding with Connecticut Innovations for Human Resources and CORE-CT support). The Authority intends to use this resource when posting future vacancies.

VII. Planned Activities for the Current Fiscal Year (July 1, 2023 – June 30, 2024)

Establishment of a Connecticut Dredging Team

In 2022, a technical workgroup was established to assist participants in exchanging information and to streamline interaction with federal agencies. The workgroup is housed within the Department of Energy and Environmental Protection (CTDEEP) and is co-chaired by the Connecticut Port Authority.

In addition to the Connecticut Port Authority, the dredging team membership is comprised of representatives from: U.S. Environmental Protection Agency, Region 1; U.S. Army Corps of Engineers, North Atlantic Division; and the Connecticut Marine Trades Association. Other stakeholders include: Connecticut Harbor Management Association; deep draft harbor port authorities (New Haven, New London, Bridgeport); consultants (dredging community); legislative contacts (state and federal); environmental groups; and local harbor management commissions. Stakeholders are invited on an as-needed basis.

Dredging Team Purpose/Goals:

1. Provide a forum for State and Federal agencies to strategize and resolve issues related to the management of dredged material from the coastal waters of CT and Long Island Sound (LIS).
2. Reduce the reliance on open water disposal of dredged materials in LIS; promote beneficial use; seek lower cost alternatives to off-site disposal facilities for marginally contaminated sediments.
3. Enhance early planning and evaluation of information on dredged material placement alternatives submitted for projects to review under the LIS site designation rule.
4. Consider and plan for the reduction/mitigation of source of contamination in dredged sediment and contaminant source reduction from existing point source and nonpoint source water pollution.
5. Identify necessary ways to address obstacles; address regulatory issues including testing requirement standards.
6. Address management issues for open water disposal.
7. Address the requirement to resume production of an annual LIS Dredge Material Management Plan progress report to track dredge material beneficially reused vs. disposed of at open water sites.

New London — Admiral Harold E. Shear State Pier Infrastructure Improvements Project

Project Overview

It is the goal of the Connecticut Port Authority to make generational improvements to transform the State Pier in New London into a state-of-the-art heavy-lift capable port facility that will accommodate a wide variety of cargoes, including wind turbine generator staging and assembly. The State Pier infrastructure improvements have been designed to address previously identified facility shortcomings and enhance the State Pier facility and site conditions to accommodate future cargo needs and capitalize on opportunities for the State of Connecticut.

- The infrastructure upgrades will re-make State Pier as a modern, heavy-lift capable terminal and meet the facility requirements of the offshore wind industry, while maintaining its freight rail link.
- The upgrades include the creation of two heavy-lift pads, each capable of handling loads of 5,000 pounds per square foot (psf). The rest of the facility's load bearing capacity has been enhanced to 3,000psf.
- Hundreds of jobs have been created during the construction phase of the project. Construction is underway and scheduled to be substantially completed by Q1 of 2024.
- The Ørsted and Eversource joint venture company has entered into a ten-year lease agreement, which will allow it to use State Pier for wind turbine generator pre-assembly and staging, resulting in approximately 100 FTE offshore wind-related jobs created at the site.
- Three offshore wind projects totaling more than 1,700MW are already scheduled to be delivered from the completed facility:
    - South Fork Wind (132MW, State of New York);
    - Revolution Wind (304MW, State of Connecticut and 400MW, State of Rhode Island);
    - and Sunrise Wind (880MW, State of New York)
- The first U.S. built wind turbine installation vessel, Dominion's *Charybdis*, which is expected to be sea ready in early 2025, will first be deployed out of State Pier to support the construction of the Revolution Wind and Sunrise Wind projects.
- During periods where Ørsted and Eversource are not using State Pier, Gateway Terminal will market the facility to other commercial enterprises to ensure maximum utilization.
- State Pier offshore wind operations commenced April 2023.

U.S. Secretary of Energy Jennifer Granholm toured the State Pier Project and declared this should be "an example for the country." "We want to replicate this," Granholm said after meeting with workers on site.

Construction Update

The Authority executed a Memorandum of Agreement (MOA) with OPM and DAS, effective October 2, 2019, in connection with procurement, technical services, contract administration and construction management activities in support of the State Pier Infrastructure Improvements Project (the Project) in New London. OPM's involvement terminated on May 31, 2022, and the MOA was amended in June 2022 to reduce DAS' involvement during the remaining construction phase of the project. DAS personnel participate in the Project to the extent of providing limited technical advice and services to CPA as necessary during the remaining construction phase. DAS participation is currently on an as-needed basis, subject to availability as determined by DAS management.

In April 2021, the Authority executed a Construction Manager-at-Risk contract (CMR) with Kiewit Infrastructure Co., which resulted in generating a Target Guaranteed Maximum Price (GMP) of $204 million (i.e., $193m construction cost, plus another $11m in contingency) for construction of the Project. Combined with the project's separate non-construction or 'soft costs', which totaled $31.5 million and included items such as design, permitting, lease of adjacent property, construction administration and 3rd party testing, the total project cost was estimated at $235.5 million.

As noted by the Chair of the Board at the Authority's March 22, 2022 special board meeting, the permitting process for the project took significantly longer than anticipated and the board openly discussed that there was cost associated with the permit delay and additional cost in accelerating certain aspects of critical path construction activities associated with the State Pier's heavy lift platform to accommodate the handling of offshore wind components necessary for delivery of Orsted and Eversource's first offshore wind project, known as South Fork Wind.

The Authority successfully negotiated and approved the costs associated with the permitting delay and project acceleration. As of May 24, 2022, based on the trade contractor buy-out / procurement activities, the project's awarded GMP for construction totaled just over $185 million. As a result of legislative authorization for an additional $20 million and the Bond Commission's action on May 26, 2022, the available funds for the State Pier Infrastructure Improvements Project was increased to a total of $255.5 million.

At the Authority's meeting on June 21, 2022, the Authority's Board executed the final trade contractor notice to proceed for dredge related work. The dredging and material disposal subcontract cost was $32 million. Collectively, with all trade packages awarded, the construction related GMP was approximately $217 million and together with the soft cost forecast of $33 million, generated a total project cost of approximately $250 million. This total project cost was consistent with public discussions of the project.

Several site-specific issues were necessary to overcome to deliver the Project in compliance with the approved design criteria. For example, additional demolition of the State Pier's existing subsurface structural concrete deck was necessary to accommodate the width and transport corridor associated with the installation berth's heavy lift platform. Additional micro piles and anchor wall piles were necessary to overcome poor subsurface soil characteristics at the Northeast Bulkhead Annex and South Wall and modifications to the electrical equipment were required to accommodate changes to the shore to ship power connections. The most significant site issue that has impacted the Project is deep obstructions, such as rocks and boulders that range from 2-feet to upwards of 10-feet in circumference and are located 20 to 50-feet or more below the surface. The presence of these obstructions prohibited the successful driving of the pipe and sheet pile to their required design depth. For structural stability of the wharf and to achieve certification that the cargo platforms can handle the significant loads generated when transferring cargo from the shore to the ship, the obstructions had to be removed and the piles driven to design depth. Removal of the deep obstructions took longer and cost more than anticipated.

As of the Authority's meeting on July 18, 2023, the Authority's Board had (i) approved amendments to the Harbor Development Agreement that enabled its private-sector partners to provide $23.75 million (half) of additional construction funding and (ii) obtained legislation that facilitated the State of Connecticut to provide $30 million of additional funding. These additional funding sources, plus other minor adjustments, increased the available funds for the project to $311 million. At the same July 18, 2023 meeting, the Board approved construction GMP Amendments No. 09 and 10 to the CMR Contract to address the above detailed site-specific construction issues, thereby raising the cost of construction from $217 million to $272.85 million. Concurrent with these actions, the Authority's Board established a CPA controlled contingency of $6 million, which among other expenses, was intended to address three (3) remaining construction allowances. Together with the same soft cost forecast of $33 million, generated a total cost forecast at completion of the works of approximately $311 million.

As of November 30, 2023, two of the obstruction related issues have been completed and the third is targeted for completion by Q1 2024. Overall, the Project is 96% complete. Substantial completion of the State Pier portion of the terminal is targeted for Q1 2024, which will allow the facility to be used for Orsted and Eversource's second offshore wind project, which is the 704 MW Revolution Wind Project that will provide clean wind generated power for Connecticut and Rhode Island. Due to punch list work that requires warmer temperatures for successful application, final acceptance of the facility is anticipated in Q2 of 2024.

Statewide **Small Harbor Improvement Projects Program (SHIPP)**

It is the mission of the Connecticut Port Authority to grow Connecticut's economy and create jobs by strategically investing in the state's three deep water ports and small harbors to enable each to maximize its own economic potential. In pursuit of this mission, the CPA has created the Small Harbor Improvement Projects Program (SHIPP) as a central part of its strategy to support economic development throughout Connecticut's waterfront communities.

Connecticut General Statute, Section 13b-55a(c), states "Harbor improvement projects include the preparation of plans, studies and construction for the alteration and improvement of various state, municipal and other properties in or adjacent to the waters of the state, for purposes of improving the economy and infrastructure of the state."

Section 13b-56(b) provides "Any municipality may undertake a harbor improvement project, including the development, improvement, construction and installation of berthing areas, channels to berthing areas, sea walls, piers, docks, navigation aids, and bridges and other related facilities and structures, pursuant to a harbor improvement plan."

Harbor improvement projects qualify for varying levels of cost share via SHIPP, depending on the type of activities proposed:

Harbor Management Plans-Studies (50% Cost Share)
Boat Ramp Facilities Feasibility Studies/Design (All Planning Studies are 100% Grant Funded - No Cost Share)
Marina Repairs (Docks, Piles, other) (20% Cost Share) *
Dredging (20% Cost Share) *

*Not all municipalities have the funding resources to provide a 20% Cost Share. The program will accept preliminary project works (Design and Permitting) paid by the municipality as the cost share in lieu of the 20%.

SHIPP Round 2

Round 2 award recipients consisted of eight projects in municipalities statewide, totaling $2.9 million in grant funding. The Authority executed agreements with all grant recipients, except for one unresponsive municipality. Payments for the SHIPP 2 projects have amounted to $1.4 million to date.

SHIPP Round 3

On April 19, 2022, the Connecticut Port Authority (CPA) issued a Request for Applications (RFA) for the third round of SHIPP grant funding. Applications were accepted through July 8, 2022.

RATING CRITERIA:

- Local and Regional Supporting Actions.
- Economic and Market Viability.
- Timeline to Implementation.
- Project Permitted.
- Financial Impact if Project Grant not Awarded.
- Type of Marine Related services Provided by Facility.
- Stage of Project, planning, design, construction or other.
- Number of current employees, and jobs created by this project.

In April 2023, the Bond Commission approved the following Small Harbor Improvement Projects:

Project	Location	Amount
Branford	Point Wharf	$1,000,000
Stonington	Town Dock North Pier	$250,000
Stratford	Emergency Service Dock Project	$63,346
Norwich	Brown Memorial Park Dock Replacement	$289,490
Stamford	Cove Island Park Marina Channel Dredging	$3,095,520
Stamford	Cummings Marina Final Design & Permitting	$236,500

Stamford	Harbor Boat Launch Feasibility Study	$20,000
Norwich	Heritage Riverfront Walkway Overlook Enhancement Project	$45,000
Norwalk	Harbor Access Study	$44,000
TOTAL		**$5,043,856**

The CPA has distributed the Grant Agreements to awarded municipalities for execution. To date, eight (8) of nine (9) awards have been fully executed. The grants are administered on a reimbursement basis when the projects are completed and accepted. The new Maritime Development position will assist the Executive Director in the expansion of assistance to municipalities.

SHIPP Round 4

The Connecticut Port Authority (CPA) plans to issue a Request for Applications (RFA) for the fourth round of SHIPP grant funding in Q1 of 2024.

Authority's Plan to Ensure a Transparent and Equitable Process for Selecting and Disbursing Grants through the Small Harbor Improvement Projects Program

The Authority remains committed to a transparent and equitable process for selecting and disbursing grants through SHIPP. When a new round of SHIPP funding is announced the application requirements and selection criteria are posted publicly, along with the SHIPP Policies and Procedures[1].

In 2021, per guidance from OPM, the Authority updated it's SHIPP Policies and Procedures. The SHIPP Policies and Procedures govern the selection criteria and grant funds disbursement requirements for program respondents. One modification to the SHIPP Policies and Procedures was to shift to providing recipients grant funds on a reimbursable basis. Per the new requirements, grantees must submit a Certified Invoice to the Authority for completed work to receive funds.

To receive reimbursement for funds, a grantee must submit the following documents:

1. Certified Invoice with all back-up material.
2. Updated Project Schedule
3. Project Narrative Report
4. Project Budget Report(s)
    a. Budget Narrative
    b. Progress Report
    c. Financial Report
    d. Grantee Affirmative Action Plan

[1] Electronic copy available upon request.

Bridgeport **Federal Navigation Project – Dredging of Black Rock Harbor & Bridgeport Harbors**

The Bridgeport harbor channel is less than 30-feet in depth. The U.S. Army Corps of Engineers (USACE) is considering a maintenance dredge to 33’ for Bridgeport Harbor (or to 35’, but State of CT would be responsible for the cost difference associated with the deeper dredge) and to 14’ (or 18’ at state’s responsibility) for Black Rock Harbor. USACE is currently in the process of creating a Dredged Material Management Plan (DMMP). On February 12, 2024 USACE completed the Project Management Plan (PMP) of the Connecticut Dredged Material Management Study. Optimistic dredging start date is November of 2024, at the earliest. The project is anticipated to require two dredging seasons (November through January) to complete. [*Note: This also requires the construction of a Contained Aquatic Disposal (CAD) cell, which is in the early stages of permitting.*] The first dredging season would include the CAD cell(s) and the second season would include the channel dredge.

The USACE has received $550,000 to begin the following tasks:

- Confirmation that the Black Rock Harbor Confined Aquatic Disposal Cell (CAD) location is acceptable.
- USACE is in discussions with the state to include or exclude the Yellow Mill and Pequannock tributaries in the project scope. Inclusion affects the cost /benefit analysis for the entire project.
- The USACE will re-engage stakeholders on beneficial use and potential interest. This may be a least cost alternative for some of the material from construction of the Southeast CAD and the entrance channel. USACE will determine the feasibility of this alternative.
- Recent economic analysis indicated dredging was warranted to -33’. At the request of the Authority, USACE updated request to calculate quantities to -33 to -35’ with a newer survey.
- USACE engineering and planning will need to confirm the design of the two CAD Cell locations, re-calculate volumes based on the 2020 surveys. Engineering will also update the costs based on the updated volumes and placement locations.
- The draft 2010 Dredge Material Management Plan (DMMP)/Environmental Assessment (EA) will need updated Cultural Resource information. New coordination likely for the draft DMMP/EA. No State Historical Preservation Office (SHPO) or Tribal coordination has been done for the Black Rock Harbor project.
- USACE Engineering Geology section will review the available boring information to determine whether additional borings will be needed for the CAD Cell design.

Suitability Determinations (SD) are still needed for the following areas: Black Rock Harbor CAD Cell offshore disposal; Black Rock Harbor maintenance material placement into the CAD Cell; Bridgeport Harbor CAD Cell and entrance channel offshore disposal; and Elutriate testing is likely needed for the inner Bridgeport Harbor and tributaries. A SD is needed, for any unsuitable material that will go into the CAD Cell.

Preliminary numbers for dredging, as calculated in 2016 are shown below:

Bridgeport Harbor	3,986,410 cubic yards
Black Rock Harbor	122,000 to 547,761 cubic yards (-14' to -18')
Bridgeport Harbor Cad Cell	1,900,000 cubic yard capacity
Black Rock Harbor Cad Cell	1,150,000 cubic yard capacity

No dates for construction can be provided until the above details are coordinated by USACE.

New Haven **Federal Navigation Channel Deepening – Dredging**

Public Act 20-1, Section 32(j) authorized bonds for Improvements to Deep Water Ports, Including Dredging. These funds were requested to finance New Haven Harbor Dredging and Navigational Improvements Design Component. On January 3, 2023, the Connecticut Port Authority signed a Design Agreement in the amount of $3.92M with the US Army Corps of Engineers' New England District (USACE) for the Improvement of the New Haven Harbor Federal Navigation Project. The Project includes the deepening of the main shipping channel and turning basin from 35-ft deep to the congressionally authorized 40-ft deep below mean lower low water (MLLW). The design is expected to take approximately two (2) years to complete and will incorporate state-of-the-art ship simulations, subsurface exploration and geotechnical borings, and development of several beneficial use of dredged material areas within the harbor. Approximately 4.3 million cubic yards of sediment and rock will be removed over a three (3) year period starting as soon as the fall 2025 when time-of-year restrictions allow. The project will improve safety for the maritime community and allow larger vessels to call on the terminals within New Haven.

Since the execution of the Design Agreement, the Corps has worked with several members of the Connecticut Pilots Association to incorporate real world experience into the final layout of the channel and turning basin. Four members of the Pilots Association joined USACE Coastal Hydraulics Lab research and engineering staff over a two (2) week period in Vicksburg, MS to simulate vessels calling on the terminals of New Haven. The USACE design team is currently in the process of awarding a subsurface survey and geotechnical borings contract with Coastal Partners (CDM Smith & Gahagan & Bryant Associates, Inc JV) to understand the properties and final quantities of sediments and rock within the project footprint. Additionally, the USACE design team is working with stakeholders from the port, City of West Haven, Audubon Society, Save the Sound, and Federal / State Resource agencies to determine beneficial use of the dredged material removed from the harbor.

New London **Pier No. 7 Fort Trumbull State Park**

The Authority continues its engagement with GZA Geo Environmental, Inc., to conduct consulting engineering design solutions for repairs and modifications to the structure of Pier 7 located within the Fort Trumbull State Park in New London. This agreement was recently extended through June 30, 2024.

Pier 7 was constructed in 1965 by the Navy and is now owned and operated by the State of Connecticut. To advance the growth of the State's maritime economy, the ultimate objectives are to improve the efficiency of current operations, provide services to support the US Coast Guard and Navy vessels, and possible attraction and accommodation of other users for public events and access.

The existing Pier 7 is in poor condition, including broken light fixtures, cracked concrete supportive beams, deteriorated concrete jackets, missing timber fender piles, damaged bollards, and cleats, and corroded electrical hatch/cabinet doors. The current state of the pier limits its use by U.S. Navy vessels.

The goal of the project is to rehabilitate Pier 7 to improve its existing infrastructure. The proposed improvements will enable continued use as a "port of call" by U.S. Navy and U.S. Coast Guard vessels, including the accommodation of the U.S. Navy's Amphibious Transport Dock Class Vessel (LPD) during community and public events.

Recent filings for a Certificate of Permission (COP) application were submitted on October 13, 2022, to the Connecticut Department Energy and Environmental Protection (CTDEEP) and the US Army Corps of Engineers (USACE). This permit was approved by CTDEEP on December 15, 2022, and by USACE on November 4, 2022. Permitting has been submitted for two new dolphins as a separate Structures, Dredging, and Fill (SDF) permit application to CTDEEP and USACE. Approval has been granted.

The Authority began hosting monthly meetings in January 2024 with stakeholders of the Fort Trumbull Pier 7 Rehabilitation Project. The group has decided that the Project will now focus on the needs to support tall ships for OpSail/Sailfest 2026 and address the structural integrity of the Pier. At the most recent meeting on January 30, 2024, GZA Geo Environmental, Inc. presented a proposed schedule of design activities and preliminary cost estimates for the three proposed phases of the project. The Connecticut Port Authority has been coordinating with CTDEEP, and has filed License #202303214-SDF, Fort Trumbull Pier 7, New London permit with the City of New London and submitted the Land Record Filing to CTDEEP.

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports

June 30, 2023

CohnReznick
ADVISORY • ASSURANCE • TAX

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Index

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Connecticut Port Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Connecticut Port Authority's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Connecticut Port Authority as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Connecticut Port Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Connecticut Port Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Connecticut Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Connecticut Port Authority's basic financial statements. The schedule of project allocations is presented for purposes of additional analysis and is not a required part of the 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 December 21, 2023 on our consideration of 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 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 Connecticut Port Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
December 21, 2023

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Management's Discussion and Analysis
June 30, 2023

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, 2023. 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.

The Authority's Board of Directors approved a Memorandum of Understanding ("MOU") with the Office of Policy and Management ("OPM") in September 2019 that provided for OPM to oversee all financial decisions made by the Authority, engage such consultants and resources as needed to oversee and evaluate the Authority's fiscal, organizational and administrative practices and activities and to recommend and assist in the implementation of needed improvements in the Authority's organizational and business practices. Over the years, OPM has enhanced and expanded the bond funded Authority's projects in the state financial system, CORE, to enable proper project accounting. The MOU with OPM has been extended through June 2024.

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, deferred inflows, deferred outflows 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.

2023 Financial Highlights

Total assets exceeded total liabilities by $287,610,319 (net position) at June 30, 2023 due primarily to the capitalization of the Harbor Development Project net of associated construction payables and lease liabilities.

Operating loss for 2023 was $2,334,080, which was primarily attributed to $1,779,897 of depreciation and amortization expenses. Nonoperating net revenues were $31,923,214, capital contributions were $4,552,351 and the change in net position was $34,141,485.

Governmental Accounting Standards Board Statement No. 87 requires that substantial lease contracts that are longer than 12 months and do not transfer ownership to the lessee during the period of the contract should be treated as purchases of the assets on credit by the lessee. The lessee is required to recognize a right to use asset and the related lease liability is measured at the present value of the fixed minimum lease payments. The related asset will be amortized over the lease term or the life of the asset and the lease liabilities will be treated as a financing lease and interest expense will be recognized. The office space sub-lease owned by Saybrook Realty Partners, LLC and the land and track lease owned by New England Central Railroad, Inc. have been recognized as right to use assets. The net balance of the right to use asset in fiscal year 2023 was $4,701,856.

In addition, in fiscal year 2023, Gateway New London, LLC, North East Offshore, LLC (NEO) and the Authority entered into a Sublease agreement dated May 19, 2023, whereby NEO committed to an annual lease payment in the amount of $2,000,000 to be paid to the Authority. This agreement is for a period of ten years and the first quarterly installment in the amount of $500,000 was received in fiscal year 2023. The Authority has recorded a lease receivable and deferred inflow of resources in the amount of $17,989,990 as of June 30, 2023.

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
June 30, 2023 and 2022

	June 30, 2023	June 30, 2022	Increase/decrease 2023 versus 2022
Assets			
Current and other assets	$ 52,940,659	$ 168,201,388	$ (115,260,729)
Capital assets (net)	262,673,479	123,223,088	139,450,391
Lease receivable (net)	16,257,311	-	16,257,311
Right to use assets (net)	4,701,856	6,358,201	(1,656,345)
Total assets	336,573,305	297,782,677	38,790,628
Current liabilities	26,661,517	38,564,739	(11,903,222)
Noncurrent liabilities	4,311,479	5,749,104	(1,437,625)
Total liabilities	30,972,996	44,313,843	(13,340,847)
Deferred inflow of resources	17,989,990	-	17,989,990
Net position			
Net investment in capital assets	262,939,537	123,648,968	139,290,569
Net position, restricted	23,237,514	128,258,320	(105,020,806)
Net position, unrestricted	1,433,268	1,561,546	(128,278)
Total net position	$ 287,610,319	$ 253,468,834	$ 34,141,485

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	June 30, 2023	June 30, 2022	Increase/decrease 2023 versus 2022
Changes in net position			
Operating revenues			
Lease revenue	$ 430,000	$ -	$ 430,000
State Pier rent	-	1,250,000	(1,250,000)
Pilotage and licensing fees	121,769	132,221	(10,452)
Interest income - lease	70,000	-	70,000
Miscellaneous - other	79,591	78,030	1,561
State Pier operating fees	73,033	-	73,033
Total operating revenues	774,393	1,460,251	(685,858)
Operating expenses - general government	3,108,473	2,199,888	908,585
Operating loss	(2,334,080)	(739,637)	(1,594,443)
Nonoperating revenues (expenses)			
Appropriations from State	30,906,234	125,400,000	(94,493,766)
Interest expense	(428,169)	-	(428,169)
Investment income	1,445,149	213,923	1,231,226
Total nonoperating revenues	31,923,214	125,613,923	(93,690,709)
Capital contributions	4,552,351	51,046,883	(46,494,532)
Change in net position	$ 34,141,485	$ 175,921,169	$ (141,779,684)

2023 Financial Analysis

Total assets of the Authority were $336,573,305 at June 30, 2023, which represents an increase of $38,790,628 over the prior year. Net capital assets of $262,673,479 represents the largest asset. This is an increase of $139,450,391 related to the Harbor Development Project. The Authority has entered into commitments with contractors to spend $265,448,952 on the harbor development and other projects as of June 30, 2023.

Total liabilities of the Authority at June 30, 2023 were $30,972,996, which represents a decrease of $13,340,847 over the prior year due to a reduction in construction payables and unearned revenue. As of June 30, 2023, there were construction payables including retainage of $26,196,207.

2023 Operating Activity

Operating revenues of the Authority were $774,393, a decrease of $685,858 when compared to the prior year. The largest sources of revenue in fiscal year 2023 were interest income on investments and capital contributions.

Total operating expenses were $3,108,473. The majority of the expenses were related to salaries, fringe benefits, contractual services, depreciation and amortization.

Operating expenses exceeded operating revenues by $2,334,080. This is primarily due to depreciation and amortization expenses.

2023 Nonoperating Activity

Appropriations from the State of Connecticut decreased from $125,400,000 to $30,906,234 for the year ended June 30, 2022 and June 30, 2023, respectively.

Investment income of $1,445,149 is reported in nonoperating revenues for the year ended June 30, 2023, an increase of $1,231,226 compared to the prior period due to significant escrow balances held pending Harbor Development Project construction costs. In addition, interest expense related to the leases payable of $428,169 was reported as of June 30, 2023.

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, 2023

Assets

Assets	
Current assets	
Cash and cash equivalents	$ 1,543,367
Restricted cash	19,317,361
Accounts receivable	94,252
Lease receivable	1,732,679
Due from State of Connecticut	30,197,543
Deposits and prepaid expenses	55,457
Total current assets	52,940,659
Noncurrent assets	
Lease receivable, non-current	16,257,311
Capital assets, net of accumulated depreciation	262,673,479
Right to use assets, net	4,701,856
Total noncurrent assets	283,632,646
Total assets	$ 336,573,305

Liabilities and Net Position

Liabilities	
Current liabilities	
Accounts payable	$ 101,375
Construction payable	18,120,960
Retainage payable	8,075,247
Unearned revenue	81,183
Due to North East Offshore	88,484
Lease liability, current portion	124,319
Accrued expenses and other	69,949
Total current liabilities	26,661,517
Noncurrent liabilities	
Lease liability, long-term portion	4,311,479
Total liabilities	30,972,996
Deferred inflow of resources	
Leases	17,989,990
Net position	
Net investment in capital assets	262,939,537
Restricted	
Harbor development	23,237,514
Unrestricted	1,433,268
Total net position	287,610,319
Total liabilities, deferred inflow of resources and net position	$ 336,573,305

See Notes to Financial Statements.

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2023

Operating revenues	
Lease revenue	$ 430,000
State Pier operating fees	73,033
Pilotage and licensing fees	121,769
Interest income - lease	70,000
Miscellaneous - other	79,591
Total operating revenues	774,393
Operating expenses	
Salaries and related expense	868,562
Contractual services	376,680
Administrative and general	83,334
Depreciation	1,423,491
Amortization	356,406
Total operating expenses	3,108,473
Operating loss	(2,334,080)
Nonoperating revenues (expenses)	
Appropriations from State	30,906,234
Interest expense	(428,169)
Investment income	1,445,149
Net nonoperating revenues	31,923,214
Capital contributions - harbor development revenue	4,552,351
Change in net position	34,141,485
Net position, beginning of year	253,468,834
Net position, end of year	$ 287,610,319

See Notes to Financial Statements.

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities	
Cash received for services	$ 628,195
Cash payments for customers	(718,631)
Cash payments to employees	(868,562)
Net cash used in operating activities	(958,998)
Cash flows from noncapital financing activities:	
State of Connecticut appropriations and bond funding received	400,000
Cash flows from capital and related financing activities	
State of Connecticut appropriations and bond funding received	793,244
Due to North East Offshore	88,484
Principal payments on lease	(196,584)
Interest payments on lease	(428,169)
Acquisition of capital assets	(147,956,056)
Net cash used in capital and related financing activities	(147,699,081)
Cash flows from investing activities	
Interest on investments	1,445,149
Net cash provided by investing activities	1,445,149
Net decrease in cash, cash equivalents and restricted cash	(146,812,930)
Cash, cash equivalents and restricted cash, beginning of year	167,673,658
Cash, cash equivalents and restricted cash, end of year	$ 20,860,728
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (2,334,080)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	1,423,491
Amortization of right to use asset	356,406
Changes in assets and liabilities	
Accounts receivable	(91,993)
Deposits and prepaid expenses	(14,539)
Accounts payable and accrued expenses	(244,078)
Unearned revenue	(54,205)
Net cash used in operating activities	$ (958,998)
Noncash capital and related financing activities	
Acquisition of capital assets in accounts payable	$ 26,196,207
Right to use asset and lease liability remeasurement	$ 1,299,939

See Notes to Financial Statements.

Note 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 of Connecticut (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.

Leases receivable

A lease receivable and a deferred inflow of resources is recognized for long-term leases. Total leases receivable and deferred inflow of resources was $17,989,990 as of June 30, 2023.

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 acquisition 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.

Unearned revenue

Unearned revenue is comprised of unspent proceeds from external sources related to the Harbor Development Project; these amounts will be recognized as revenue in subsequent years as the

Project expenditures are incurred. Funding received from the State of Connecticut is not considered unearned revenue if unspent, but rather revenue upon receipt of funds.

Net position

Net investment in capital assets
This category presents the net position that reflects capital assets net of only the debt and lease liabilities applicable to the acquisition or construction of these assets and accumulated depreciation.

Restricted net position
Restricted net position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and others, or are imposed by law through constitutional provisions or enabling legislation. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Authority considers restricted funds to have been spent first.

Unrestricted net position
This category presents the net position of the Authority, which is not restricted.

Revenues
Revenue recognition policies are as follows:

Appropriations from State
The State of Connecticut provides operational and capital support to the Authority based on legislative action. Revenue is recognized upon receipt of funds.

Harbor Development revenue
Harbor Development revenues includes a total of $55,000,000 from North East Offshore, LLC (NEO), as well as amounts from fiscal year 2020 from the Clean Energy Purchase Power Award in the amount of $15,000,000, and the Zero Carbon Award in the amount of $7,500,000. These funds were awarded to the Authority as part of the Harbor Development Agreement and are to be used exclusively on Harbor Development Project (the "Project") expenditures. This revenue is recognized when earned. Any amounts unspent are reported as unearned revenue. In fiscal year 2023, $4,552,351 was recognized as revenue, and there was no remaining unearned revenue associated with this funding as of June 30, 2023 as these funds have been spent.

Connecticut state pier operating fee revenues
Operating fees are generated by an operation and management agreement that was assigned to the Authority by the State of Connecticut. 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 $318,737 for the year ended June 30, 2023.

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.

Note 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, 2023, $20,838,859 of the Authority's bank balance of $21,338,959 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 18,704,973
Uninsured and collateral held by the pledging bank's trust department, in the Authority's name	2,133,886
Total amount subject to custodial credit risk	$ 20,838,859

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.

Statement of cash flows

The following table provides a reconciliation of cash and restricted cash reported within the statement of net position that sum to the total of the same such amounts in the statement of cash flows:

Cash and cash equivalents	$ 1,543,367
Restricted cash	19,317,361
	$ 20,860,728

The amount included in restricted cash consists of funds restricted for the Harbor Development Project and balance of bond funds reserved for other small harbor projects.

Note 3 - Capital assets

	Depreciable life	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not being depreciated					
Construction in progress		$ 123,153,196	$ 140,888,281	$ 236,849,867	$ 27,191,610
Capital assets being depreciated					
Infrastructure improvements	50	-	236,849,867	-	236,849,867
Leasehold improvements	5	13,203	-	-	13,203
Furniture and fixtures	15	59,079	1,861	-	60,940
Equipment	5	8,736	-	-	8,736
Vehicles	9	28,326	-	28,326	-
Right to use asset - building	9	167,691	-	12,326	155,365
Right to use asset - land and track	12	6,514,903	-	1,287,613	5,227,290
Total capital assets being depreciated		6,791,938	236,851,728	1,328,265	242,315,401
Less accumulated depreciation for					
Infrastructure improvements		-	1,415,988	-	1,415,988
Leasehold improvements		2,067	2,640	-	4,707
Furniture and fixtures		17,166	3,939	-	21,105
Equipment		8,153	924	-	9,077
Vehicles		12,066	-	12,066	-
Right to use asset - building		28,341	29,393	-	57,734
Right to use asset - land and track		296,052	327,013	-	623,065
Total accumulated depreciation		363,845	1,779,897	12,066	2,131,676
Total capital assets being depreciated, net		6,428,093	235,071,831	1,316,199	240,183,725
Total capital assets, net		$ 129,581,289	$ 375,960,112	$ 238,166,066	$ 267,375,335

Construction commitments

The Authority has an active construction project as of June 30, 2023. At year end, the Authority's commitments with contractors are as follows:

Project Name	Total Contracts	Expenditures through June 30, 2023	Balance of Contracts
Harbor Development Project	$ 265,448,952	$ 256,422,812	$ 9,026,140

Note 4 - Lease receivable

Lease receivable agreements are summarized as follows:

Lessee	Description	Payment terms	Expiration date	Renewal options	Quarterly payment at June 30, 2023	Deferred inflow of resources balance at June 30, 2023	Lease receivable balance at June 30, 2023
Gateway/NorthEast Offshore	Port Facilities	10 years	5/19/2033	Initial extension period of 7 years	$ 500,000	$ 17,989,990	$ 17,989,990
						$ 17,989,990	$ 17,989,990

On May 19, 2023, Gateway New London, LLC and North East Offshore, LLC entered into a ten-year sublease agreement to govern the operation of certain offshore wind turbine generator and non-wind turbine generator uses of the completed modification of the Site and the Port Facilities, which are State of Connecticut assets with property characteristics suitable for a wide variety of marine activities, including staging for off-shore wind development. The agreement is through May 19, 2033 with an initial extension period of seven years. In 2023, the Authority received a total of $500,000 from NEO in lease payments. The Authority has applied an imputed interest rate of 4.2% on the lease. Interest income as of June 30, 2023 was $70,000.

Annual revenues and requirements to amortize the long-term receivables are as follows:

Year ending June 30,	Lease revenue principal	Lease revenue interest	Total lease revenue
2024	$ 1,732,679	$ 267,321	$ 2,000,000
2025	1,759,196	240,804	2,000,000
2026	1,783,954	216,046	2,000,000
2027	1,809,061	190,939	2,000,000
2028	1,833,225	166,775	2,000,000
2029-2033	9,071,875	428,125	9,500,000
Total	$ 17,989,990	$ 1,510,010	$ 19,500,000

Note 5 - State appropriations and allocations

During the year ended June 30, 2023, the Authority was appropriated $400,000 by the General Assembly of the State to fund operating expenses. In addition, the Authority was appropriated $30,506,234 for various bonded projects by the State. 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 capital and operating expenses.

The State Bond Commission has approved and allocated funding to the Authority for several purposes as noted on the Schedule of Project Allocations in this report. As of June 30, 2023, $271,964,380 was expended by the Authority on the projects noted, including the Harbor Development Project.

Note 6 - Harbor Development Agreement

On February 11, 2020, the Authority entered into the Harbor Development Agreement (the "Agreement") with Gateway New London, LLC ("Gateway") and North East Offshore, LLC ("NEO"). The Agreement sets forth the terms and conditions of the redevelopment of the New London State Pier Facility (the "Facility") to be utilized as an offshore wind turbine generator hub (the "Project"), as well as the future long-term operations and lease agreements related to the Facility. Gateway, a fully licensed and bonded deep-water marine terminal operator in the business of operating ports, is expected to subcontract and operate the redeveloped site. NEO is an off-shore wind developer providing funding to support the Authority's execution of the Project and it is anticipated that in the future will enter into a sublease agreement with Gateway upon redevelopment of the site.

In fiscal year 2020, the Authority received $22,500,000 of funding from the Deepwater Wind Funding Commitment paid pursuant to the Connecticut Clean Energy and Connecticut Zero Carbon Requests for Proposals. The funding was paid to the Authority by NEO as of June 30, 2020. This funding was designated to pay wind-down costs of the Facility as well as pre-development and development costs as outlined in the Agreement. Additional funding from NEO per the Agreement total $72,500,000, which includes $20,000,000 of lease payments to be funded in equal installments of $2,000,000 for a ten-year term, and $52,500,000 which was funded on July 1, 2021. In 2022, the Authority received a total of $53,750,000 from NEO for Project costs and $1,250,000 in lease payments. In 2023, the Authority received a total of $500,000 from NEO in lease payments.

The Authority received from the State $55,000,000 to fund this Project in fiscal year 2020. In fiscal years 2022 and 2023, the Authority received $125,000,000 and $30,000,000 in funding for Project costs, respectively.

Sixty-two percent (62%) of the construction was substantially completed by April 21, 2023. An additional nine percent (9%) was completed by June 30, 2023, resulting in total capitalized construction costs of approximately $237,000,000. Remaining construction in progress was approximately $27,000,000 as of June 30, 2023. These costs will be capitalized upon full completion of the project.

There were no additional deposits from State appropriations or third parties in fiscal year 2023 specifically for this project. The Authority recognized $4,552,351 from unearned revenue in fiscal year 2023 as costs were incurred related to the NEO/DWW funds received in prior years.

Gateway New London, LLC, NEO and the Authority entered into a Sublease agreement dated May 19, 2023 whereby NEO committed to an annual lease payment in the amount of $2,000,000 to the Authority. This agreement is for a period of ten years and the first quarterly installment in the amount of $500,000 was received in fiscal year 2023 as described in Note 4 - Lease receivable.

The Authority's Concession Agreement with Gateway (executed in January of 2019) remains active, with certain exclusions or modifications as outlined in the Agreement. The Concession Agreement has a 20-year term, with two additional ten-year options for a total maximum term of 40 years.

Note 7 - Related party transactions

The State 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 $30,197,543 at June 30, 2023.

Note 8 - Leases

Lease liability agreements are summarized as follows:

Lessor	Description	Payment terms	Expiration date	Renewal options	Monthly payment at June 30, 2023	Right to use asset balance at June 30, 2023	Lease liability balance at June 30, 2023
Saybrook Juncton	Office Sublease	9 years	6/14/2026	Two successive periods of 3 years each (one remaining)	$ 3,000	$ 97,631	$ 97,631
New England Central Railroad	Land and Track	12 years	3/31/2032	One successive period of 10 years	12,993	4,604,225	4,338,167
						$ 4,701,856	$ 4,435,798

On June 12, 2017, the Authority entered into a nine-year sub-lease agreement with Saybrook Junction, LLC, an unrelated third party, for an additional 850 square feet of office space located in Old Saybrook, Connecticut being used by the Authority for additional office space. The original lease commenced on June 15, 2017. The lease provided for a base annual rent of $13,600 payable in monthly installments of $1,333. Effective June 15, 2018, the lease agreement was amended to extend the term of the lease until June 14, 2020 and modify the lease base annual rent to $24,768 payable in monthly installments of $2,064. Effective May 1, 2021, the lease agreement had a second amendment to extend the term of the lease until June 14, 2023 and modify the lease base annual rent for the period of May 15, 2021 through June 14, 2023 to be $32,400 payable in monthly installments of $2,850.

Effective June 15, 2023, the Authority exercised the first option to extend the lease agreement for an additional three years through June 14, 2026. The extended lease base annual rent for the period of June 15, 2023 to June 14, 2026 is modified to $36,000 payable in monthly installments of $3,000. The Authority may cancel the lease at any time after June 14, 2023 with six months' prior written notice to the Landlord. The Authority may extend the initial term of the lease for one additional successive periods of three years each, provided it is not then in default of the lease terms and it gives proper notice. The imputed interest rate on this lease is 3.6%. For the year ended June 30, 2023, interest expense amounted to $4,807.

A Land and Track lease agreement was entered into in March 2020 for the lease of property near the State Pier in the City of New London, Connecticut through March 31, 2032. The agreement requires annual payments of $525,000 in advance and will increase by 4% annually. An additional 1.5% per month is due if the fee is not received within 30 days of the due date. The lease contains an option to renew for ten years.

The beginning balance of the lease liability as of July 1, 2022 was $5,932,321. During fiscal year 2023, the increases to the liability were $0 and the payments against the liability were $196,584 and an adjustment to reduce the lease liability was reported in the amount of $1,299,939. The ending balance of the lease liability as of June 30, 2023 was $4,435,798. The imputed interest rate on this lease is 3.6%. For the year ended June 30, 2023, interest expense amounted to $428,169.

Future lease payments are offset by prepaid rent paid as a result of annual payments being made according to the lease agreement start date. Future minimum lease payments including the prepayment offset are as follows:

Year ending June 30,	Lease principal
2024	$ 124,319
2025	433,964
2026	473,600
2027	484,481
2028	530,673
2029-2032	2,388,761
Total	$ 4,435,798

Note 9 - Pension Plan

Plan description

Eligible employees of the Authority participate in the State Employees' Retirement System ("SERS" or "Plan"). SERS is the single employer defined benefit pension plan of the State'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. The annual required contribution is contributed directly by the State on behalf of the Authority, and therefore, the Authority does not record a liability for pension costs.

As of June 30, 2023, three Authority employees were participants in the Plan.

Contributions

Contributions made by the State on behalf of the Authority were determined on a pay period basis through the Authority's use of the State's system for payroll processing and reporting. Payroll for employees of the Authority for the year ended June 30, 2023 was $460,816.

The Authority has made total pension payments in the amount of $167,177 to the State, which are recorded in the Authority's salaries and related expense in the accompanying statement of revenues, expenses and changes in net position for the year ended June 30, 2023.

Administrative costs of the Plan are funded by the State.

The total net pension liability of the SERS as of June 30, 2022 was $22.053 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately $1,294,084 or approximately 0.00587% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The portion of the net pension liability associated with the Authority was based on a projection of the long-term share of contributions to the Plan related to the Authority relative to the projected contributions of all participants, actuarially determined. The pension expense attributed to the Authority totaled ($73,208) for the year ended June 30, 2022.

As of June 30, 2022, the latest measurement date for which Plan information is currently available, the Authority's proportionate share is as follows:

Total SERS contributions	Contribution rate	Covered payroll	Authority contributions	Authority proportionate share
$2,849,181,000	75.24%	$ 460,816	$ 167,177	0.00587%

The components of the net pension liability of the Authority is based on the Authority's proportionate share of 0.00587% as of June 30, 2022, the latest measurement date for which Plan information is currently available, and is as follows:

Total pension liability	$ 2,385,751
Plan fiduciary net position	1,091,667
Net pension liability	$ 1,294,084

Plan fiduciary net position as a percentage of the total pension liability was 45.76% as of June 30, 2022.

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%
Salary increases	3.00% - 11.50% (includes inflation)
Investment rate of return	6.90% (includes inflation)

Mortality rates are based on the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic Equity Fund	20.0%	5.4%
Developed Market International Stock Fund	11.0%	6.4%
Emerging Market International Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%

Deferred inflows/outflows of resources

Deferred inflows and outflows of resources represent an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow or outflow of resources until that time. The State recognizes deferred inflows and outflows of resources in its government-wide statement of net position for deferred amounts on pension benefits resulting from changes in the components of the SERS's net pension liability. These amounts are deferred and amortized as a component of pension expense.

The Authority's share of deferred inflows of resources for the difference between expected and actual experience, the net difference between projected and actual investment earnings on the Plan's investments, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions total a net deferred inflow of ($65,923) as of June 30, 2022.

The net deferred inflows are expected to be amortized over the next five years in the amounts of $(30,615), $(41,056), $95, $13,553 and ($7,900), respectively.

Discount rate
The discount rate used to measure the total pension liability of the SERS was 6.90%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the State contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the SERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate
The following presents the net pension liability of the Authority's proportionate share of the Plan, calculated using the discount rate of 6.90% as well as what the Authority's proportionate share of the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Current discount rate 6.90%	1% Increase 7.90%
Net Pension Liability As of June 30, 2022	$ 1,579,121	$ 1,294,084	$ 1,056,521

Detailed information about the Plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

Note 10 - Other post-employment benefits

Plan description
Employees of the Authority participate in the State of Connecticut State Employees' Other Post-employment Benefits Plan ("SEOPEBP" or “Plan”), which is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees' Retirement Commission. The annual required contribution is contributed directly by the State on behalf of the Authority, and therefore, the Authority is not required to and does not make

contributions on its own, and does not record a liability for OPEB costs. Actuarial valuations are performed on the SEOPEBP as a whole. Information about the funding status and progress, annual required contributions and trend information can be found in the State of Connecticut's Annual Comprehensive Financial Report. Information regarding the Plan as it relates to the Authority and its proportionate share as it relates to GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, for the June 30, 2022 valuation for the reporting period June 30, 2023 is as follows.

The SEOPEBP provides various insurance benefits for retired participants under this single-employer defined benefit OPEB Plan. The Plan provides healthcare and life insurance benefits to eligible retired State employees and their spouses.

Contributions
The Plan is primarily funded on a pay-as-you-go basis. The contribution requirements of the State are established and may be amended by the State legislature, or by agreement between the State and employee unions, upon approval by the State legislature. The Authority's portion of the contributions was $72,437 for the year ended June 30, 2023.

Net OPEB liability
The total net OPEB liability of the SEOPEBP as of June 30, 2022 was $15.498 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled approximately $1,323,985 or approximately 0.008543% of the total estimated net OPEB liability. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The portion of the net OPEB liability associated with the Authority was based on a projection of the long-term share of contributions to the Plan related to the Authority relative to the projected contributions of all participants, actuarially determined.

Deferred inflows/outflows of resources
Deferred inflows and outflows of resources represent an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow or outflow of resources until that time. The State of Connecticut recognizes deferred inflows and outflows of resources in its government-wide statement of net position for deferred amounts on OPEB benefits resulting from changes in the components of the net OPEB's liability. These amounts are deferred and amortized as a component of OPEB expense. The Authority's share of deferred inflows of resources for the net difference between projected and actual investment earnings on the Plan's investments, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions total a net deferred inflow of ($5,665) as of June 30, 2022. The net deferred inflows are expected to be amortized over the next five years in the amounts of $224,897, ($88,724), ($82,624), ($50,218) and ($8,996), respectively.

Discount rate
The discount rate used to measure the total OPEB liability was 3.90%. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially determined contribution rates.

Actuarial methods and assumptions
For the June 30, 2022 actuarial valuation, the valuation method used was the entry age normal actuarial cost method. The actuarial assumptions include a 6.90% investment rate of return, which is the rate of the expected long-term investment returns calculated based on the funding policy of the Plan at the valuation date.

The annual healthcare cost trend was 4.5% and the remaining amortization period is 15 years.

The long-term expected rate of return on OPEB Plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic Equity Fund	20.0%	5.4%
Developed Market International Stock Fund	11.0%	6.4%
Emerging Markets International Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the Authority's proportional share of the net OPEB liability, calculated using the discount rate of 3.90%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90%) or 1-percentage-point higher (4.90%) than the current rate:

	1% Decrease 2.90%	Current discount rate 3.90%	1% Increase 4.90%
Net OPEB Liability As of June 30, 2022	$ 1,547,990	$ 1,323,985	$ 1,142,798

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Authority's proportional share of the net OPEB liability, calculated using the healthcare cost trend rate of 4.50%, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease 3.50%	Current trend rate 4.50%	1% Increase 5.50%
Net OPEB Liability	$ 1,117,641	$ 1,323,985	$ 1,585,921

Note 11 - Concentrations

The Authority recognized 83% of revenues from State Appropriations and 12% of revenues from NEO as funding for the Harbor Development and other projects as well as lease rent payments during the year ended June 30, 2023.

Note 12 - 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.

Supplementary Information

Connecticut Port Authority
(A Component Unit of the State of Connecticut)

Schedule of Project Allocations
Year Ended June 30, 2023

Project Name	Allocated as of June 30, 2023	Expended through June 30, 2022	Expended July 1, 2022 through June 30, 2023	Cumulative Expenditures through June 30, 2023	Remaining Accrual Allocation as of June 30, 2023
State Appropriated Bond Allocations					
Small Harbor Improvement Projects Program (SHIPP)	$ 4,011,650	$ 3,281,650	$ -	$ 3,281,650	$ 730,000
State Pier - Infrastructure Improvement and Long Term Capital Maintenance	4,560,000	3,862,198	359,868	4,222,066	337,934
Pier 7 Design	750,000	150,708	77,237	227,945	522,055
East Shore Properties Purchase	751,000	-	360	360	750,640
New Haven Port Authority Freight Study	500,000	-	-	-	500,000
Improvements at the State Pier in New London.	210,500,000	50,648,726	135,920,265	186,568,991	23,931,009
Eastern LI Sound Planning	641,106	15,132	29,374	44,506	596,600
Piping Plovers	99,465	79,572	19,893	99,465	-
Statewide Economic Development Strategies	522,821	189,410	-	189,410	333,411
SHIPP 2: Clinton-Update Harbor Management Plan/Study Harbor	40,000	-	-	-	40,000
SHIPP 2: West Haven-Boat Ramp Feasibility Study	184,000	-	-	-	184,000
SHIPP 2: Norwich-Municipal Marina	544,020	-	-	-	544,020
SHIPP 2: Stamford-West Beach Boat Ramp and Docks	163,847	-	-	-	163,847
SHIPP 2: Groton City-Access to Municipal Dock Study	75,000	-	-	-	75,000
SHIPP 2: Groton City - New Thames Street Dock	649,333	-	-	-	649,333
SHIPP 2: Stamford-Westcott Cove Channel Dredging	1,200,000	-	-	-	1,200,000
SHIPP 2: Chester-Chester Creek Dredging	100,000	-	99,987	99,987	13
New Haven Harbor Dredging	5,000,000	-	980,000	980,000	4,020,000
SHIPP 3: Branford-Point Wharf	1,000,000	-	-	-	1,000,000
SHIPP 3: Stonington-Town Dock North Pier	250,000	-	-	-	250,000
SHIPP 3: Stratford-Emergency Service Dock Project	63,346	-	-	-	63,346
SHIPP 3: Norwich-Brown Memorial Park Dock Replacement	289,490	-	-	-	289,490
SHIPP 3: Stamford-Cove Island Park Marina Channel Dredging	3,095,520	-	-	-	3,095,520
SHIPP 3: Stamford-Cummings Marina Final Design and Permitting	236,500	-	-	-	236,500
SHIPP 3: Stamford-Harbor Boat Launch Feasibility Study	20,000	-	-	-	20,000
SHIPP 3: Norwich-Heritage Riverfront Walkway Overlook Enhancement Project	45,000	-	-	-	45,000
SHIPP 3: Norwalk-Harbor Access Study	44,000	-	-	-	44,000
Total State Appropriated Bond Allocations	$ 235,336,098	$ 58,227,396	$ 137,486,984	$ 195,714,380	$ 39,621,718
Other Projects					
Harbor Development Project (DWW Funded)	$ 22,500,000	$ 22,500,000	$ -	$ 22,500,000	$ -
Harbor Development Project (NEO Funded)	53,750,000	49,141,851	4,608,149	53,750,000	-
Total Other Projects	$ 76,250,000	$ 71,641,851	$ 4,608,149	$ 76,250,000	$ -

This schedule reports cumulative expenditures on the accrual basis and therefore, the remaining allocation amount may not agree to the State of Connecticut CORE system.

See Independent Auditor's Report.

Independent Auditor's 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*

To the 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 business-type activities of the Connecticut Port Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Hartford, Connecticut
December 21, 2023

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