

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

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

**June 30, 2025**

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

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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, 2025, and the related notes to the financial statements, which collectively comprise the 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 the Authority as of June 30, 2025, 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* ("GAS"), 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*

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 the 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 GAS 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 GAS, 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 the 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 the 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, schedule of proportionate share of net pension liability and schedule of contributions, pension notes to required supplementary information, schedule of proportionate share of net OPEB liability and schedule of contributions and OPEB notes to required supplementary information on pages 5 through 9 and pages 33 through 36 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 the 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. The 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 November 21, 2025 on our consideration of the 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 the Authority's internal control over financial reporting and compliance.



Hartford, Connecticut  
November 21, 2025

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

**Management's Discussion and Analysis**  
**June 30, 2025**

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, 2025. The Authority's financial statements, accompanying notes and supplementary information should be read in conjunction with the following discussion.

*Introduction*

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

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

*Overview of the Financial Statements*

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

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

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

All assets, liabilities, 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.

*2025 Financial Highlights*

Total assets exceeded total liabilities by \$301,382,162 (net position) at June 30, 2025 due primarily to the capitalization of the Harbor Development Project net of associated construction payables and lease liabilities.

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

**Management's Discussion and Analysis**  
**June 30, 2025**

Operating loss for 2025 was \$4,319,403, which was primarily attributed to \$5,977,755 of depreciation and \$426,134 of amortization expenses. Nonoperating net revenues were \$496,542, capital contributions were \$2,226,243 and the change in net position was (\$1,596,618).

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 2025 was \$3,953,560.

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 quarterly installment in the amount of \$500,000 were received in fiscal year 2025. The Authority has recorded a lease receivable and deferred inflow of resources in the amount of \$14,498,115 as of June 30, 2025.

The Authority reported net pension liability of \$1,252,124 and net OPEB liability of \$1,464,157 as of June 30, 2025. In addition, deferred inflows and outflows of resources related to pension and OPEB were reported accordingly.

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

**Management's Discussion and Analysis**  
**June 30, 2025**

*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:

| <b>Statements of Net Position</b> |                       |                       |   |
|-----------------------------------|-----------------------|-----------------------|---|
| <b>June 30, 2025 and 2024</b>     |                       |                       |   |
|                                   | <u>June 30, 2025</u>  | <u>June 30, 2024</u>  | <u>Increase/decrease<br/>2025 versus 2024</u> |
| Assets                            |                       |                       |   |
| Current assets                    | \$ 27,476,571         | \$ 28,407,526         | \$ (930,955)                                  |
| Capital assets (net)              | 291,349,619           | 290,893,766           | 455,853                                       |
| Lease receivable (net)            | 12,714,161            | 14,498,115            | (1,783,954)                                   |
| Right to use assets (net)         | <u>3,953,560</u>      | <u>4,305,260</u>      | <u>(351,700)</u>                              |
| Total assets                      | <u>335,493,911</u>    | <u>338,104,667</u>    | <u>(2,610,756)</u>                            |
| Deferred outflow of resources     | <u>170,909</u>        | <u>850,406</u>        | <u>(679,497)</u>                              |
| Current liabilities               | 13,273,596            | 12,046,677            | 1,226,919                                     |
| Noncurrent liabilities            | <u>6,209,228</u>      | <u>7,085,066</u>      | <u>(875,838)</u>                              |
| Total liabilities                 | <u>19,482,824</u>     | <u>19,131,743</u>     | <u>351,081</u>                                |
| Deferred inflow of resources      | <u>14,799,834</u>     | <u>16,844,550</u>     | <u>(2,044,716)</u>                            |
| Net position                      |                       |                       |   |
| Net investment in capital assets  | 291,674,316           | 291,188,823           | 485,493                                       |
| Net position, restricted          | 6,944,426             | 10,612,688            | (3,668,262)                                   |
| Net position, unrestricted        | <u>2,763,420</u>      | <u>1,177,269</u>      | <u>1,586,151</u>                              |
| Total net position                | <u>\$ 301,382,162</u> | <u>\$ 302,978,780</u> | <u>\$ (1,596,618)</u>                         |



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

**Management's Discussion and Analysis**  
**June 30, 2025**

**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2025 and 2024**

|                                  | June 30, 2025         | June 30, 2024        | Increase/decrease<br>2025 versus 2024 |
|----------------------------------|-----------------------|----------------------|---------------------------------------|
| Changes in net position          |                       |                      |                                       |
| Operating revenues               |                       |                      |                                       |
| Lease revenue                    | \$ 1,762,916          | \$ 1,737,203         | \$ 25,713                             |
| State Pier operating fees        | 1,524,064             | 1,254,738            | 269,326                               |
| Pilotage and licensing fees      | 106,788               | 110,928              | (4,140)                               |
| Interest income - lease          | 240,804               | 267,321              | (26,517)                              |
| Miscellaneous - other            | 82,806                | 81,182               | 1,624                                 |
| Total operating revenues         | <u>3,717,378</u>      | <u>3,451,372</u>     | <u>266,006</u>                        |
| Operating expenses               |                       |                      |                                       |
| Salaries and related expense     | 712,361               | 3,705,975            | (2,993,614)                           |
| Contractual services             | 734,517               | 479,007              | 255,510                               |
| Administrative and general       | 186,014               | 108,590              | 77,424                                |
| Depreciation                     | 5,977,755             | 5,673,908            | 303,847                               |
| Amortization                     | 426,134               | 396,596              | 29,538                                |
| Total operating expenses         | <u>8,036,781</u>      | <u>10,364,076</u>    | <u>(2,327,295)</u>                    |
| Operating loss                   | <u>(4,319,403)</u>    | <u>(6,912,704)</u>   | <u>2,593,301</u>                      |
| Nonoperating revenues (expenses) |                       |                      |                                       |
| Appropriations from State        | 2,712,327             | 3,042,916            | (330,589)                             |
| Interest expense                 | (230,344)             | (61,392)             | (168,952)                             |
| Investment income                | 319,496               | 317,179              | 2,317                                 |
| Grant awards                     | (2,304,937)           | (2,541,295)          | 236,358                               |
| Total nonoperating revenues      | <u>496,542</u>        | <u>757,408</u>       | <u>(260,866)</u>                      |
| Capital contributions            | <u>2,226,243</u>      | <u>21,523,757</u>    | <u>(19,297,514)</u>                   |
| Change in net position           | <u>\$ (1,596,618)</u> | <u>\$ 15,368,461</u> | <u>\$ (16,965,079)</u>                |

**2025 Financial Analysis**

Total assets of the Authority were \$335,493,911 at June 30, 2025, which represents a decrease of \$2,610,756 over the prior year. Net capital assets of \$291,349,619 represents the largest asset. This is an increase of \$455,853 related primarily to the Harbor Development Project. The Authority has entered into commitments with contractors to spend a total of \$276,226,146 on the harbor development and other projects with a balance of \$1,500,000 as of June 30, 2025.

Total liabilities of the Authority at June 30, 2025 were \$19,482,824, which represents an increase of \$351,081 over the prior year primarily due to an increase in construction payables. As of June 30, 2025, there were construction payables including retainage of \$11,343,296.

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

**Management's Discussion and Analysis**  
**June 30, 2025**

*2025 Operating Activity*

Operating revenues of the Authority were \$3,717,378, an increase of \$266,006 when compared to the prior year. The largest sources of revenue in fiscal year 2025 were lease revenue and State Pier operating fee revenue.

Total operating expenses were \$8,036,781. The majority of the expenses were related to salaries, fringe benefits, contractual services, depreciation and amortization. The decrease in salaries and related expenses over prior year was \$2,993,614 as a result of initially recognizing net pension liability, net OPEB liability and related net deferred inflows and outflows of resources in the prior year.

Operating expenses exceeded operating revenues by \$4,319,403. This is primarily attributed to \$5,977,755 of depreciation and \$426,134 of amortization expenses.

*2025 Nonoperating Activity*

Capital contributions decreased from \$21,523,757 to \$2,226,243 for the year ended June 30, 2024 and June 30, 2025, respectively, due to the significant contributions in the prior year for the Harbor Development Project.

Appropriations from the State of Connecticut decreased from \$3,042,916 to \$2,712,327 for the year ended June 30, 2024 and June 30, 2025, respectively.

Investment income of \$319,496 is reported in nonoperating revenues for the year ended June 30, 2025, an increase of \$2,317 compared to the prior period due to interest income earned. In addition, interest expense related to the leases payable of \$230,344 was reported for the year ended June 30, 2025.

*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 Finance 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, 2025**

Assets and Deferred Outflows of Resources

Assets

Current assets

|                               |              |
|-------------------------------|--------------|
| Cash and cash equivalents     | \$ 2,641,607 |
| Restricted cash               | 19,154,641   |
| Unrestricted investments      | 3,090,753    |
| Accounts receivable           | 567,805      |
| Lease receivable              | 1,783,954    |
| Due from State of Connecticut | 13,744       |
| Deposits and prepaid expenses | 224,067      |

|                      |            |
|----------------------|------------|
| Total current assets | 27,476,571 |
|----------------------|------------|

Noncurrent assets

|   |             |
|---|-------------|
| Lease receivable, noncurrent                    | 12,714,161  |
| Capital assets, net of accumulated depreciation | 291,349,619 |
| Right to use assets, net                        | 3,953,560   |

|                         |             |
|-------------------------|-------------|
| Total noncurrent assets | 308,017,340 |
|-------------------------|-------------|

Deferred outflows of resources

|  |         |
|--|---------|
| Differences between expected and actual experience - pension | 103,927 |
| Changes in proportional share of employer - pension          | 3,705   |
| Changes in proportional share of employer - OPEB             | 63,277  |

|                                      |         |
|--------------------------------------|---------|
| Total deferred outflows of resources | 170,909 |
|--------------------------------------|---------|

|   |                |
|---|----------------|
| Total assets and deferred outflows of resources | \$ 335,664,820 |
|---|----------------|

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

**Statement of Net Position**  
**June 30, 2025**

Liabilities, Deferred Inflows of Resources and Net Position

|  |                       |
|--|-----------------------|
| <b>Liabilities</b>   |                       |
| <b>Current liabilities</b>   |                       |
| Accounts payable   | \$ 224,345            |
| Construction payable   | 4,204,366             |
| Retainage payable  | 7,138,930             |
| Unearned revenue   | 401,332               |
| Due to North East Offshore, LLC  | 479,331               |
| Due to Orsted Wind Power North America, LLC  | 169,719               |
| Due to State of Connecticut  | 331,283               |
| Lease liability, current portion   | 140,732               |
| Accrued compensated absences, current portion  | 22,870                |
| Accrued expenses and other   | 160,688               |
| <b>Total current liabilities</b>   | <b>13,273,596</b>     |
| <b>Noncurrent liabilities</b>  |                       |
| Lease liability, noncurrent portion  | 3,488,131             |
| Accrued compensated absences, noncurrent portion   | 4,816                 |
| Net pension liability  | 1,252,124             |
| Net OPEB liability   | 1,464,157             |
| <b>Total noncurrent liabilities</b>  | <b>6,209,228</b>      |
| <b>Total liabilities</b>   | <b>19,482,824</b>     |
| <b>Deferred inflows of resources</b>   |                       |
| Leases   | 14,498,115            |
| Net difference between projected and actual earnings on pension plan investments - pension | 31,567                |
| Changes in assumptions - pension   | 795                   |
| Differences between expected and actual experience - OPEB                                  | 77,314                |
| Net difference between projected and actual earnings on OPEB plan investments - OPEB       | 672                   |
| Changes in assumptions - OPEB  | 191,371               |
| <b>Total deferred inflows of resources</b>   | <b>14,799,834</b>     |
| <b>Net position</b>  |                       |
| Net investment in capital assets   | 291,674,316           |
| Restricted   |                       |
| Harbor development   | 3,630,763             |
| Other bond funded projects   | 3,313,663             |
| <b>Total restricted</b>  | <b>6,944,426</b>      |
| Unrestricted   | 2,763,420             |
| <b>Total net position</b>  | <b>301,382,162</b>    |
| <b>Total liabilities, deferred inflows of resources and net position</b>                   | <b>\$ 335,664,820</b> |

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, 2025**

|  |                |
|--|----------------|
| Operating revenues                                 |                |
| Lease revenue                                      | \$ 1,762,916   |
| State Pier operating fees                          | 1,524,064      |
| Pilotage and licensing fees                        | 106,788        |
| Interest income - lease                            | 240,804        |
| Miscellaneous - other                              | 82,806         |
|  | <hr/>          |
| Total operating revenues                           | 3,717,378      |
|  | <hr/>          |
| Operating expenses                                 |                |
| Salaries and related expense                       | 712,361        |
| Contractual services                               | 734,517        |
| Administrative and general                         | 186,014        |
| Depreciation                                       | 5,977,755      |
| Amortization                                       | 426,134        |
|  | <hr/>          |
| Total operating expenses                           | 8,036,781      |
|  | <hr/>          |
| Operating loss                                     | (4,319,403)    |
|  | <hr/>          |
| Nonoperating revenues (expenses)                   |                |
| Appropriations from State                          | 2,712,327      |
| Interest expense                                   | (230,344)      |
| Investment income                                  | 319,496        |
| Grant awards                                       | (2,304,937)    |
|  | <hr/>          |
| Net nonoperating revenues                          | 496,542        |
|  | <hr/>          |
| Capital contributions - harbor development revenue | 2,226,243      |
|  | <hr/>          |
| Change in net position                             | (1,596,618)    |
|  | <hr/>          |
| Net position, beginning of year                    | 302,978,780    |
|  | <hr/>          |
| Net position, end of year                          | \$ 301,382,162 |
|  | <hr/>          |

See Notes to Financial Statements.

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

**Statement of Cash Flows**  
**Year Ended June 30, 2025**

|  |                      |
|--|----------------------|
| Cash flows from operating activities   |                      |
| Cash received for services   | \$ 1,392,259         |
| Cash payments for customers  | (622,679)            |
| Cash payments to employees   | (804,613)            |
|  | <u>(35,033)</u>      |
| Net cash used in operating activities  | <u>(35,033)</u>      |
| Cash flows from noncapital financing activities                                  |                      |
| State of Connecticut appropriations and bond funding received                    | 2,712,327            |
| Grants awarded   | (2,304,937)          |
|  | <u>407,390</u>       |
| Net cash provided by noncapital financing activities                             | <u>407,390</u>       |
| Cash flows from capital and related financing activities                         |                      |
| State of Connecticut appropriations and bond funding received                    | 2,225,426            |
| Due to North East Offshore, LLC  | 27,108               |
| Due to Orsted Wind Power North America, LLC                                      | 169,719              |
| Due to State of Connecticut  | 331,283              |
| Principal payments on lease  | (455,774)            |
| Interest payments on lease   | (230,344)            |
| Acquisition of capital assets  | (4,069,670)          |
|  | <u>(2,002,252)</u>   |
| Net cash used in capital and related financing activities                        | <u>(2,002,252)</u>   |
| Cash flows from investing activities   |                      |
| Purchase of investments  | (1,090,653)          |
| Interest on investments  | 319,496              |
|  | <u>(771,157)</u>     |
| Net cash used in investing activities  | <u>(771,157)</u>     |
| Net decrease in cash, cash equivalents and restricted cash                       | (2,401,052)          |
| Cash, cash equivalents and restricted cash, beginning of year                    | 24,197,300           |
| Cash, cash equivalents and restricted cash, end of year                          | <u>\$ 21,796,248</u> |
| Reconciliation of operating loss to net cash used in operating activities        |                      |
| Operating loss   | \$ (4,319,403)       |
| Adjustments to reconcile operating loss to net cash used in operating activities |                      |
| Depreciation   | 5,977,755            |
| Amortization of right to use asset   | 426,134              |
| Net amortization of deferred inflows/outflows                                    | 393,977              |
| Changes in assets and liabilities  |                      |
| Accounts receivable  | (362,611)            |
| Deposits and prepaid expenses  | 8,742                |
| Accounts payable and accrued expenses  | 289,110              |
| Accrued compensated absences   | 7,813                |
| Unearned revenue   | (1,962,508)          |
| Net pension liability  | (107,265)            |
| Net OPEB liability   | (386,777)            |
|  | <u>(35,033)</u>      |
| Net cash used in operating activities  | <u>\$ (35,033)</u>   |
| Noncash capital and related financing activities                                 |                      |
| Acquisition of capital assets in accounts payable                                | <u>\$ 11,343,296</u> |
| Right to use asset and lease liability modification                              | <u>\$ 74,434</u>     |

See Notes to Financial Statements.

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

**Notes to Financial Statements**  
**June 30, 2025**

**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.

**Net pension liability**

Eligible employees of the Authority participate in the State Employees Retirement System ("SERS"). The Authority's contributions are based on a percentage of eligible compensation. The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for the purpose of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

**Other post-employment benefits**

For the purpose of measuring the net other postemployment benefit ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Connecticut State Employee OPEB Plan (SEOPEBP) and additions to/deductions from SEOPEBP's fiduciary net position have been determined on the same basis as they are reported by SEOPEBP. SEOPEBP uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, SEOPEBP

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recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Cash, cash equivalents and restricted cash**

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

**Investments**

Investments in external investment pools consist of money market mutual funds, including the State of Connecticut Short-Term Investment Fund ("STIF"), which is managed by the State of Connecticut's Treasurer's Office. Investments in money market mutual funds and STIF are reported at the net assets' value per share as determined by the pool.

**Leases**

In accordance with GASB Statement No. 87, Leases, the Authority determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The Authority has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. The leases are not included as lease receivables or deferred inflows on the statement of net position.

A lease receivable and a deferred inflow of resources is recognized for long-term leases. Total leases receivable and deferred inflow of resources was \$14,498,115 as of June 30, 2025.

In addition, the Authority has executed leases whereby they are the lessee. A lessee is required to recognize a right to use asset and lease liability upon execution of the long-term lease. The right to use asset is amortized over the shorter of the useful life or the lease term. The lease liability is reduced by the lease payments less amounts related to interest expense.

**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.

**Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of



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resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports the deferred outflows related to pension and OPEB in this category. The deferred outflows related to pension include those for the differences between expected and actual experience and changes in proportional share. The deferred outflows related to OPEB include those for changes in proportional share. The deferred outflows will be amortized over a four-year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Authority reports the deferred inflows related to pension and OPEB in this category. The deferred inflows related to pension include the net difference between projected and actual earnings and changes in assumptions. The deferred inflows related to OPEB include those for the differences between expected and actual experience, net difference between projected and actual earnings and changes in assumptions. The deferred inflows will be amortized over a four-year period.

**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.

**Application of restricted resources**

The Authority will first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**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.

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**Harbor Development revenue**

Harbor Development revenues includes initial funding of \$53,750,000 from North East Offshore, LLC ("NEO"), \$15,000,000 from fiscal year 2020 from the Clean Energy Purchase Power Award, and \$7,500,000 from fiscal year 2020 from the Zero Carbon Award for a cumulative initial funding of \$76,250,000 from sources other than State bond funds.

In fiscal year 2024, \$23,750,000 was received from NEO for the Harbor Development Project (the "Project"). These funds were awarded to the Authority as part of the Harbor Development Agreement and are to be used exclusively on the Project expenditures. This revenue is recognized when earned. Any amounts unspent are reported as unearned revenue. As of June 30, 2025, \$2,226,243 was recognized as revenue on the statement of revenues, expenses and changes in net position, and there is no unearned revenue on the statement of net position associated with this funding.

Total cumulative funding from non State bond funds for the Project was \$100,000,000.

**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. The liability for compensated absences reported consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have matured, for example, as a result of employee resignations and retirements.

**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 \$213,705 for the year ended June 30, 2025.

**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.

**Changes in accounting principle**

Effective July 1, 2024, the Authority implemented GASB Statement No.101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required

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disclosures. There were no adjustments to beginning net position necessary as a result of the implementation of this standard.

**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, 2025, \$18,612,125 of the Authority's cash bank balance of \$21,824,271 was exposed to custodial credit risk as follows:

|  |                             |
|--|-----------------------------|
| Uninsured and uncollateralized   | \$ 16,429,698               |
| Uninsured and collateral held by the pledging bank's trust department, in the Authority's name | <u>2,182,427</u>            |
| Total amount subject to custodial credit risk  | <u><u>\$ 18,612,125</u></u> |

**Interest rate risk**

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

As of June 30, 2025, the Authority's total investment in the Short-Term Investment Fund ("STIF") included unrestricted amounts of \$3,090,753. STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The balance in the pool is reported at net asset value, which is representative of the Authority's pool shares. With respect to interest rate risk, the Authority's investment policy follows Connecticut General Statutes.

As of June 30, 2025, STIF had a weighted average maturity of less than 60 days, and as such the investment in STIF is considered to have a maturity of less than one year as of June 30, 2025.

**Credit risk**

Connecticut General Statutes permit the Authority to invest any funds not needed for immediate use or disbursement in obligations issued or guaranteed by the United States of America or the State of Connecticut including STIF and in other obligations which are legal investments for savings banks in the State and in time deposits or certificates of deposit or other similar banking arrangements secured in such manner as the Authority determines. With respect to credit risk, the Authority's investment policy follows Connecticut General Statutes.

As of June 30, 2025, STIF had an AAAM rating from Standard & Poor's.

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are

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in the possession of an outside party. The Authority does not invest in securities that are held by counterparties and, as such, no custodial credit risk disclosures are required.

**Concentrations of credit risk**

With respect to concentrations of credit risk, the Authority's investment policy follows Connecticut General Statutes. As of June 30, 2025, the Authority was 100% invested in STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity.

**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 | \$ 2,641,607                |
| Restricted cash           | <u>19,154,641</u>           |
|                           | <u><u>\$ 21,796,248</u></u> |

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<br>life | Balance<br>July 1, 2024      | Increases                  | Decreases                  | Balance<br>June 30, 2025     |
|---|---------------------|------------------------------|----------------------------|----------------------------|------------------------------|
| Capital assets not being depreciated        |                     |                              |                            |                            |                              |
| Construction in progress                    |                     | \$ -                         | \$ 1,263,009               | \$ 1,263,009               | \$ -                         |
| Capital assets being depreciated            |                     |                              |                            |                            |                              |
| Infrastructure improvements                 | 50                  | 297,934,238                  | 6,410,643                  | -                          | 304,344,881                  |
| Leasehold improvements                      | 5                   | 13,203                       | -                          | -                          | 13,203                       |
| Furniture and fixtures                      | 15                  | 60,940                       | -                          | -                          | 60,940                       |
| Computer equipment                          | 10                  | -                            | 11,700                     | -                          | 11,700                       |
| Equipment                                   | 5                   | 10,170                       | 11,265                     | -                          | 21,435                       |
| Right to use asset - building               | 9                   | 155,365                      | 50,644                     | -                          | 206,009                      |
| Right to use asset - land and track         | 12                  | 5,227,290                    | -                          | -                          | 5,227,290                    |
| Total capital assets being depreciated      |                     | <u>303,401,206</u>           | <u>6,484,252</u>           | <u>-</u>                   | <u>309,885,458</u>           |
| Less accumulated depreciation for           |                     |                              |                            |                            |                              |
| Infrastructure improvements                 |                     | 7,082,808                    | 5,968,924                  | -                          | 13,051,732                   |
| Leasehold improvements                      |                     | 7,347                        | 2,640                      | -                          | 9,987                        |
| Furniture and fixtures                      |                     | 25,043                       | 3,939                      | -                          | 28,982                       |
| Computer equipment                          |                     | -                            | 780                        | -                          | 780                          |
| Equipment                                   |                     | 9,587                        | 1,472                      | -                          | 11,059                       |
| Right to use asset - building               |                     | 90,039                       | 25,684                     | (23,790)                   | 91,933                       |
| Right to use asset - land and track         |                     | 987,356                      | 400,450                    | -                          | 1,387,806                    |
| Total accumulated depreciation              |                     | <u>8,202,180</u>             | <u>6,403,889</u>           | <u>(23,790)</u>            | <u>14,582,279</u>            |
| Total capital assets being depreciated, net |                     | <u>295,199,026</u>           | <u>80,363</u>              | <u>23,790</u>              | <u>295,303,179</u>           |
| Total capital assets, net                   |                     | <u><u>\$ 295,199,026</u></u> | <u><u>\$ 1,343,372</u></u> | <u><u>\$ 1,239,219</u></u> | <u><u>\$ 295,303,179</u></u> |

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**Construction commitments**

The Authority has an active construction project as of June 30, 2025. At year end, the Authority's commitments with contractors are as follows:

| Project Name               | Total<br>Contracts | Expenditures<br>through<br>June 30, 2025 | Balance of<br>Contracts |
|----------------------------|--------------------|--|-------------------------|
| Harbor Development Project | \$ 276,226,146     | \$ 274,726,146                           | \$ 1,500,000            |

**Note 4 - Lease receivable**

Lease receivable agreements are summarized as follows:

| Lessee                     | Description     | Payment terms | Expiration date | Renewal options                        | Quarterly<br>payment at June<br>30, 2025 | Deferred inflow<br>of resources<br>balance at<br>June 30, 2025 | Lease receivable<br>balance at June<br>30, 2025 |
|----------------------------|-----------------|---------------|-----------------|--|--|--|---|
| Gateway/NorthEast Offshore | Port Facilities | 10 years      | 4/22/2033       | Initial extension period<br>of 7 years | \$ 500,000                               | \$ 14,498,115  | \$ 14,498,115                                   |
|                            |                 |               |                 |  |  | <u>\$ 14,498,115</u>   | <u>\$ 14,498,115</u>                            |

On May 19, 2023, Gateway New London, LLC and NEO entered into a 10 year sublease agreement to govern the operation of certain offshore wind turbine generator and nonwind 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 April 22, 2033 with an initial extension period of seven years. In 2025, the Authority received a total of \$2,000,000 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, 2025 was \$240,804.

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

| Year ending<br>June 30, | Lease revenue<br>principal | Lease revenue<br>interest | Total lease<br>receipts |
|-------------------------|----------------------------|---------------------------|-------------------------|
| 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                    | 1,860,321                  | 139,679                   | 2,000,000               |
| 2030                    | 1,886,503                  | 113,497                   | 2,000,000               |
| 2031-2033               | <u>5,325,051</u>           | <u>174,949</u>            | <u>5,500,000</u>        |
| Total                   | <u>\$ 14,498,115</u>       | <u>\$ 1,001,885</u>       | <u>\$ 15,500,000</u>    |

**Note 5 - State appropriations and allocations**

During the year ended June 30, 2025, the Authority was appropriated \$400,000 by the General Assembly of the State to fund operating expenses. The appropriation is made in connection with the State's annual budgetary process and is nonlapsing. The Authority is dependent upon such annual appropriations to fund its capital and operating expenses.

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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, 2025, \$317,767,137 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 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. In addition, funding from NEO per the Agreement, including amendments to the Agreement, total \$77,500,000 as of June 30, 2024. In 2024, the Authority received \$23,750,000 of the total amount from NEO for Project costs and \$2,000,000 in lease payments. As of June 30, 2025, the Authority reported \$2,226,243 as revenue and there is no remaining unearned revenue associated with this funding.

The Agreement also includes \$20,000,000 of lease payments to be funded in equal installments of \$2,000,000 for a 10 year term. Gateway, 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 four quarterly installments in the amount of \$500,000 was received in fiscal year 2025 for a total of \$2,000,000 as described in Note 4 - Lease receivable.

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. There was no additional funding from the State for this project in 2024 or 2025.

The Facility reached substantial completion in June 2024. The construction costs of the Project were capitalized as the Project reached full completion for a total cost of \$303,033,161 and was fully operational. Operations are currently supporting offshore wind project Revolution Wind, which is 80% complete through tenant Orsted. Sunrise Wind is to follow and is anticipated to commence in 2026.

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 10 year options for a total maximum term of 40 years.

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**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 \$13,744 at June 30, 2025. Amounts due to the State as presented in the statement of net position totaled \$331,283 at June 30, 2025, which was for reimbursement of payroll expenses in excess of State of Connecticut Department of Transportation appropriations.

**Note 8 - Leases**

Lease liability agreements are summarized as follows:

| <u>Lessor</u>                | <u>Description</u> | <u>Payment terms</u> | <u>Expiration date</u> | <u>Renewal options</u>                                  | <u>Monthly payment<br/>at June 30, 2025</u> | <u>Right to use<br/>asset balance at<br/>June 30, 2025</u> | <u>Lease liability<br/>balance at June<br/>30, 2025</u> |
|------------------------------|--------------------|----------------------|------------------------|---|---|--|---|
| Saybrook Junction            | Office Sublease    | 9 years              | 6/14/2029              | Two successive periods of 3 years each (none remaining) | \$ 3,000                                    | \$ 114,076   | \$ 114,076  |
| New England Central Railroad | Land and Track     | 12 years             | 3/31/2032              | One successive period of 10 years                       | 51,707                                      | 3,839,484  | 3,514,787   |
|                              |                    |                      |                        |   |   | <u>\$ 3,953,560</u>  | <u>\$ 3,628,863</u>                                     |

On June 12, 2017, the Authority entered into a three-year sub-lease agreement with Saybrook Junction, LLC, an unrelated third party, for 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, 2025, interest expense amounted to \$10,316.

As of June 30, 2025, the Authority was reasonably certain the second option to extend the lease agreement for an additional three years through June 14, 2029 would be exercised. The extended lease base annual rent for the period of June 15, 2026 to June 14, 2029 is modified to \$36,000 payable in monthly installments of \$3,000. The Authority may cancel the lease at any time after June 14, 2026 with six months' prior written notice to the Landlord. The imputed interest rate on this lease is modified to 5%.

A Land and Track lease agreement with New England Central Railroad 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

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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 10 years. The imputed interest rate on this lease is 3.6%. For the year ended June 30, 2025, interest expense amounted to \$220,028.

Effective April 1, 2023, the Authority entered into a lease agreement with State of Connecticut Department of Transportation to lease a motor vehicle parking lot. The term of the lease is ten years with payments of \$300 per month for the first year and increasing up to \$376 per month in the final year. Due to the insignificant balance of the lease, these amounts are recognized as expenses when incurred and not part of the long-term liability.

The beginning balance of the lease liability as of July 1, 2024 was \$4,010,203. During fiscal year 2025, the increases to the liability were \$74,434 and the payments against the liability were \$455,774. The ending balance of the lease liability as of June 30, 2025 was \$3,628,863. The imputed interest rate on these leases is 5% and 3.6%. For the year ended June 30, 2025, interest expense amounted to \$230,344.

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<br>June 30, | Lease principal            |
|-------------------------|----------------------------|
| 2026                    | \$ 140,732                 |
| 2027                    | 512,899                    |
| 2028                    | 560,549                    |
| 2029                    | 605,330                    |
| 2030                    | 628,932                    |
| 2031-2032               | <u>1,180,421</u>           |
| Total                   | <u><u>\$ 3,628,863</u></u> |

**Note 9 - Compensated absences**

Employees are paid by prescribed formula for vacation, sick leave and personal time at termination. The amount of the outstanding accumulated obligation related to such compensated absences reported by the programs was:

|                          |                         |
|--------------------------|-------------------------|
| Balance at June 30, 2024 | \$ 19,873               |
| Current year increase    | <u>7,813</u>            |
| Balance at June 30, 2025 | <u><u>\$ 27,686</u></u> |

The current year increase is an increase in net activity for compensated absences for the year ended June 30, 2025. As of June 30, 2025, accrued compensated absences in the amount of \$22,870 was reflected as current liabilities and the remaining balance of \$4,816 was reflected as noncurrent liabilities on the accompanying statement of net position.



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**Note 10 - 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 Authority's employees are employees of the State of Connecticut. The State charges the Authority for its share of the pension obligation under a cost-sharing methodology in which pension obligations for employees are pooled and plan assets are available to pay the benefits of the employees of all participating employers, regardless of the status of the employers' payment of their pension obligations to the plan.

SERS issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at [osc.ct.gov/rbsd/reports](http://osc.ct.gov/rbsd/reports).

As of June 30, 2025, five Authority employees were participants in the Plan.

**Benefits provided**

SERS provides retirement, disability, and death benefits. Employees are covered under one of four tiers, depending on when they were hired. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in the amount of 2% of the annual average earnings (which are based on the 3 highest years of service), subject to adjustment on receipt of Social Security benefits. Employees at age 55 with 10 years but with less than 25 years of service or at age 70 with 5 years of service are entitled to a reduced benefit.

Tier II and Tier IIA employees who retire at or after age 60 with 25 years of service, at age 65 with 10 years of service, at age 70 with 5 years of service, or at age 55 with 10 years of service with reduced benefits are entitled to an annual retirement benefit payable monthly for life in the amount of 1.40% of the final average earnings ("FAE") plus 0.433% of the FAE in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at 1.625%.

For Tier III employees, full retirement benefits are attained at age 63 with 25 years of service or at age 65 with 10 years of service and are payable monthly for life in the amount equal to 1.40% of the FAE plus 0.433% of the FAE in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at 1.625%.

SERS Tier IV consists of a defined benefit ("DB") and defined contribution ("DC") plan. For Tier IV employees, full retirement benefits under the DB plan are attained at age 63 with 25 years of service or at age 65 with 10 years of service and are payable monthly for life in the amount of 1.30% of the FAE times years of service. Employees at age 58 with 10 years of service are entitled to a reduced benefit. Employees pay a mandatory 1% into the DC plan, and the State contributes 1% to the account. Employee contributions are vested immediately; employer contributions are 100% vested after completing three years of service.

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**Contributions**

Tier I requires an employee contribution of either 4% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level or 7% of earnings, depending on the plan. Tier II requires an employee contribution of 2% of earnings. Tier IIA and Tier III require an employee contribution of 4% of earnings, and Tier IV requires an employee contribution of 5% of earnings. The Authority's contribution is determined by applying a state-mandated percentage to eligible salaries and wages. The Authority contributed \$172,362. There were no changes in benefit terms in the valuation for the year ended June 30, 2025. Payroll for employees of the Authority for the year ended June 30, 2025 was \$445,659.

The Authority has made total pension payments in the amount of \$172,362 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, 2025.

Administrative costs of the Plan are funded by the State.

**Net pension liability**

At June 30, 2024, the total net pension liability of the SERS was \$18.969 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled \$1,252,124. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to the measurement date. The Authority's proportion of the net pension liability was based on the Authority's actuarially required contribution for the year ended June 30, 2024, relative to all other contributing employers. At June 30, 2024, the Authority's proportion was 0.00660% of the total estimated net pension liability, which was an increase of 0.00005% from its proportion measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. 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.

As of June 30, 2024, the latest measurement date for which Plan information is currently available, the Authority's proportionate share is as follows:

| Total SERS<br>contributions | Contribution<br>rate | Covered<br>payroll | Authority<br>contributions | Authority<br>proportionate<br>share |
|-----------------------------|----------------------|--------------------|----------------------------|-------------------------------------|
| \$2,611,118,000             | 58.54%               | \$ 445,659         | \$ 172,362                 | 0.00660%                            |

The components of the net pension liability of the Authority is based on the Authority's proportionate share of 0.00660% as of June 30, 2024, the latest measurement date for which Plan information is currently available, and is as follows:

|                             |                            |
|-----------------------------|----------------------------|
| Total pension liability     | \$ 2,829,835               |
| Plan fiduciary net position | <u>1,577,711</u>           |
| Net pension liability       | <u><u>\$ 1,252,124</u></u> |

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Plan fiduciary net position as a percentage of the total pension liability was 55.75% as of June 30, 2024.

The total pension liability in the June 30, 2024 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. These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from July 1, 2015, through June 30, 2020.

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:

| <u>Asset class</u>                | <u>Target allocation</u> | <u>Long-term expected real rate of return</u> |
|-----------------------------------|--------------------------|---|
| Domestic Equity Fund              | 20.0%                    | 5.4%  |
| Developed Market Intl. Stock Fund | 11.0%                    | 6.4%  |
| Emerging Market Intl. 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%   |

**Pension expense and deferred inflows/outflows of resources related to pensions**

For the year ended June 30, 2025, the Authority recognized pension expense of \$88,937.

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.

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The Authority's share of deferred outflows and 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 outflow of \$75,270 as of June 30, 2024.

The net deferred outflows are expected to be amortized over the next five years in the amounts of \$23,467, \$39,622, \$11,848, \$(907) and \$1,240, 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<br>5.90% | Current<br>discount rate<br>6.90% | 1% Increase<br>7.90% |
|--|----------------------|-----------------------------------|----------------------|
| Net Pension Liability<br>As of June 30, 2025 | \$ 1,587,029         | \$ 1,252,124                      | \$ 972,657           |

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

**Note 11 - 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. 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, 2024 valuation for the reporting period June 30, 2025 is as follows.

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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.

**Benefits provided**

When employees retire, the State pays up to 100% of their health care insurance premium cost (including dependents' coverage) depending upon the Plan. The State currently pays up to 20% of the cost for retiree dental insurance (including dependents' coverage) depending upon the Plan. In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$10,000; (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postemployment health care and life insurance benefits on a pay as you go basis through an appropriation in the State's General Fund.

**Contributions**

In accordance with the Revised State Employees Bargaining Agent Coalition (SEBAC) 2011 Agreement between the State of Connecticut and SEBAC, all employees shall pay the 3% retiree health care insurance contribution for a period of 10 years or retirement, whichever is sooner. In addition, participants of Tier III and Tier IV shall be required to have 15 years of actual state service to be eligible for retirement health insurance. Deferred vested retirees who are eligible for retiree health insurance shall be required to meet the rule of 75, which is the combination of age and actual state service equaling 75 in order to begin receiving retiree health insurance based on applicable SEBAC agreement. The Authority's portion of the contributions was \$69,790 for the year ended June 30, 2025.

**Net OPEB liability**

The total net OPEB liability of the SEOPEBP as of June 30, 2024 was \$16.152 billion, the most recent available reporting provided by the Plan. The portion that was associated with the Authority totaled \$1,464,157. The Authority's proportion measured as of June 30, 2024 was 0.009065% of the total estimated net OPEB liability, which was a decrease of 0.002801% from its proportion measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. 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.

**OPEB Expense and deferred inflows/outflows of resources related to OPEB**

For the year ended June 30, 2025, the Authority recognized OPEB benefit of \$53,148.

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 outflows and inflows of

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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 expected and actual experience total a net deferred inflow of (\$206,080) as of June 30, 2024. The net deferred inflows are expected to be amortized over the next five years in the amounts of (\$63,929), (\$27,821), \$17,823, (\$80,501) and (\$51,652), respectively.

**Discount rate**

The discount rate used to measure the total OPEB liability was 6.90%. 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.

Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Actuarial methods and assumptions**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using an inflation assumption of 2.5%; assumed salary increases (including inflation) of 3%; an investment rate of return (net of investment expenses) of 6.9%; a health care cost trend of 4.5%; and the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for healthy participants and the PUB-2010 General, Disabled Retire Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for disabled participants. These assumptions were applied to all periods included in the measurement,

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<br>allocation | Long-term<br>expected real<br>rate of return |
|--------------------------------------|----------------------|--|
| Global Equity                        | 37.0%                | 6.8%   |
| Public Credit                        | 2.0%                 | 2.9%   |
| Core Fixed Income                    | 13.0%                | 0.4%   |
| Liquidity Fund                       | 1.0%                 | -0.4%  |
| Risk Mitigation                      | 5.0%                 | 0.1%   |
| Private Equity                       | 15.0%                | 11.2%  |
| Private Credit                       | 10.0%                | 6.1%   |
| Real Estate                          | 10.0%                | 6.2%   |
| Infrastructure and Natural Resources | 7.0%                 | 7.7%   |

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

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**June 30, 2025**

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 6.90%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

|   | 1% Decrease<br>5.90% | Current<br>discount rate<br>6.90% | 1% Increase<br>7.90% |
|---|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability<br>As of June 30, 2025 | \$ 1,703,231         | \$ 1,464,157                      | \$ 1,268,110         |

**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<br>3.50% | Current<br>trend rate<br>4.50% | 1% Increase<br>5.50% |
|--------------------|----------------------|--------------------------------|----------------------|
| Net OPEB Liability | \$ 1,251,771         | \$ 1,464,157                   | \$ 1,725,860         |

**Note 12 - Concentrations**

The Authority recognized 8% of revenues from State Appropriations and 86% of revenues from NEO as funding for the Harbor Development and other projects as well as lease rent payments and State Pier operating fee payments during the year ended June 30, 2025.

**Note 13 - 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.

**Note 14 - Commitments and contingency**

During the year ended June 30, 2025, the Authority experienced a cyber security incident in which data may have been compromised. The Authority has performed an investigation and believes that the matter is resolved and has recorded a loss of \$2,500. The Authority has not accrued for additional expenditures, or loss contingencies, related to the cybersecurity incident. Given general risks and uncertainties, it is reasonably possible that management's estimate may change in the next year and the effect could be material to the financial statements.

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**Notes to Financial Statements**  
**June 30, 2025**

**Note 15 - Subsequent events**

On October 14, 2025, the Authority and Kiewit, its Construction Manager at Risk, agreed to close out Kiewit's contract including all change orders, reflecting the completion of construction of the Harbor Development Project. The agreement provided for the release of \$7,138,930 in retainage, payment of \$204,366 towards the completion of the existing contract and \$4,000,000 for additional work, for a total of \$11,343,296. As of June 30, 2025, \$11,343,296 was recorded as liabilities included in retainage payable and construction payable on the statement of net position. In addition, these costs were capitalized as part of the Harbor Development Project. There are no other amounts due to Kiewit.



## **Required Supplementary Information**

**Connecticut Port Authority**  
**Connecticut State Employees' Retirement System**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of Net Pension Liability**  
**June 30, 2025**

|  | 2025         | 2024         | 2023         | 2022         | 2021         | 2020*        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| CPA's proportion of the collective net pension liability   | 0.00660%     | 0.00655%     | 0.00587%     | 0.00761%     | 0.00519%     | 0.00835%     |
| CPA's proportionate share of the collective net pension liability  | \$ 1,252,124 | \$ 1,359,389 | \$ 1,294,084 | \$ 1,617,325 | \$ 1,231,154 | \$ 1,904,138 |
| CPA's covered payroll  | \$ 445,659   | \$ 420,674   | \$ 460,816   | \$ 354,676   | \$ 319,085   | \$ 229,885   |
| CPA's proportionate share of the collective net pension liability as a percentage of its covered payroll | 280.96%      | 323.15%      | 280.82%      | 456.00%      | 385.84%      | 828.30%      |
| Plan fiduciary net position as a percentage of the total pension liability                               | 55.75%       | 50.59%       | 45.76%       | 44.55%       | 35.84%       | 36.79%       |

\*Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available. The first available information was reporting date June 30, 2020 measured at June 30, 2019.

**Schedule of Contributions**

|  | 2025       | 2024       | 2023       | 2022       | 2021       | 2020*      |
|--|------------|------------|------------|------------|------------|------------|
| Contractually required contribution                                  | \$ 172,362 | \$ 213,746 | \$ 167,177 | \$ 135,909 | \$ 83,884  | \$ 137,908 |
| Contributions in relation to the contractually required contribution | 172,362    | 213,746    | 167,177    | 135,909    | 83,884     | 137,908    |
| Contribution deficiency (excess)                                     | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| CPA's covered payroll  | \$ 445,659 | \$ 420,674 | \$ 460,816 | \$ 354,676 | \$ 319,085 | \$ 229,885 |
| Contributions as a percentage of covered payroll                     | 38.68%     | 50.81%     | 36.28%     | 38.32%     | 26.29%     | 59.99%     |

\*Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available. The first available information was reporting date June 30, 2020 measured at June 30, 2019.

# Connecticut Port Authority

## Connecticut State Employees' Retirement System

### Pension Notes to Required Supplementary Information

June 30, 2025

|                                       |   |
|---------------------------------------|---|
| Changes of benefit terms              | None  |
| Changes in assumptions                | <p><b>2025</b> - None</p> <p><b>2024</b> - None</p> <p><b>2023</b> - None</p> <p><b>2022</b> - None</p> <p><b>2021</b> - Wage Inflation assumed rate changed from 3.5% to 3.00%. Assumed Salary Scale changed to reflect experience in wage inflation rates of increase. Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale. Assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.</p> <p><b>2020</b> - None</p> |
| Actuarial Cost Method                 | Entry age normal  |
| Amortization Method                   | Level dollar, closed  |
| Single equivalent amortization period | 23.7 years  |
| Asset valuation method                | 5-year smoothed market  |
| Inflation                             | 2.50%   |
| Salary increases                      | 3.50% - 11.50%, including inflation   |
| Investment rate of return             | 6.90%, net of investment related expense  |

**Required Supplementary Information**

**Schedule of Proportionate Share of Net OPEB Liability  
June 30, 2025**

|   | 2025         | 2024         | 2023         | 2022         | 2021         | 2020*        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| CPA's proportion of the collective net OPEB liability   | 0.00907%     | 0.01187%     | 0.00854%     | 0.00799%     | 0.00611%     | 0.01042%     |
| CPA's proportionate share of the collective net OPEB liability  | \$ 1,464,157 | \$ 1,850,934 | \$ 1,323,985 | \$ 1,559,753 | \$ 1,438,830 | \$ 2,154,432 |
| CPA's covered payroll   | \$ 445,659   | \$ 420,674   | \$ 460,816   | \$ 354,676   | \$ 319,085   | \$ 229,885   |
| CPA's proportionate share of the collective net OPEB liability as a percentage of its covered payroll | 328.54%      | 439.99%      | 287.31%      | 439.77%      | 450.92%      | 937.18%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                               | 16.22%       | 14.60%       | 12.63%       | 10.12%       | 6.13%        | 5.47%        |

\*Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available. The first available information was reporting date June 30, 2020 measured at June 30, 2019.

**Schedule of Contributions**

|  | 2025       | 2024       | 2023       | 2022       | 2021       | 2020*      |
|--|------------|------------|------------|------------|------------|------------|
| Contractually required contribution                                  | \$ 69,790  | \$ 100,922 | \$ 72,437  | \$ 69,337  | \$ 53,005  | \$ 78,432  |
| Contributions in relation to the contractually required contribution | 69,790     | 100,922    | 72,437     | 69,337     | 53,005     | 78,432     |
| Contribution deficiency (excess)                                     | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| CPA's covered payroll  | \$ 445,659 | \$ 420,674 | \$ 460,816 | \$ 354,676 | \$ 319,085 | \$ 229,885 |
| Contributions as a percentage of covered payroll                     | 15.66%     | 23.99%     | 15.72%     | 19.55%     | 16.61%     | 34.12%     |

\*Note: This schedule is intended to present information for 10 years. Additional years will be presented as they become available. The first available information was reporting date June 30, 2020 measured at June 30, 2019.

**Connecticut Port Authority**

**Other Post-Employment Benefit Plan**

**OPEB Notes to Required Supplementary Information**

**June 30, 2025**

|                           |   |
|---------------------------|---|
| Changes of Benefit Terms. | None  |
| Changes of Assumptions.   | <p><b>2024:</b> The discount rate for non-contributory members was updated to 3.93% as of June 30, 2024.<br/>The Medicare medical and prescription drug trend rates were updated to reflect the impact of the Inflation Reduction Act and known premium rates and guarantees through 2026.</p> <p><b>2023:</b> The discount rate was updated to 6.90% as of June 30, 2023 for contributory members and 3.65% as of June 30, 2023 for non-contributory members.<br/>The per capita health costs, administrative expenses and retiree contributions were updated for recent experience.<br/>The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated.<br/>The health care cost trend rates and the retiree contribution increase rates were revised to reflect current experience and future expectations.<br/>The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act.</p> <p><b>2022:</b> The discount rate was updated in accordance with GASB Statement No. 75 to 3.90% as of June 30, 2022.</p> <p><b>2021:</b> The discount rate has been changed from 2.38% to 2.31%.</p> <p><b>2020:</b> The discount rate was updated in accordance with GASB Statement No. 75 to 2.38% as of June 30, 2020. The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.</p> |

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

|                               |  |
|-------------------------------|--|
| Valuation date                | June 30, 2023                                  |
| Actuarial cost method         | Entry age normal - level percentage of payroll |
| Amortization method           | Payments increase 3.00% per year               |
| Remaining amortization period | 14 years                                       |
| Asset valuation method        | Market value                                   |
| Investment rate of return     | 6.90%  |
| Payroll growth rate           | 3.00%  |

## **Supplementary Information**

**Connecticut Port Authority**  
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**Schedule of Project Allocations**  
**Year Ended June 30, 2025**

| Project Name   | Allocated<br>as of<br>June 30, 2025 | Expended<br>through<br>June 30, 2024 | Expended<br>July 1, 2024<br>through<br>June 30, 2025 | Cumulative<br>Expenditures<br>through<br>June 30, 2025 | Remaining<br>Accrual Allocation<br>as of<br>June 30, 2025 |
|--|-------------------------------------|--------------------------------------|--|--|---|
| State Appropriated Bond Allocations  |                                     |                                      |  |  |   |
| Small Harbor Improvement Projects Program (SHIPP)                            | \$ 4,011,650                        | \$ 3,492,550                         | \$ 453,497   | \$ 3,946,047   | \$ 65,603   |
| State Pier - Infrastructure Improvement and<br>Long-Term Capital Maintenance | 4,560,000                           | 4,311,299                            | -  | 4,311,299  | 248,701   |
| Pier 7 Design  | 750,000                             | 269,397                              | 124,401  | 393,798  | 356,202   |
| East Shore Properties Purchase   | 751,000                             | 697,860                              | -  | 697,860  | 53,140  |
| New Haven Port Authority Freight Study                                       | 500,000                             | -                                    | 391,471  | 391,471  | 108,529   |
| Improvements at the State Pier in New London                                 | 210,500,000                         | 198,848,760                          | 4,184,401  | 203,033,161  | 7,466,839   |
| Eastern LI Sound Planning  | 641,106                             | 44,644                               | -  | 44,644   | 596,462   |
| Piping Plovers   | 99,465                              | 99,465                               | -  | 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                              | -  | 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                            | -  | 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                           | 213,560                              | 455,572  | 669,132  | 330,868   |
| 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                           | 14,036                               | 14,140   | 28,176   | 3,067,344   |
| SHIPP 3: Stamford-Cummings Marina Final Design and Permitting                | 236,500                             | -                                    | -  | -  | 236,500   |
| SHIPP 3: Stamford-Harbor Boat Launch Feasibility Study                       | 20,000                              | -                                    | 18,840   | 18,840   | 1,160   |
| SHIPP 3: Norwich-Heritage Riverfront Walkway Overlook Enhancement Project    | 45,000                              | -                                    | -  | -  | 45,000  |
| SHIPP 3: Norwalk-Harbor Access Study   | 44,000                              | -                                    | -  | -  | 44,000  |
| Army Corp Study Dredging   | 1,500,000                           | -                                    | -  | -  | 1,500,000   |
| Long Island Study Dredging   | 1,500,000                           | 750,000                              | 750,000  | 1,500,000  | -   |
| SHIPP 4: Branford - Stoney Creek Wharf                                       | 800,000                             | -                                    | -  | -  | 800,000   |
| SHIPP 4: Clinton - Boat Ramp Facilities                                      | 143,000                             | -                                    | -  | -  | 143,000   |
| SHIPP 4: Essex - Essex Harbor Channel Dredging                               | 440,000                             | -                                    | -  | -  | 440,000   |
| SHIPP 4: East Hartford - Boat Ramp Facilities                                | 1,551,577                           | -                                    | -  | -  | 1,551,577   |
| SHIPP 4: Hartford - Mortensen Riverfront Plaza                               | 636,205                             | -                                    | -  | -  | 636,205   |
| SHIPP 4: Middletown - Marina Construction                                    | 1,472,736                           | -                                    | -  | -  | 1,472,736   |
| SHIPP 4: Norwalk - Veterans Park Marina                                      | 3,528,000                           | -                                    | -  | -  | 3,528,000   |
| SHIPP 4: Norwich - Howard T. Brown Memorial Park                             | 192,000                             | -                                    | -  | -  | 192,000   |
| SHIPP 4: Norwich - Heritage Riverfront Park & Walkway                        | 480,000                             | -                                    | -  | -  | 480,000   |
| SHIPP 4: Old Lyme - Town Dock  | 228,500                             | -                                    | -  | -  | 228,500   |
| SHIPP 4: Old Lyme - Four Mile River Dredging                                 | 33,000                              | -                                    | -  | -  | 33,000  |
| SHIPP 4: Stonington - Marina Construction                                    | 250,000                             | -                                    | -  | -  | 250,000   |
| SHIPP 4: Westbrook - Duck Island Breakwater                                  | 200,000                             | -                                    | -  | -  | 200,000   |
| SHIPP 4: Westbrook - Breakwater, Piers, and Other Construction               | 75,000                              | -                                    | -  | -  | 75,000  |
| SHIPP 4: West Haven - April Street Boat Ramp                                 | 152,900                             | -                                    | -  | -  | 152,900   |
| SHIPP 4: Westport - Compo Marina   | 170,000                             | -                                    | -  | -  | 170,000   |
| <b>Total State Appropriated Bond Allocations</b>                             | <b>\$ 248,689,016</b>               | <b>\$ 211,374,815</b>                | <b>\$ 6,392,322</b>                                  | <b>\$ 217,767,137</b>                                  | <b>\$ 30,921,879</b>                                      |
| Other Projects   |                                     |                                      |  |  |   |
| Harbor Development Project (DWW Funded)                                      | \$ 22,500,000                       | \$ 22,500,000                        | \$ -   | \$ 22,500,000  | \$ -  |
| Harbor Development Project (NEO Funded)                                      | 77,500,000                          | 75,273,757                           | 2,226,243  | 77,500,000   | -   |
| <b>Total Other Projects</b>  | <b>\$ 100,000,000</b>               | <b>\$ 97,773,757</b>                 | <b>\$ 2,226,243</b>                                  | <b>\$ 100,000,000</b>                                  | <b>\$ -</b>   |

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 21, 2025.

*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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2025-001 that we consider to be a material weakness.

*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*.



*Authority's Response to Findings*

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

*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.



Hartford, Connecticut  
November 21, 2025

**Connecticut Port Authority**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2025**

**Finding 2025-001– Vendor Management Internal Control - Material Weakness**

**Criteria**

Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Condition**

The lack of internal controls around vendor management may result in cash disbursements to fraudulent vendors.

**Cause**

The Authority did not perform sufficient verification of information provided by a fraudulent third-party resulting in cybersecurity fraud.

**Effect or Potential Effect**

The Authority adhered to all existing policies however was unable to detect the cybersecurity fraud and processed an ACH payment to the fraudulent third-party. This condition may lead to inaccurate financial reporting and potential misstatement of the financial statements such that they are not in accordance with accounting principles generally accepted in the United States of America.

**Recommendation**

We recommend that the Authority strengthen policies, procedures, and controls to ensure that all modifications to vendor payment terms are verified with the appropriate party.

**Views of Responsible Officials**

The Authority has implemented additional internal controls which enhance the process for administering changes to vendor information. These include incorporating phone calls for the confirmation of any changes as well as the performance of penny tests for the verification of bank accounts. Increased focus on cybersecurity has also been addressed with a new IT Managed Service Provider which integrates training and testing along with heightened passwords using Multi-Factor Authentication in an effort to more effectively detect phishing attempts.



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