SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2022

SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

LM LYNCH MARINI & ASSOCIATES INC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southfield Redevelopment Authority
South Weymouth, Massachusetts

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southfield Redevelopment Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Southfield Redevelopment Authority's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-type Activities (water/sewer fund)	Unmodified
General Fund	Qualified
Reserve Fund	Unmodified
Projects Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the General Fund and the aggregate remaining fund information as of June 30, 2022 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions of the Business-type Activities (water/sewer fund), Projects Fund and Reserve Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (water/sewer fund), the Projects Fund and the Reserve Fund of the Southfield Redevelopment Authority as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

41 West Central Street
Natick, MA 01760
508-650-0018

99 Longwater Circle, Suite 200
Norwell, MA 02061
781-871-5850

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Southfield Redevelopment 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 qualified and unmodified opinions.

Matter Giving Rise to the Qualified Opinions on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information

The Southfield Redevelopment Authority has reported accounts receivable balances associated with amounts due from the former master developer and landowners ($2,080,780 and $349,866 respectively, reported in the General Fund) and parkway maintenance reimbursement costs ($229,038, reported in the aggregate remaining fund information (other governmental funds), as well as in the governmental activities. The receivable balances have been offset by unavailable (deferred) revenue on both the fund basis financial statements (General Fund and aggregate remaining fund information (other governmental funds) and the governmental activities. Accordingly, the receivable balances have been offset by unavailable revenue on both the fund basis financial statements (General Fund and Parkway Maintenance Fund) and the governmental activities. The Authority had filed a claim against the former Master Developer and the court ultimately awarded the Authority a judgement in the amount of $63.9 million. The Authority to date has received nothing in regard to the judgement. Subsequent to June 30, 2022, the Authority took possession by eminent domain, certain parcels of land held by the former Master Developer. See additional disclosures within the accompanying notes to the financial statements. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets and deferred inflows of resources in the governmental activities, General Fund and the aggregate remaining fund information. The Authority is evaluating further actions regarding the reporting and ultimate collectability of these amounts. any requirements These amounts have been reported by the Authority in the previous years. In our opinion, sufficient audit evidence to determine the specific collectability and continued reporting of these amounts is not in accordance with generally accepted accounting principles.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Southfield Redevelopment 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Southfield Redevelopment 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southfield Redevelopment Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv to xvi, and the Budgetary Comparison Schedule – General Fund, the Schedule of the Authority's Proportionate Share of Net Pension Liabilities and Pension Contributions, the Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios – Other Postemployment Benefits (OPEB) Plan, the Schedule of the Authority's Contributions – Other Postemployment Benefits (OPEB) Plan, the Schedule of Investment Returns – Other Postemployment Benefits (OPEB) Plan and related notes, on pages 42 through 49 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, on our consideration of the Southfield Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southfield Redevelopment Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southfield Redevelopment Authority's internal control over financial reporting and compliance.

Lynch Marini + Associates Inc

Norwell, Massachusetts
June 8, 2023

LM LYNCHMARINI & ASSOCIATES INC
CERTIFIED PUBLIC ACCOUNTANTS
www.LynchMarini.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTHFIELD REDEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2022
(unaudited)

As management of the Southfield Redevelopment Authority (SRA), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented in this report.

On August 24, 2014, the Governor of Massachusetts signed into law legislation to promote the sustainable economic development of the former South Weymouth Naval Air Station for the benefit of the Towns of Abington, Rockland, and Weymouth, the NAS South Weymouth Region and the Commonwealth (Chapter 291 of the Acts of 2014, the Act). Among other things, the Act reconstituted the South Shore Tri-Town Development Authority (SSTTDC) as the Southfield Redevelopment Authority.

SSTTDC ·was a quasi-municipal entity required to provide municipal services including public safety, public infrastructure maintenance, storm drain management, education, health, planning, zoning, water, sewer, and general administrative services. With the passing of the legislation the Chief Executive Officer, Chief Financial Officer, Accountant, and the Water/Sewer Superintendent departed.

The Act mandated that the SRA complete the following tasks to comply with the new enacted legislation:

- ► Tax Plan
- ► Bond Indenture Certificate of Trustee
- ► Redevelopment Plan
- ► Second Amendment to the Amended and Restated Memorandum of Agreement on Financing for the Parkway
- ► Parkway Phase Two Financing Agreement
- ► Amend Zoning By-Laws and Regulations
- ► Amend Disposition and Development Agreement

In March 2015, the Office of Economic Adjustment of the United States Department of Defense formally recognized the SRA as the Local Redevelopment Authority (LRA) for the purpose of implementing the redevelopment plan for the former NAS South Weymouth, and assuming said responsibility from the South Shore Tri-Town Development Corporation. As such, the SRA (the Authority) timely satisfied all its obligations under the Act and all the Act's provisions are in full force and effect.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. Required supplementary information as mandated by the Government Accounting Standards Board (GASB) is presented following the financial statements and related notes to provide additional analysis.

Government-Wide Financial Statements: The government-wide financial statements provide both long-term and short-term information about the Authority as a whole. The government-wide 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 information on all of the Authority's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources resulting in the aggregate net position of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by pledged revenues, assessments, taxes, developer fees and other revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Authority include salaries and other expenses associated with conducting operations of the Authority in accordance with the enacted legislation, inclusive of pensions, benefits and insurances and debt service costs. The Authority's business-type activity is associated with water and sewer activities.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so. readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Reserve Fund, Projects Fund, all of which are considered to be major funds. The remaining governmental funds are considered nonmajor and are aggregated and into other governmental funds column in this presentation. Individual fund information for each of these nonmajor governmental funds is available from the Authority's Finance Director/Treasurer.

The basic governmental fund financial statements can be found in the accompanying pages of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses an enterprise fund to account for its water and sewer activities. See the accompanying notes for additional information related thereto.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations.

The basic proprietary fund financial statements can be found in the accompanying pages of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Authority. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Authority's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in the accompanying pages of this report.

Notes to the financial statement: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements described above.

Required supplementary information: The supplementary information presented as required by governmental accounting standards, includes certain budgetary comparison information, employer pension plan contributions and information related to the Authority's retiree benefits plan for health care (OPEB).

General Government

The Southfield Redevelopment Authority (SRA), formally SSTTDC, was created in 1998. However, it did not have a basis or authority to collect taxes until 2009 on the original transfer of 324 acres. It is generally accepted that municipalities have real estate taxing authority but in the case of the SRA, it was slowed due to on-going negotiations with the Navy for the transfer of taxable land and the adverse economic conditions suffered by the Commonwealth of Massachusetts commencing in 2007. The Navy transfer of the 558 acres did not take place until December 2011 and was not included as a tax basis until 2014. In 2016, the prior Master Developer changed the, referred to, name of the redevelopment area from "Southfield" to "Union Point", although the legal entity is still Southfield Redevelopment Authority.

Property Values

Real Estate property values within the SRA are submitted annually by the Board of Assessors of the host communities to the Massachusetts Department of Revenue for certification in accordance with MGL Chapter 59. Once certified, the SRA is able to determine its district tax rate.

The first year for property valuation was during 2009, the first year the Massachusetts Department of Revenue approved the SRA valuation methodology. Certain historical property valuations are listed below.

Class	FY2022	FY2021	FY2020
Residential	$ 404,129,309	$ 378,410,724	$ 340,982,288
Open Space			
Commercial	64,233,991	63,154,176	61,229,612
Personal Property	3,430,220	2,348,030	1,890,270
Total Valuation	$ 471,793,520	$ 443,912,930	$ 404,102,170

Class	FY2019	FY2018	FY2017
Residential	$ 266,073,938	$ 209,622,064	$ 113,701,211
Open Space			
Commercial	56,250,572	51,267,106	52,209,879
Personal Property	1,803,550	1,648,020	1,724,900
Total Valuation	$ 324,128,060	$ 262,537,190	$ 167,635,990

Legislative Changes

Fiscal year 2016 marked the first year that the Authority operated as a District and not the traditional taxing authority of prior years. Per legislative changes in August of 2014 (MGL Chapter 291 of the Acts of 2014) real estate, personal property, and motor vehicle excise taxes for the development formerly known as the NAS (Navy Air Station) South Weymouth are now collected directly by the three host communities (Weymouth, Rockland, and Abington) and no longer by the SRA. Public safety and education are no longer contracted services by the SRA and are also provided by the host communities.

The SRA had an approved district tax rate of .46 per $1,000 of value with fiscal year 2022 Certified Values equaling $471,793,520 resulting in a $217,025 in district taxes, compared to $217,517 for the previous fiscal year. This district tax rate is added to the respective tax rates of the individual towns within which the property is located. The fiscal year 2022 general fund operating budget was approved at $2.5 million, of which the debt service associated with the 2010A Infrastructure bonds was approximately $1.2 million or approximately 46%. This Infrastructure debt is raised through pledged revenue and special assessments tied to only specific properties that are serviced with related infrastructure in parcels known as FOST 1 & FOST 2. The Parkway Bond, issued to the Commonwealth of Massachusetts, is under agreement with the SRA for funding and is reduced by the Net New State Tax Revenue effected primarily by new jobs and the sales tax on the purchase of building materials. The net payments have been deferred with the expectation that the project will build out sufficiently to cover the annual payments with the production of these revenues. The Master Developer fees are the final component utilized for the shortfall between those budgeted revenues and the appropriated expenditures. On June 30, 2020, the SRA entered into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, a Delaware limited liability company (Brookfield) regarding the remaining master planning and redevelopment of Union Point. During Fiscal Year 2022, BPD provided $1,140,000 in funding. For Fiscal Year 2023 BPD pledged $97,850 per month to cover the SRA's expenditures, of which $82,850 represents funding of operating expenses and $15,000 per month in property maintenance. As of the date of this report all payments have been made on a timely basis. On May 18, 2022, Board of Director's voted to extend the ENA to June 30, 2023.

Tax Rate

Tax rates are set for the SRA in a manner consistent with all other Cities and Towns within the Commonwealth of Massachusetts, although they are not subject to the Proposition 2 ½ limitations. Tax rates are approved by the Massachusetts Department of Revenue based upon all revenues including tax receivables. The tax rate recapitulation (RECAP) requires reporting of all anticipated income and all authorized expenditures for a given year. This calculation yields a tax rate. With the 2014 Legislation (effective for Fiscal 2016) there was a major shift in the governmental costs directly to the Towns, which resulted in the correlated reduction in the levy. The historic tax rates for the SRA, demonstrative of this shift. are listed below:

Class	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014
Residential	$ 0.46	$ 0.49	$0.50	$0.50	$0.50	$0.50	$0.54	$11.39	$13.47
Open Space								$22.12	$13.47
Commercial	$ 0.46	$ 0.49	$0.50	$0.50	$0.50	$0.50	$0.54	$22.12	$30.73
Personal Property	$ 0.46	$ 0.49	$0.50	$0.50	$0.50	$0.50	$0.54	$22.12	$30.73

By way of comparison, the following is a listing of the recent tax rates for the Union Point communities:

	FY2022	FY2021	FY2020	FY2019	FY2018
Abington	$ 15.22	$ 16.48	$ 17.00	$ 17.39	$ 17.82
Rockland	$ 16.75	$ 17.28	$ 17.50	$ 17.92	$ 18.22
Weymouth					
Residential	$ 11.46	$ 11.74	$ 11.92	$ 12.12	$ 12.50
Commercial	$ 18.36	$ 18.39	$ 18.70	$ 19.05	$ 19.67

Please refer to the previous page for information on Legislative Changes that affected the SRA where taxes are now the responsibility of the host communities.

FINANCIAL HIGHLIGHTS

The following table illustrates summary financial activity associated with the Authority's governmental activities and business-type activities. Certain current year net position amounts have been reclassified to correspond with the current year presentation. Details associated with these restatements have been made in the Notes to the financial statements. Prior year amounts have not been restated for the purposes of these summarized schedules. During fiscal year 2022, the Authority had an actuarial valuation performed to calculate amounts associated with other postemployment benefit (OPEB) obligations, using a valuation date of July 1, 2021. The Total OPEB Liability (TOL) went from $509,761 for the June 30, 2021, Reporting Date to $407,295 for the June 30, 2022, Reporting Date for a decrease of $106,419, primarily due to assumption changes in the GASB 75 actuarial valuation with an increase in the discount rate from 2.5% to 4.09%. Additional information can be found in the accompanying notes to the financial statements.

Governmental activities

Net Position

During FY22, the SRA and the prospective Master Developer (BPD Union Point LLC) entered into an extension of the Exclusive Negotiation Agreement (ENA). BPD is a partnership between Brookfield Properties and New England Development. The ENA includes provisions for BPD to fund the non-debt type appropriations of the budget through monthly fees which represent $1,140,000 in annual activity. The majority of the debt service is paid through Pledged Revenue (local participating town property taxes) totaling an expected $1,121,072. A small portion not covered by the aforementioned is funded through a small district tax of consistently less than $0.50 per $1,000 of valuation and interest earned. The combination of the above allows the SRA to function with the Redevelopment Authority office, under a total budget of $2,542,673 which was approved on June 8, 2021.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2022
(unaudited)

	2022	2021	2020	2019	2018
Assets:					
Current assets:	$ 1,373,890	$ 1,619,669	$ 1,830,607	$ 1,843,668	$ 2,668,407
Noncurrent assets:					
Restricted cash	6,478,251	5,657,699	272,055		
Accounts receivable	2,659,684	2,659,684	2,309,818	2,080,780	
Performance deposits	276,643	276,643			
Capital assets	33,340,638	34,972,844	36,605,050	38,237,256	39,869,462
Total assets	**44,129,106**	**45,186,539**	**41,017,530**	**42,161,704**	**42,537,869**
Deferred outflows of resources:					
Associated with OPEB	125,116	162,111	25,571	21,058	
Associated with pensions	121,360	193,936	277,931	500,025	193,787
Total deferred outflows	**246,476**	**356,047**	**303,502**	**521,083**	**193,787**
Liabilities:					
Current liabilities - other than bonds	1,254,713	869,295	383,596	1,765,546	1,960,402
Noncurrent liabilities - other than bonds	14,771,739	14,325,066	5,680,759	1,239,748	1,255,092
Current debt - bonds	400,000	350,000	250,000	250,000	200,000
Noncurrent debt - bonds	12,110,000	12,510,000	11,200,000	11,450,000	11,700,000
Total liabilities	**28,536,452**	**28,054,361**	**17,514,355**	**14,705,294**	**15,115,494**
Deferred inflows of resources:					
Unavailable revenue	2,929,684	2,689,610	2,659,685	2,309,818	
Associated with OPEB	98,510	20,558	12,654	16,050	
Associated with pensions	270,919	125,560	103,640	142,135	223,831
Total deferred inflows	**3,299,113**	**2,835,728**	**2,775,979**	**2,468,003**	**223,831**
Net Position:					
Net investment in capital assets	23,116,438	23,782,059	25,431,268	26,814,915	28,240,876
Restricted	3,380,538	4,086,864	224,719	113,678	58,194
Unrestricted	(13,956,959)	(13,216,426)	(4,625,289)	(1,419,103)	(906,739)
Total net position	**$ 12,540,017**	**$ 14,652,497**	**$ 21,030,698**	**$ 25,509,490**	**$ 27,392,331**

By far the largest portion of the Authority's net position is reflected in net investment in capital assets, net of any outstanding debt or resources used in acquisition of those assets. The Authority's primary capital assets are related to land, and infrastructure. Although the Authority's investment in capital assets is net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Authority's unrestricted net position deficit of $14.0 million is primarily a function of the liabilities associated to the Commonwealth of Massachusetts of $6.9 million, the $6.5 million due the US Navy and the $728,000 combined other postemployment benefits and net pension obligations.

Deferred inflows of resources of $2.9 million (unavailable revenue) consisted primarily of amounts associated with amounts due from the former master developer and landowners for developer fees and others for Parkway maintenance reimbursements. These amounts have been reported as deferred for financial reporting purposes as final resolution of these issues are determined.

Changes in net position:

	2022	2021	2020	2019	2018
Program revenues:					
Charges for services	$	$ 11,958	$	$	$
Operating grants and contributions		273		101,726	476,870
Capital grants and contributions					
General revenues:					
Real estate and personal property taxes	539,203	281,372	202,052	252,243	101,922
Developer contributions/entitlement fees	1,140,000	404,599	573,687	237,779	239,729
Pledged revenues/special assessments	1,027,393	1,080,645	1,178,267	1,198,170	1,153,441
Landowner contribution	556,753				
Premiums received, net of costs		4,231,970			
Other revenue	26,275	3,509	212,294	24,182	25,807
Total revenues	**3,289,624**	**6,014,326**	**2,166,300**	**1,814,100**	**1,997,769**
Expenses:					
Board of Directors	70,126	67,276	63,100	66,509	68,462
Chief Executive Officer	96,131	20,494	54,570	189,937	148,379
Finance	134,688	139,347	150,674	135,024	91,521
Solicitor	54,447	15,537	38,326	11,575	62,605
Information systems	11,622	16,221	17,083	39,499	49,521
Land use/Planning board	128,887	124,990	141,310	137,439	186,963
Pension, benefits and insurance	122,648	256,771	332,447	338,011	198,507
Maintenance of buildings/public works	261,966	94,134	46,610	25,944	12,685
Repair and maintenance		39,924			
Parkway maintenance				281,392	329,724
Route 18 repairs/improvements	779,430		19,862	184,311	138,846
Engineering services	183,412				
Site demolition and other	54,121				
Parkway deficiency amounts	1,104,426	1,274,435	3,151,498		
Interest on debt service	767,994	1,750,137	897,406	911,375	922,717
Depreciation	1,632,206	1,632,206	1,632,206	1,632,206	1,632,206
Total expenses	**5,402,104**	**5,431,472**	**6,545,092**	**3,953,222**	**3,842,136**
Transfers		**(20,000)**	**(100,000)**		
Change in net position	**(2,112,480)**	**562,854**	**(4,478,792)**	**(2,139,122)**	**(1,844,367)**
Net position- beginning	14,652,497	14,089,643	25,509,490	27,648,612	29,236,698
Net position - ending	**$ 12,540,017**	**$ 14,652,497**	**$ 21,030,698**	**$ 25,509,490**	**$ 27,392,331**

During the year, the Authority received payments from the prospective developer in the amount of $1.1 million pursuant to the Exclusive Negotiation Agreement. Additionally, the Authority received a contribution of $556,753 from the landowner, Washington Capital, which was placed into escrow pursuant to agreement with the US Navy. See the accompanying notes to the financial statements for additional details.

Business-type activities:

Enterprise Fund: Water & Sewer

The SRA supplied its customers with water supply and sewer disposal through a contractual agreement with the Town of Weymouth through October of 2017, at which point the Chairman of the Board of Directors reached a verbal agreement for Weymouth to take over water/sewer revenue billing, collection and maintenance. The SRA previously adopted MGL c.44 section 53F ½ of the MGL's for water and sewer activities and maintained that -structure until Weymouth assumed billing responsibilities. Revenues collected were dedicated solely to offset operating expenditures. Accordingly, any excess balances at year-end remains with the fund. The SRA and the Town of Weymouth are continuing this agreement through the release date of these financial statements. A more comprehensive agreement, integrating major infrastructure requirements and the financing thereof, will be addressed as the SRA, Commonwealth of Massachusetts, and local surrounding Towns finalize the infrastructure plan.

As of June 30, 2022, the SRA retains all legal responsibility of providing safe potable water to Union Point, however all new billing/revenues and maintenance are being handled by the Town of Weymouth until a final comprehensive agreement is reached. The SRA is responsible for maintenance of established infrastructure, and accordingly, all activity associated with the fund during fiscal year 2022 was associated with emergency repairs to pumping station. The SRA is planning to make necessary repairs to the Sewer Pump Station for infiltration of ground water and upgrades to the pumps as required.

The business-type activities are summarized below. Given the transfer of water sewer billing, collection and other duties have been transferred, allocated obligations and amounts associated with net pension liability and other postemployment benefit liabilities were restated to governmental activities in fiscal year 2018. Prior year amounts have not been restated in the following tables.

Business-Type Activities

	2022	2021	2020	2019	2018
Assets:					
Current assets	$ 233,544	$ 254,779	$ 261,443	$ 398,980	$ 832,543
Capital assets	19,396	20,382	21,368	22,354	23,340
Total assets	**252,940**	**275,161**	**282,811**	**421,334**	**855,883**
Liabilities:					
Current liabilities		389	454		525
Total liabilities		**389**	**454**		**525**
Net Position:					
Net investment in capital assets	19,396	20,382	21,368	22,354	23,340
Unrestricted	233,544	254,390	260,989	398,980	831,785
Total net position	**$ 252,940**	**$ 274,772**	**$ 282,357**	**$ 421,334**	**$ 855,125**

Program revenues:	2022	2021	2020	2019	2018
Charges for services	$	$	$	$	$ 417,831
Connection fees/other				267	24,725
Total revenues				**267**	**442,556**
Expenses:					
Water and sewer	21,832	27,585	238,977	434,058	496,976
Transfers:		20,000	100,000		
Change in net position	**(21,832)**	**(7,585)**	**(138,977)**	**(433,791)**	**(54,420)**
Net position - beginning	274,772	282,357	421,334	855,125	909,545
Net position - ending	**$ 252,940**	**$274,772**	**$ 282,357**	**$ 421,334**	**$ 855,125**

Financial Analysis of the SRA's Major Governmental Funds

As noted earlier, the SRA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government Funds. The focus of the SRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SRA's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined fund balances of a deficit of $7.6 million, a decrease of approximately $1.2 million from the prior year. The decrease was due primarily to the recognition of Parkway deficiency amounts to the Commonwealth of Massachusetts through June 30, 2022. Additional information can be found in the accompanying notes to the financial statements.

Major Governmental Funds:

General Fund

The general fund is the chief operating fund. At the end of the current year, the unassigned fund balance of the general fund reported a deficit of approximately $13.2 million. The General fund decreased approximately $945,000 during the fiscal year, primarily due to the recognition of Parkway deficiency amounts to the Commonwealth of Massachusetts through June 30, 2022.

Reserve Fund

The reserve fund established pursuant to trust agreement which was initially established upon issuance of 2010 infrastructure bonds. The trust indenture pursuant to the 2020 refunding increased the required reserve to be maintained. The balance reported on June 30, 2022 of $1,150,150 is required to be maintained in reserve for security to bondholders.

Projects Fund

The projects fund is maintained pursuant to the issuance of the 2020 Infrastructure refunding bonds. These funds are expended for authorized projects pursuant to the refunding and approved by the trustee. The balance in this fund as of June 30, 2022 was approximately $3.0 million.

Other Governmental Funds

In Fiscal Year 2021, the SRA submitted an application to the FY22 round of the Commonwealth's Community One Stop for Growth Program. In October 2021, the SRA was awarded a $270,000 grant from the MassWorks Infrastructure Program (MassWorks grant) to support a Sitewide Wetlands Resource Area and Floodplain Mapping project. The Contract for this grant was executed by the SRA and the Commonwealth on February 24, 2022. This has been reported as a current account receivable and unavailable revenue as of June 30, 2022 in the accompanying financial statements.

General Fund Budgetary Highlights

Actual revenues were slightly less than the final budget by approximately $111,000, primarily related to the property tax and pledged revenue receipts. The Authority recognized a savings on appropriations of approximately $355,000.

Stabilization fund

The Authority maintains a stabilization accounts in accordance with MGL Chapter 40 Section 5B. Amounts can be transferred to and utilized from these funds pursuant to Board of Director votes and provisions of law.

General Stabilization

The Board of Directors maintains a General Stabilization Account to begin addressing the reserve concerns within the State Auditor's Audit Report. Since the fund does not have a specific, ongoing, dedicated revenue source, in accordance with generally accepted accounting principles, the fund is included in unassigned fund balance of the General Fund. The account maintains a balance of $174,331 on June 30, 2022. Certain historical information related to this account is presented below.

General Stabilization Account

	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
Beginning balance	$ 174,331	$ 174,331	$ 402,331	$ 401,703	$ 1,691	$ 1,683
Transfers In					400,000	
Transfers (Out)			(228,000)			
Interest income				628	12	8
Ending balance	$ 174,331	$ 174,331	$ 174,331	$ 402,331	$ 401,703	$ 1,691

Debt Administration and Capital Assets

The SRA issued approximately $12.6 million in infrastructure development bonds in 2011. Proceeds from the bonds were utilized for expenditures related to the purchase of various infrastructure improvements from the Developer (see below). The SRA refunded the 2010A bond in December of 2020 resulting in a $4 million premium to be used for capital projects with $12.8 million owed as of June 30, 2021. In addition, the SRA authorized a note in the amount of $10 million (assigned to the Developer) for the purpose of purchasing the remaining Navy Land. The current majority landowner, Washington Capital, is currently under agreement to make payments on this debt into a trust fund which will be used for dewatering by the Navy for land with questionable issues. See section, Amount Due to the US Navy, below.

Infrastructure Bond

SRA issued the Series 2010A Infrastructure Development Revenue Bonds in the amount of $12,550,000 on August 9, 2010 (the Bonds). The Bonds are secured by Assessments and Pledged Revenues levied on each Parcel of Assessed Property. The Assessments have been imposed upon the real property within the boundaries of the SRA and are limited to those properties transferred under FOST I and 2 (June 2006). The Assessments are equal to the interest and principal on the Bonds and bonds expected to be issued in the future and estimated administrative expenses related to the bonds. The Assessment Roll is updated each Tax Year. There was no Assessment for 2011. This was the first such bond authorized in the Commonwealth of Massachusetts.

The first payment for which assessments were to be collected under the bond was due and paid on August I, 2012 (fiscal year 2013) as reserves were held by a third party for the semi-annual debt service for 2011 and for 2012. The SRA collects assessments and pledged revenues through the tax levy and collection process of each town for properties included in FOST I and 2 for this debt service. The first special assessment was raised on property owners within FOST I and FOST 2 in 2013. Furthermore, the assessment, in accord with the Bond Agreements, was assessed on only those owners of unimproved land. The Special Assessment, on the undeveloped parcels, was $49,000 in fiscal year 2022. The remaining portion of the Bond is raised through Pledged Revenue from the Town's based on the same parcels within Fost 1 and Fost 2 and is taken directly from the Town's taxes on those parcels. Total pledged revenues invoiced for fiscal year 2022 were $1.1 million.

In December 2020, the SRA issued $13.3 million of refunding bonds, series 2020A maturing in 2040. Net proceeds associated with these bonds, inclusive of approximately a net $4.0 million premium, was $17.3 million. Of this amount approximately $11.7 million was deposited with the refunding escrow agent to refund and defease the outstanding $11.3 million of principal of the 2010A bonds at the time of issuance. The $4.0 million was deposited into the project fund to be disbursed for various improvement projects by the Trustee upon certification by officer of the Authority for actual costs incurred on the various projects. As of June 2022, just over $1.0 million of these project funds have been expended to support four projects: Upgrading the existing gravity sewer main on Route 18 near the Shea Drive intersection (to support a future connection to Southfield/Union Point); completion of the asbestos abatement and demolition of former Navy Building #11; design and permitting for the sewer pump station #1 I/I repair project; and a detailed capacity analysis of the Town of Weymouth's water and sewer systems.

Amount Due to the US Navy

The Board reached an agreement with the Navy to address the remaining debt on the EDC payment note for the Navy's sale of the FOST 3-6 property. The remaining balance as of $6.5 million has been reflected as an obligation in the Authority's financial statements, pending any change or amended DDA. As further described in the accompanying notes, certain payments associated with the note are put into escrow for construction of dewatering activities within the area of the property where groundwater is impacted by PFAS.

Capital Assets

The Authority reported capital assets net of accumulated depreciation of $33.3 million for its governmental activities and $19,000 for its business-type activities on June 30, 2022. This is compared to $35.0 million for the governmental activities and $20,000 for the business-type activities the prior year. The only change represents current year depreciation expense. Additional information can be found in the accompanying notes to the financial statements.

CONTINGENT LIABILITY

East West Parkway Bond

The SRA, utilizing a quasi-grant from the Commonwealth of Massachusetts, constructed the East West Parkway. The following is a brief synopsis of the key terms of the Amended and Restated Memorandum of Agreement for the Implementation of Transportation Improvements for the Redevelopment of the South Weymouth Naval Air Station (the Implementation MOA), dated as of March 4, 2010, by and between the Massachusetts Department of Transportation (Mass DOT) and SRA.

This summary is not intended to be a complete description of all the terms and conditions of the Implementation MOA, and the terms and conditions of the Implementation MOA shall be controlling in the event of any legal issue arising under the Implementation MOA.

1. The Implementation MOA addresses the procurement, permitting, design, right of way acquisition, construction and operation of the Parkway and the East Side Connectivity Improvements.
2. Once completed, the portion of the Parkway within the Base will be owned and maintained by SRA and the portions of the Parkway outside the Base will be owned and maintained by the respective Towns. The portion of Route 18 to be widened between Route 3 in Weymouth and Route 139 in Abington will continue to be owned and maintained by the Commonwealth.
3. The MOA requires that the redevelopment of the NAS will generate annual New State Tax Revenues (by definition calculated as total sales taxes, personal income tax and hotel tax revenues generated by development at SRA) that will be at least 1.5 times greater than the annual Debt Service Costs of the Parkway Bonds.
4. If the cumulative amount of New State Tax Revenues received in any fiscal year is less than the debt service for the Parkway Bond, the SRA is required to make a Deficiency Payment to the Commonwealth of MA in order to reimburse the Commonwealth for the portion of the Debt Service Costs not covered by the New State Tax Revenues. This contingent liability will exist annually for the life of the issued bond.

In December 2014, the Secretary of Administration and Finance for the Commonwealth of Massachusetts (Secretary) agreed to amend the MOA to allow for Deficiency Payments attributable to fiscal years 2013 to 2018 to be deferred until June 2020. The Secretary is authorized and has extended this deferral to 2022 as the Secretary determined that this deferral is fiscally responsible and serves the public interest. As of June 30, 2015 the SRA accrued a liability, due to the Commonwealth, in the amount of $1,375,000 for fiscal year 2013 that was being deferred as described above. On June 9, 2021, the Commonwealth of Massachusetts certified additional deficiency amounts for the fiscal years 2014 through fiscal year 2020. The SRA has recorded these additional deficiencies as an amount due to the Commonwealth of Massachusetts as of the date of these financial statements. See the accompany notes for additional disclosures related thereto.

Land transfers and other

In September 2021 the SRA acquired approximately 25 acres of property from the Navy, consisting of the FOST 6A-2, FOST 6B-1 and FOST 6B-3 parcels. The Navy now only holds title to approximately 75 acres of land at the former NAS South Weymouth.

The prior Master Developer, LStar Southfield LLC (LStar), had overburdened the property and left the project with unfulfilled obligations. In November of 2021 the SRA was awarded a $19.0 million settlement times triple damages and interest resulting in a $63 million total award amount, increasing with interest daily. Although LStar may not have any liquid assets, they do still hold interest in land and infrastructure within Southfield.

Next year's budget

- In March 2022, the Advisory Board voted to recommend a budget with a 3% increase for fiscal year 2023.
- The Board of Directors has adopted an operating budget for fiscal year 2023 of $2.6 million, compared to the operating budget for fiscal year 2022 of $2.5 million.
- The district tax for fiscal year 2023 was $.50per $1,000 of valuation, resulting in an aggregate tax levy of $259,522.

Requests for Information

This financial report is designed to provide a general overview of the Southfield Redevelopment Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Directors, 223 Shea Memorial Drive, South Weymouth, MA 02190.

****

BASIC FINANCIAL STATEMENTS

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Net Position

June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current:			
Cash	$ 530,379	$ 233,544	$ 763,923
Bid deposit	150,000		150,000
Accounts receivable, net of uncollectible amounts	693,511		693,511
Total current assets	1,373,890	233,544	1,607,434
Noncurrent:			
Restricted cash	6,478,251		6,478,251
Accounts receivable, net of uncollectible amounts	2,659,684		2,659,684
Performance deposits	276,643		276,643
Capital assets, net of accumulated depreciation	33,340,638	19,396	33,360,034
Total noncurrent assets	42,755,216	19,396	42,774,612
Total assets	44,129,106	252,940	44,382,046
DEFERRED OUTFLOWS OF RESOURCES			
Associated with other postemployment benefits	125,116		125,116
Associated with pensions	121,360		121,360
Total deferred outflows of resources	246,476		246,476
LIABILITIES			
Current:			
Accounts payable and other	80,259		80,259
Accrued interest expense	276,000		276,000
Due to the US Navy - current portion	898,454		898,454
Bonds payable - current portion	400,000		400,000
Total current liabilities	1,654,713		1,654,713
Noncurrent:			
Amounts held in escrow	716,753		716,753
Performance bonds	821,396		821,396
Due to the US Navy	5,600,149		5,600,149
Due to the Commonwealth of Massachusetts	6,905,684		6,905,684
Bonds payable	12,110,000		12,110,000
Other postemployment benefits liability	42,489		42,489
Net pension liability	685,268		685,268
Total noncurrent liabilities	26,881,739		26,881,739
Total liabilities	28,536,452		28,536,452
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	2,929,684		2,929,684
Associated with other postemployment benefits	98,510		98,510
Associated with pensions	270,919		270,919
Total deferred inflows of resources	3,299,113		3,299,113
NET POSITION			
Net investment in capital assets	23,116,438	19,396	23,135,834
Restricted	3,380,538		3,380,538
Unrestricted	(13,956,959)	233,544	(13,723,415)
Total net position	$ 12,540,017	$ 252,940	$ 12,792,957

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
Board of Directors:							
Salaries	$ 42,482	$	$	$	$ (42,482)	$	$ (42,482)
Expenses	27,644				(27,644)		(27,644)
Chief Executive Officer:							
Expenses	96,131				(96,131)		(96,131)
Finance:							
Salaries	120,625				(120,625)		(120,625)
Expenses	14,063				(14,063)		(14,063)
Solicitor	54,447				(54,447)		(54,447)
Information systems expenses	11,622				(11,622)		(11,622)
Land Use:							
Salaries	116,354				(116,354)		(116,354)
Expenses	12,533				(12,533)		(12,533)
Pension, benefits and insurance	122,648				(122,648)		(122,648)
Public works and maintenance expenses	261,966				(261,966)		(261,966)
Route 18 connections repairs	779,430				(779,430)		(779,430)
Engineering services	183,412				(183,412)		(183,412)
Site demolition and other	54,121				(54,121)		(54,121)
Parkway deficiency amounts	1,104,426				(1,104,426)		(1,104,426)
Interest and debt service costs	767,994				(767,994)		(767,994)
Unallocated depreciation	1,632,206				(1,632,206)		(1,632,206)
Total governmental activities	5,402,104				(5,402,104)		(5,402,104)
Business-type activities:							
Water/Sewer	21,832					(21,832)	
Total business-type activities	21,832					(21,832)	
Total primary government	$ 5,423,936	$	$	$	(5,402,104)	(21,832)	(5,402,104)

	Governmental Activities	Business-type Activities	Total
General revenues, pledged revenues and assessments and other:			
Pledged revenues and special assessments	1,027,393		1,027,393
Developer contributions	1,140,000		1,140,000
Land owner contribution	556,753		556,753
Real estate and personal property taxes	539,203		539,203
Other	26,275		26,275
Total general revenues	3,289,624		3,289,624
Change in net position	(2,112,480)	(21,832)	(2,134,312)
Net position - beginning of year	14,652,497	274,772	14,927,269
Net position - end of year	$ 12,540,017	$ 252,940	$ 12,792,957

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Balance Sheet - Governmental Funds

June 30, 2022

	General Fund	Reserve Fund	Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current:					
Cash	$ 350,336	$	$	$ 180,043	$ 530,379
Interfund receivable				4,140	4,140
Bid deposit			150,000		150,000
Accounts receivables	423,511			270,000	693,511
Total current assets	773,847		150,000	454,183	1,378,030
Noncurrent:					
Restricted cash	1,261,506	1,154,290	2,882,022	1,180,433	6,478,251
Performance deposits	276,643				276,643
Accounts receivables	2,430,646			229,038	2,659,684
Total noncurrent assets	3,968,795	1,154,290	2,882,022	1,409,471	9,414,578
Total assets	$ 4,742,642	$ 1,154,290	$ 3,032,022	$ 1,863,654	$ 10,792,608
LIABILITIES					
Current:					
Accounts and other payables	$ 80,259	$	$	$	$ 80,259
Due to the US Navy - current portion	898,454				898,454
Interfund payable		4,140			4,140
Total current liabilities	978,713	4,140			982,853
Noncurrent:					
Amounts held in escrow	716,753				716,753
Performance bonds	821,396				821,396
Due to the US Navy	5,600,149				5,600,149
Due to the Commonwealth of Massachusetts	6,905,684				6,905,684
Total noncurrent liabilities	14,043,982				14,043,982
Total liabilities	15,022,695	4,140			15,026,835
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,854,157			499,038	3,353,195
Total deferred inflows of resources	2,854,157			499,038	3,353,195
FUND BALANCES					
Restricted	55,046	1,150,150	3,032,022	1,429,120	5,666,338
Assigned	12,609				12,609
Unassigned	(13,201,865)			(64,504)	(13,266,369)
Total fund balances	(13,134,210)	1,150,150	3,032,022	1,364,616	(7,587,422)
Total liabilities, deferred inflows of resources and fund balances	$ 4,742,642	$ 1,154,290	$ 3,032,022	$ 1,863,654	$ 10,792,608

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Reserve Fund	Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Pledged revenue and assessments	$ 1,121,072	$	$	$	$ 1,121,072
Real estate and personal property tax	205,425				205,425
Developer contributions	1,140,000				1,140,000
Other revenue	9,102	4,140	33	13,000	26,275
Total revenues	2,475,599	4,140	33	13,000	2,492,772
Expenditures:					
Board of Directors:					
Salaries	42,482				42,482
Expenses	27,644				27,644
Chief Executive Officer:					
Expenses	96,131				96,131
Finance:					
Salaries	120,625				120,625
Expenses	14,063				14,063
Solicitor	54,447				54,447
Information systems expenses	11,622				11,622
Land use:					
Salaries	116,354				116,354
Expenses	12,533				12,533
Pensions, benefits, and insurance	266,395				266,395
Public works and maintenance expenses	261,966				261,966
Route 18 connections repairs			779,430		779,430
Engineering services			183,412		183,412
Site demolition and other			54,121		54,121
Parkway deficiency amounts	1,104,426				1,104,426
Debt service costs	1,121,494		5,500		1,126,994
Total expenditures	3,250,182		1,022,463		4,272,645
Other Financing Sources (Uses):					
Landowner contribution	556,753				556,753
Transfers in				731,476	731,476
Transfers (out)	(727,336)	(4,140)			(731,476)
Total other financing sources (uses)	(170,583)	(4,140)		731,476	556,753
Net change in fund balance	(945,166)		(1,022,430)	744,476	(1,223,120)
Fund balances - beginning of year	(12,189,044)	1,150,150	4,054,452	620,140	(6,364,302)
Fund balances - end of year	$ (13,134,210)	$ 1,150,150	$ 3,032,022	$ 1,364,616	$ (7,587,422)

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Reconciliation of Governmental Fund Balance to Net Position of Governmental Activities
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds	$ (7,587,422)
Capital assets, net of accumulated depreciation used in governmental activities are not resources and therefore are not reported in the funds	33,340,638
Net deferred outflows and deferred inflows associated with net pension liability are not recognized on the modified accrual basis.	(149,559)
Net deferred outflows and deferred inflows associated with OPEB liability are not recognized on the modified accrual basis.	26,606
Full accrual of interest is not recorded in governmental fund statements.	(276,000)
Long-term bonds are not due and payable in the current period and therefore are not reported in the funds	(12,510,000)
Net other postemployment benefit liability is not due and payable in the current period and therefore is not reported in the funds	(42,489)
Net pension liability is not due and payable in the current period and therefore it is not reported in the funds	(685,268)
Certain deferred/unavailable revenue is recognized as earned/available on the full accrual basis.	423,511
Net position of governmental activities	$ 12,540,017

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances in
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$ (1,223,120)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(1,632,206)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Bond principal payments made in current year	350,000
Certain deferred outflows and deferred inflows of resources are reported on the government-wide financial statements.	
Net change in deferred outflows/(inflows) of resources related to pensions	(217,935)
Net change in deferred outflows/(inflows) of resources related to OPEB	(114,947)
Net change in unavailable revenues on the full accrual basis	240,099
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net change in accrued interest on long-term debt	9,000
Net change in other postemployment benefits accrual	123,841
Net change in net pension liability	352,788
Change in net position of governmental activities	$ (2,112,480)

SOUTHFIELD REDEVELOPMENT AUTHORITY
Statement of Net Position - Proprietary Funds
June 30, 2022

	Business-type Activities Enterprise Funds Water/Sewer Fund
ASSETS	
Current:	
Cash	$ 233,544
Total current assets	233,544
Noncurrent:	
Capital assets, net of accumulated depreciation	19,396
Total assets	252,940
NET POSITION	
Net investment in capital assets	19,396
Unrestricted	233,544
Total net position	$ 252,940

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities Enterprise Funds Water/Sewer Fund
OPERATING EXPENSES:	
Repair and maintenance expenses	$ 20,846
Depreciation expense	986
Total operating expenses	21,832
Change in net position	(21,832)
Net position - beginning of year	274,772
Net position - end of year	$ 252,940

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2022

		Business-type Activities Enterprise Funds
		Water/Sewer Fund
Cash flows from operating activities:		
Payments to other vendors	$	(21,235)
Net cash from operating activities		(21,235)
Net change in cash		(21,235)
Cash at beginning of year		254,779
Cash at end of year	$	233,544
Reconciliation of operating income to net cash from operating activities:		
Operating (loss)	$	(21,832)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Change in accounts payable		(389)
Depreciation		986
Total adjustments		597
Net cash from operating activities	$	(21,235)

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2022

		Other Postemployment Benefits Trust Fund
ASSETS		
Cash	$	368,350
Total assets		368,350
NET POSITION		
Restricted		368,350
Total net position	$	368,350

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended June 30, 2022

	Other Postemployment Benefits Trust Fund
ADDITIONS	
Employer contributions	$ 48,661
Net investment income	419
Total additions	49,080
DEDUCTIONS	
Employee benefit payments	24,161
Total deductions	24,161
Change in net position	24,919
Net position, beginning	343,431
Net position, ending	$ 368,350

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

A. Organization

On August 20, 2014, the Governor of Massachusetts signed into law legislation to promote the sustainable economic development of the former South Weymouth Naval Air Station for the benefit of the Towns of Abington, Rockland, and Weymouth, the NAS South Weymouth Region and the Commonwealth (Chapter 291 of the Acts of 2014, the Act). The former Naval Air Station (approximately 1,450 acres) is being developed into a community to be named *Union Point* (changed by the master developer from *Southfield* in July 2016). The Act reconstituted the South Shore Tri-Town Development Corporation (SSTTDC) as the Southfield Redevelopment Authority (Authority), a body politic and corporate whose purpose is to carry out the Act. The Act reinforces municipal control over land use and development decisions and strengthens the alignment of interest between the Authority, the towns, and the master developer. Additionally, the Act shifted financial obligations for water and wastewater development to the project's master developer. The obligation of the Authority and the Developer are conducted in accordance with the Act, Disposition and Development Authority (DDA) and other agreements between the Authority, the Navy, and the Developer. The most recent DDA (Third Amended and Restated) was dated June 2017.

SSTTDC was a quasi-municipal entity, established on August 14, 1998, through its enabling legislation Chapter 301 of the Acts of 1998, as amended in August of 2008 in Chapter 303, Section 36. The purpose of the legislation was to promote the expeditious and orderly conversion and redevelopment of the closed Naval Air Station, located on approximately 1,450 acres in the Towns of Abington, Rockland and Weymouth, for nonmilitary purposes, including but not limited to, commercial, housing, industrial, institutional, educational, governmental, recreational, conservation or manufacturing uses. With the passing of the Act in 2014, the chief executive officer, chief financial officer, accountant, and the water/sewer superintendent were eliminated.

The Act mandated that the SRA complete the following tasks to comply with the newly enacted legislation:

- Tax Plan
- Bond Indenture Certificate of Trustee
- Redevelopment Plan
- Second Amendment to the Amended and Restated Memorandum of Agreement on Financing for the Parkway
- Parkway Phase Two Financing Agreement
- Amend Zoning By-Laws and Regulations
- Amend Disposition and Development Agreement

In March 2015, the Office of Economic Adjustment of the United States Department of Defense formally recognized the Southfield Redevelopment Authority (the Authority) as the Local Redevelopment Authority (LRA) for the purpose of implementing the redevelopment plan for the former NAS South Weymouth, and assuming said responsibility from the South Shore Tri-Town Development Corporation (SSTTDC). As such, the Authority satisfied all of its obligations under the Act and all of the Act's provisions are in full force and effect.

The Authority's existence is limited by Statute. The Authority is a special purpose government that will dissolve pursuant to section 33 of the Act. During the period of existence, it has the ability to exercise most powers of a municipality on behalf of the three local Towns. After the termination of the Authority, the powers and duties assigned to the Authority will revert to each of the three Towns by December 31, 2065.

In May 2015, the Authority's Board of Directors approved the transfer of the responsibilities of the master developer (LNR) to LStar Southfield, LLC (LStar) [the Developer], a subsidiary of LStar Management, LLC.

In January 2019, the Authority terminated the relationship with the master developer, LStar for default of their obligations pursuant to the DDA obligations. Certain parcels of land which had been transferred to LStar was subsequently auctioned off. Washington Capital Management (WA-CAP), a Seattle-based, employee-owned investment advisory firm acquired the Union Point property on behalf of its clients.

On September 25, 2019, the Authority issued a "Request For Proposal" for a new experienced real estate "master developer" to collaborate on completion of the Union Point project. On June 30, 2020, the Authority entered into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, a Delaware limited liability company (Brookfield) regarding the remaining master planning and redevelopment of Union Point. This agreement was amended and dated June 22, 2021, to extend through June 30, 2022, with additional extension possible. On May 18, 2022, the agreement was extended through June 30, 2023. See the additional notes accompanying these financial statements.

B. Reporting Entity

The Southfield Redevelopment Authority (the primary government) is governed by a (9) member Board of Directors, comprised of members appointed from the member towns, Southfield residents, and others. The Authority's executive director position currently remains vacant.

The Board's governance of the Authority is to ensure the development of the former Naval Air Station, with the master developer, and use of the associated land is carried out in compliance with the enabling legislation, zoning and land use by-laws and regulations and other agreements.

Pursuant to the enabling legislation, the Authority has an (11) member advisory board which among other responsibilities, makes recommendations to the Authority on any budget, and makes recommendations to the governor, the General Court and the towns regarding the Authority, its programs, and the project.

There are no component units of the Authority. The Authority belongs to two cost sharing groups for the purposes of providing pension benefits and health care benefits. Additional details of these cost sharing arrangements are described in these Notes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies established in GAAP and by the Authority are presented below.

A. Basis of Presentation

Accounting policies and financial reporting practices for the Southfield Redevelopment Authority (the Authority) are prescribed by the Office of the State Auditor in accordance with the legislation. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The *Governmental Accounting Standards Board (GASB)* is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-wide Statements

In the government-wide Statement of Net Position, governmental columns are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, deferred outflows of resources as well as deferred inflows of resources, and other liabilities, including noncurrent liabilities reported on a full accrual basis. The Authority's net position is reported in three components - net investment in capital assets, restricted net position, and unrestricted net position. The Authority first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Authority's functions. Gross expenses (including depreciation) are reduced on the Statement of Activities by related program revenues, which consist of charges for services, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Property taxes and developer fees received are considered general revenues. Pledged revenues and special assessments are specific revenues pursuant to land parcels and development within the former Naval Air Station and are dedicated solely to the payment of certain debt service incurred with the original establishment of the South Shore Tri-Town Development Corporation (SSTTDC). Additional disclosures are within these notes.

The net costs by function are normally covered by general revenue, with the specific exception of debt service which is covered by pledged revenues and special assessments. See additional disclosures in these Notes.

Certain costs, such as pensions, benefits and insurance are not allocated among the Authority's functions and are reported as a separate line in the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line. Depreciation expense has been reported separately as an unallocated expense.

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB pronouncements set forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Authority may electively add funds, as major funds, which have specific community focus. The non-major funds are combined in a column in the fund financial statements titled Other Governmental Funds.

The following describes the fund types that may be used by the Authority:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds reported by the Authority:

Major Funds:

- General fund is the primary operating fund of the Authority. It is used to account for and report all financial resources not accounted for and reported in another fund.

- Reserve fund is a fund established pursuant to trust agreement which was established upon issuance of 2010A infrastructure development bonds and amended and restated in December 2020, with the 2020A Infrastructure Refunding bonds. The balance in this fund is required to be maintained in reserve for security to bondholders.

- Projects fund is a fund established pursuant to the amended and restated trust agreement to maintain funds to finance certain other infrastructure repair projects and others as designated by the Trust Indenture as amended. All expenditures are disbursed through the trustee pursuant to the trust agreement.

Other governmental funds consist of other funds that are aggregated and presented in the other governmental funds' column on the governmental funds' financial statements. These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, and cash flows. The generally accepted accounting principles applicable are those like businesses in the private sector. The following is a description of the proprietary funds (enterprise fund) of the Authority:

- Water/sewer fund is used to account for the water and sewer activities of the Authority.

The Southfield Redevelopment Authority provides Union Point residents with water supply and sewer disposal through a contractual agreement with the Town of Weymouth. The Authority had previously adopted Massachusetts General Law (MGL) Chapter 44, Section 53F1/2 for the establishment of an enterprise fund for water and sewer activities. Revenues collected are dedicated solely to offset operating expenses.

In October 2017, the Town of Weymouth took over the billing and collections for all existing water and sewer customers at Union Point. As of June 30, 2022, the Authority still retains operational and maintenance responsibilities associated with those water and sewer activities. All collections currently are retained by the Town of Weymouth. The Authority continues to report the fund as an enterprise fund for financial reporting purposes. The Authority performs certain repair and replacement expenses associated with sewer pumping stations owned by the previous master developer.

Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Authority activities. The reporting focus is on net assets and changes in fiduciary net position and is reported using accounting principles like proprietary funds. The following is a description of the fiduciary funds of the Authority:

- Other Postemployment Benefits Trust Fund accounts for resources legally held in trust to fund future health insurance benefits for retired employees. These funds are irrevocable and are not subject to the claims of general creditors of the Authority.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable, and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (60 days) to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments, and postemployment health care benefits, which are recognized when the obligations are expected to be liquidated with current expendable available resources.

C. Fair Value Measurements

The Authority measures assets and liabilities at fair value according to the hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk. The following are levels considered:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs are directly observable for an asset or liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.
- Level 3 inputs are unobservable inputs for an asset or a liability and are used only if relevant Level 1 or Level 2 inputs are not available.

All of the Authority’s assets and liabilities, with the exception of capital assets, and certain actuarial determined amounts associated with pension and other postemployment obligations, are measured at Level 1 inputs. See accompanying note disclosures.

D. Cash, Cash Equivalents, and Investments

The Authority considers cash and cash equivalents (deposits) to be cash on hand, demand deposits, and certificates of deposit. The Authority maintains deposits in accordance with Massachusetts General Law and trust agreements. All of the Authority's investments are currently in government money market accounts, pursuant to the 2020A Infrastructure Bond issuance and Trust document. These investments of the Authority have been reported as restricted cash. Additional disclosures are presented in these Notes.

E. Interfund Receivables and Payables

During operations transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (non-current portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

F. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Real estate property taxes are subject to lien, and accordingly are considered fully collectable. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The Authority considers all property taxes and pledged revenues to be fully collectible based upon the ability to impose liens against the properties. The Authority presently has determined other receivable amounts reported to be fully collectible and has not reported an allowance for uncollectible accounts against these amounts. Amounts due from the former master developer and others, have been reported as a deferred inflow of resources on the government-wide financial statements pending the outcome of legal proceedings against the former developer and resolutions with others. See the accompanying note disclosures.

G. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, donated works of art, historical treasurers and similar assets, which are recorded at their acquisition value (entry price) at the date of donation. The Authority defines capital assets, which includes land, leasehold improvements, vehicles, and as assets with an initial, individual cost of more the $1,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority had no capital additions during fiscal year 2022.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

➢ Leasehold improvements	7 years
➢ Vehicles	3-7 years
➢ Machinery and equipment	3-7 years
➢ Infrastructure	30 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Deferred Outflows and Deferred Inflows

Deferred outflows of resources, as applicable, represent a consumption of assets by the government that is applicable to a future reporting period. These *deferred outflows of resources* have a positive effect on net position and are reported after assets when applicable. Deferred inflows of resources, as applicable, represent the acquisition of assets by the government that is applicable to a future reporting period. These *deferred inflows of resources* have a negative effect on net position and are reported after liabilities when applicable. These amounts are reported in government-wide, and fund financial statements based upon the nature of the items.

I. Right to Use Asset/Lease Liability

GASB Statement #87, *Leases*, requires the reporting of a lease liability and a lease asset for contractual arrangements for the use of certain underlying assets. Generally, the lease liability and lease asset (right to use) are required to be recognized at the commencement of the lease term. The lease liability is generally measured at the present value of payments expected to be received during the lease term. The lease asset is amortized in a systematic method over the shorter of the lease term or the useful life of the underlying asset. Additional details are disclosed in the accompanying notes. The Authority did not maintain any such arrangements as of June 30, 2022.

J. Liabilities

Liabilities represent present obligations to sacrifice resources for which the government has little or no discretion to avoid. The primary focus is on the obligation for the government to perform. The accounting treatment for these obligations depends on whether they are reported in the government-wide or fund financial statements.

Current liabilities are reported in both the fund and government-wide financial statements. Current liabilities represent obligations incurred in the operating cycle for acquisition goods, services, accruals for salaries/wages, vacation accruals, and other obligations due or generally expected to be liquidated within one year from the balance sheet date. Government-wide financial statements also report other current liabilities such as accrued interest, which is reported on a full accrual basis.

Generally, all noncurrent (long-term) liabilities are not reported as liabilities in the fund financial statements but are reported in the government-wide statements. Such obligations consist primarily of such obligations as bonds payable, other postemployment obligations and net pension obligations. The portion of these liabilities due in the next fiscal year are reported as current liabilities in the financial statements.

K. Equity Classifications

Government-wide Statements

Equity is classified as net position in the government-wide financial statements. The Authority first utilizes restricted resources for appropriate activities prior to utilizing unrestricted resources. Net position is displayed in three components:

- Net investment in capital assets — This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings and other amounts that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

- Restricted — This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted — This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The Authority's spending policy is to spend restricted fund balance first, followed by committed, assigned, and then unassigned fund balance. Most governmental funds were designated for one purpose at the time of their creation. Therefore, any expenditure made from the fund will be allocated to the applicable fund balance classifications in accordance with the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Fund balance can be classified in the following components:

- Nonspendable fund balance – consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted fund balance – consists of amounts upon which constraints have been placed on their use either (a) externally imposed by creditors (such as through debt covenants, trust agreements), grantors, contributors, or laws or regulations of other governments; (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance – consist of amounts which can only be used for specific purposes pursuant to constraints imposed by the Authority's highest level of decision making, the Board of Directors. Any modification or rescission must also be made by the Board of Directors' vote.

- Assigned fund balance – consist of amounts that are constrained by the Authority's intent to be used for a specific purpose. Intent is expressed by (a) the governing body itself, or (b) a body, or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Amounts are assigned based upon vote of the Board of Directors, or through the Authority's normal procurement processes.

- Unassigned fund balance – represents the residual classification for the remaining fund balance. It represents amounts that have not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

L. Pensions

Plymouth County Retirement Association (System)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plymouth County Retirement Association (PCRA) and additions to/deductions from the Systems' fiduciary net positions have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See also the accompanying notes.

M. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net 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 Authority's Other Postemployment Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. The Plan is maintained as a fiduciary fund of the Authority. See also the accompanying notes.

N. 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 expenditures during the reporting period. Actual results may differ from those estimates.

O. Total Columns

The total column presented on the government-wide financial statements represents consolidated financial information. The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Process

The Board of Directors annually determine the operating budgets for the General Fund and enterprise fund of the Authority. Pledged revenues and special assessments associated with the debt service of Authority's Infrastructure Development Bonds are assessed to the member towns. A District tax (ad valorem tax) is approved by the Massachusetts Department of Revenue on an annual basis and is to be assessed by each member town, on the tax bill within that town and remitted to the Authority on a quarterly basis. For fiscal year 2022 this tax was $.46. Additionally, pursuant to the most recent Disposition and Development Agreement (DDA) dated June 2017, the Developer is required to provide annual fees to support any budgetary deficiencies pursuant to the agreement (DDA). Pursuant to the enabling legislation, the Authority has the ability to raise any amount of taxes to meet its financial obligations. During fiscal year 2021, the Authority and BPD, Union Point LLC (the Developer) amended and restated an agreement (ENA) to provide monthly reimbursable expenses, extending the agreement through June 30, 2023. See also the accompanying notes.

B. Budgetary Basis of Accounting

Budget for the General fund is prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). A comparison of the General Fund budget to actual amounts on a "budgetary basis" is provided as required supplementary information to provide a meaningful comparison with the budget. The proprietary fund budget is not required to be presented.

C. Fund Equities

Operations of the Authority for the fiscal 2022 were funded in accordance with the enabling legislation and Massachusetts General Laws. The Authority classifies fund equity in the fund financial statements as either nonspendable, restricted, committed, or assigned for specific purposes. As of June 30, 2022, the classification of the Authority's fund balances can be detailed as follows:

	General Fund	Reserve Fund	Projects Fund	Other Governmental Funds
Restricted:				
Debt service	$	$ 1,150,150	$	$ 1,131,487
Infrastructure repair and other projects			3,032,022	
Other	55,046			297,633
subtotal	55,046	1,150,150	3,032,022	1,429,120
Assigned:				
Other	12,609			
subtotal	12,609			
Unassigned	(13,201,865)			(64,504)
Total fund balance	$ (13,134,210)	$ 1,150,150	$ 3,032,022	$ 1,364,616

The Authority maintains a stabilization fund in accordance with the provisions of Massachusetts General Laws, subject to the discretion of the Board of Directors. Since the stabilization fund has not specific revenue source, for financial reporting purposes it is included in the General fund unassigned fund balance. The balance in the fund on June 30, 2022, was $174,331. Deficit balances are reported in the other governmental funds (parkway maintenance fund and traffic study fund) at year end.

D. Net Position

The following table illustrate the components of the Authority's governmental activities' net position on June 30, 2022:

Net investment in capital assets		
Capital assets, net of accumulated depreciation	$	33,340,638
Outstanding balance of 2020A Infrastructure bonds		(12,510,000)
Reserve fund		1,150,150
Revenue fund		1,131,487
Parkway extension fund		4,163
Net investment in capital assets	$	23,116,438
Restricted net position		
Infrastructure improvements, other projects	$	3,032,022
Other		348,516
Total restricted net position	$	3,380,538
Unrestricted net position	$	(13,956,959)

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Statute requires the Authority to comply with Massachusetts General Laws, Chapter 44, Section 55, which places certain limitations on cash deposits and investments available to the Authority. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved. The Authority may also invest in securities issued by or unconditionally guaranteed by the U.S. Government or an agency thereof. The Authority may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The Authority may invest in units of the Massachusetts Municipal Depository Trust (MMDT), an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. Cash deposits are reported at carrying amount, which reasonably approximates fair value. Most cash and investments are pooled and is available for use by all funds. Restricted cash is disclosed below. All cash, (except restricted cash) and each fund type's portion of this pool is displayed on the balance sheets as "cash and cash equivalents." The Authority has no formal depository and investment policies which address risks identified by Government Accounting Standards Board (GASB) or establishes any restrictions outside of Massachusetts General Laws. The Authority monitors institutions through third party ratings. The Authority's only investment on June 30, 2022, consisted of government money market accounts maintained at Wells Fargo Bank, N.A., which have been classified as restricted cash for financial reporting purposes.

On June 30, 2022, cash and cash equivalent deposits totaled $7.5 million and had a carrying amount of $7.6 million. The difference between deposit amounts and carrying amounts represents primarily outstanding checks. Of this amount $36.2 million represents restricted cash which was exposed to custodial credit risk, because it was uninsured. Of these funds, $5.2 million is on deposit with Wells Fargo Bank, N.A., in government money market funds (unrated), pursuant to the Trust Indenture dated December 1, 2020, associated with the Infrastructure Development Refunding Bonds, Series 2020A. These amounts are associated with the reserve fund, projects fund, revenue fund and administrative expense fund.

Restricted cash balances can be summarized as follows. Additional details are in the accompanying notes.

	Amount
General Fund:	
US Navy escrow	$ 556,753
Performance deposits	544,753
BPD- security deposit/escrow	160,000
subtotal	1,261,506
Reserve Fund	1,154,290
Projects Fund	2,882,022
Other governmental funds:	
Revenue Fund	1,127,347
Administration Expense Fund	53,086
subtotal	1,180,433
Total- governmental activities	$ 6,478,251

NOTE 5. – RECEIVABLES

General Fund

The Authority reports accounts receivables in the accompanying Balance Sheet. The District tax (ad valorem tax) is assessed by each host town to be remitted on a quarterly basis to the Authority. Pledged revenues and special assessments associated with the infrastructure debt is assessed annually to each host town to be paid annually. The Authority reports outstanding receivables associated with these amounts of $693,511 in the general fund. The Authority considers these amounts to be fully collectible, and no provision for uncollectible accounts due to the underlying properties being subject to lien.

The Authority has reported an outstanding account receivable from the previous master developer, LStar, on June 30, 2022, in the amount of $2,080,780, in the general fund. This represents certain amounts billed by the Authority in accordance with established DDA. In January 2020, the Authority filed a civil claim in Norfolk County Superior Court for certain additional claims of amounts owed from the former developer and related entities for breach of agreements and requirements as the master developer. On June 1, 2020, a $10.0 million attachment was approved against the former developer pending legal resolution. On October 15, 2021, the Authority was awarded a judgement in the amount of $63.9 million. The Authority continues to report the aforementioned receivable pending collection of amounts under the writ of execution issued by the Court. No provision for uncollectible amounts has been reported in the financial statements. The receivable amounts have been reported as unavailable revenue in the accompanying financial statements, pending final resolution. This amount has been reported as noncurrent, in that collection is expected beyond one year.

The Authority has reported an outstanding receivable with Washington Capital (landowner) for certain unreimbursed operational costs for a previous fiscal year (fiscal year 2020) in the amount of approximately $349,000. The Authority deems these amounts fully collectible and has not recorded a provision for uncollectible amounts. The Authority expects resolution of these amounts in conjunction with legal action detailed above or thereafter. These amounts have been reported as unavailable revenue in the accompanying financial statements, pending final resolution. This amount has been reported as noncurrent, in that collection is expected beyond one year.

Mass Works Grant – Other Governmental Fund

The Authority reports $270,000 of accounts receivable associated with a grant from the Commonwealth of Massachusetts associated with the Mass Works Mapping FY2022 Grant, for flood risk mapping and wetlands delineation.

Parkway Maintenance Fund – Other Governmental Fund

The Authority reports $229,038 of accounts receivable in the Parkway Maintenance fund which represents reimbursements due from the Landowners Association for maintenance costs pursuant to previous agreement as of June 30, 2022. The Authority deems these amounts fully collectible and has not recorded a provision for uncollectible amounts. The Authority expects resolution of these amounts in conjunction with legal action detailed above or thereafter. This amount has been reported as unavailable revenue in the accompanying final statements, pending final resolution. This amount has been reported as noncurrent, in that collection is expected beyond one year.

NOTE 6 – BID DEPOSIT

In accordance with the Invitation For Bids (IFB) by the U.S. General Services Administration, the Authority submitted a $150,000 bid deposit in conjunction with a bid for the acquisition of the Coast Guard land, known as Weymouth Woods, bordering the current site. See additional details Note 19.

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ending June 30, 2022, is illustrated in the tables below.

Governmental Activities:	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	$ 225,300	$	$	$ 225,300
Capital assets being depreciated:				
Leasehold improvements	34,213			34,213
Machinery and equipment	200,966			200,966
Vehicles	24,570			24,570
Infrastructure:				
East-West Parkway-Nonparticipating Agreement	992,640			992,640
Shea Drive/MGA-Series 2010A Infrastructure Bond	11,381,859			11,381,859
East West Parkway - Rockland to Trotter	36,591,679			36,591,679
subtotal	49,225,927			49,225,927
Total capital assets being depreciated	49,451,227			49,451,227
Accumulated depreciation:				
Leasehold improvements	(34,213)			(34,213)
Machinery and equipment	(200,966)			(200,966)
Vehicles	(24,570)			(24,570)
Infrastructure	(14,218,634)	(1,632,206)		(15,850,840)
Total accumulated depreciation	(14,478,383)	(1,632,206)		(16,110,589)
Total governmental activities capital assets, net	$ 34,972,844	$ (1,632,206)	$	$ 33,340,638

Depreciation expense associated with the Authority's governmental activities' infrastructure has been reported as a separate line (unallocated) on the Statement of Activities.

Business-type activities - water & sewer:	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets being depreciated:				
Infrastructure	$ 29,594	$	$	$ 29,594
Accumulated depreciation:				
Infrastructure	(9,212)	(986)		(10,198)
Total business-type activities capital assets, net	$ 20,382	$ (986)	$	$ 19,396

NOTE 8 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

The following illustrates the deferred outflows and deferred inflows of resources associated with the Authority's governmental funds (fund basis) and governmental activities (government-wide) as of June 30, 2022.

Governmental funds:

Deferred inflows of resources:		
Unavailable revenue:		
Amounts due from former developer	$	2,080,780
Property taxes and pledged revenues		423,511
Amounts due from land owners		349,866
Total General fund		2,854,157
Amounts due from MassWorks grant		270,000
Amounts due for parkway expenses		229,038
Total other governmental funds		499,038
Total deferred inflows of resources	$	3,353,195

Amounts due from developer, landowners and for parkway expenses have been reported as unavailable revenue, pending final resolution.

Governmental activities:

Deferred outflows of resources:		
Associated with OPEB plan:		
Differences between expected and actual experience	$	4,928
Differences between expected and actual experience		12,661
Changes in assumptions		107,527
Total		125,116
Associated with pension plan:		
Differences between expected and actual experience		76,002
Changes in assumptions		2,328
Changes in proportion and differences between employer contributions and proportionate share of contributions		43,030
Total		121,360
Total deferred outflows of resources	$	246,476
Deferred inflows of resources:		
Unavailable revenue:		
Amounts due from former developer	$	2,080,780
Amounts due from landowners		349,866
Amounts due from Mass Works grant		270,000
Amounts due for Parkway expenses		229,038
Total		2,929,684
Associated with OPEB plan:		
Changes in assumptions		9,360
Differences between expected and actual experience		89,150
Total		98,510

Associated with pension plan:		
Net difference between projected & actual earnings on pension plan investments		188,027
Changes in proportion and differences between employer contributions and proportionate share of contributions		82,892
Total		270,919
Total deferred inflows of resources	$	3,299,113

Amounts reported as deferred outflows and deferred inflows of resources associated with other postemployment benefits plan and pension plan are to be amortized over future periods and included in the expense accordingly. See the accompanying notes associated with other postemployment benefits plan and pension plan for future amortization and additional information.

NOTE 9 CONVEYANCES OF LAND AND PROPERTY FROM THE US NAVY

May 15, 2003, Conveyance

On May 15, 2003, the United States of America, acting through the Secretary of the Navy (Navy) conveyed a total of 549 acres of the former South Weymouth Naval Air Station to the Authority. Approximately 324 acres were transferred under an Economic Development Conveyance (EDC) specifically for the purpose of commercial development by the Developer. The remaining 225 acres were transferred under a Public Benefit Conveyance (PBC) through the National Park Service under the authority of the Secretary of the Interior, to be used exclusively for a public park or public recreation under the direction of the Authority. In June 2006, the 324 acres of land were transferred to the Developer for the initial phase of development.

December 15, 2011, Purchase and Assignment to Developer and Amendments

On December 15, 2011, the Navy sold 558 acres of land to SRA. The purchase price of the land consisted of a.) an initial payment of $2 million at the closing, b.) a promissory note from SRA to the Navy in the amount of $10 million to be paid in ten annual equal principal installments plus interest based on the ten year Treasury Note rate as of the date of the sale, and c.) participation by the Navy in the Gross Real Estate Proceeds received by SRA or the Developer for land sales or ground leases to any vertical developer through December 31, 2031. The participation rate for the Navy is 5.04% of such Gross Real Estate Proceeds based on the fair market value of the sales or leases of certain land transferred.

On the same day of the purchase SRA conveyed the land purchased from the Navy to the Developer. SRA and the Developer executed an EDC Transfer, Assignment and Pass-Through Agreement regarding this transaction. This agreement conveys the land and SRA's responsibilities to the Developer. The Developer paid the $2 million initial payment due at the closing and has assumed the $10 million promissory note due to the Navy as well as all of the other responsibilities of the purchase price. To secure the Developer's payments, the Developer agreed to a decreasing $5 million letter of credit to the Navy, plus has consented to a mortgage on a 24-acre parcel of prime commercial land to the Authority. Pursuant to the most recent DDA (June 2017) (Section 3.2.1), the DDA security agreement and mortgage were terminated and discharged.

Subsequent amendments to this purchase and sale agreement, Amendment 1 (dated September 29, 2015) and Amendment 2 (dated February 13, 2018) provided additional provisions. Among these provisions, the Developer conveyed certain portions of its property at Union Point to two wholly owned subsidiaries known as Union Point Residential LLC and Union Point Commercial LLC. Additionally, the Developer, the Authority, and the Navy agreed the Developer would undertake certain remedial activities on the EDC land on behalf of, and in coordination and approval by the Navy.

Pursuant to Letter Agreement dated May 17, 2017, between the Navy, the Authority and the Developer, the Navy released the Developer from the $5.0 million letter of credit. Additionally, the Navy agreed annual payments due under the EDC agreement (promissory note) were deferred through, and including, December 15, 2018. Certain credits for environmental remediation costs are provided to the Developer by the Navy.

In December 2019, certain parcels owned by the prior Master Developer, were foreclosed upon by several creditors. Certain of these parcels were subject to the Navy's participation rate in the Gross Real Estate Proceeds received by SRA or the Developer pursuant to the Agreement. In April 2020, the Navy agreed to receive a revenue sharing payment of $1,716,869 associated with the applicable transferred parcels, and that such payment would extinguish the obligation to pay the Navy a percentage of sale on the parcels going forward. This amount was paid by the landowners who foreclosed on the associated parcels.

In April 2020, the Navy also agreed to a restructuring of the EDC Note. The outstanding balance of the note at the time was $7,055,356. The Navy has agreed for annual installment payments due under the EDC agreement (promissory note) were deferred until December 15, 2021, in which an installment of $556,753 is due and subsequent installments due on or before December 15 of each subsequent year, through December 15, 2027.

The Authority and the Navy are discussing potential terms and conditions for a Third Amendment to Agreement for Purchase of Real Property, which would, upon execution, definitively amend certain Agreement for Purchase of Real property between the Navy and the Authority dated November 15, 2011, as amended (the Third Amendment).

In recognition thereof, the Navy and the Authority agreed certain payments due under the Note shall be paid by the Authority into an escrow account (payment escrow) held by an escrow agent (Citibank, N.A.), pursuant to an escrow agreement. Amounts paid into the payment escrow shall reduce the outstanding balance of the note as and when deposited. Amounts held in escrow shall only to be disbursed upon written approval by the Navy. Disbursement will occur pursuant to the terms of the anticipated Third Amendment, which the parties currently contemplate to be for the design, construction and operation of a construction dewatering system.

The $556,753 payment due December 15, 2021, was made by Washington Capital (land owner) to the Authority and deposited into escrow pursuant to the agreement with the Navy. The Authority has recognized the payment as contribution from landowner in the financial statements.

The balance on the note to the Navy as of June 30, 2022, is $6,498,603. Of this amount $898,454 (the year 5 payment in the revised schedule) is due on or before March 15, 2023. See Note 19.

Summary of land transfers

A total of approximately 946 acres of the land has been transferred from the Navy and approximately 302 acres of land has been transferred from the National Park Service (Public Benefit Conveyance -PBC) to the Authority as of June 30, 2022. Approximately 58 acres of EDC property and 18 acres of PBC property remain to be transferred to the Authority.

NOTE 10 – DUE TO THE COMMONWEALTH OF MASSACHUSETS – EAST WEST PARKWAY FINANCING AGREEMENTS

On June 30, 2010, $30 million of Special Obligation Bonds (Commonwealth Contract Assistance) were issued by the Massachusetts Development Finance Agency, toward financing construction of the East West Parkway. The Authority executed an agreement (MOA) with the Commonwealth of Massachusetts, acting by and through its Executive Office for Administration and Finance, related thereto. The proceeds of the bonds were disbursed by the Trustee to the Authority to reimburse the Authority for a portion of the costs incurred in connection with financing a portion of the Parkway Project (East West Parkway). The Authority is not liable for repayment of the Bonds; however, pursuant to the agreement, the Authority is obligated to make certain payments (Parkway deficiency amounts) to the Commonwealth in the event that new state tax revenues generated by the redevelopment of the former naval air station does not meet certain projected amounts. These obligations may be negated if certain milestones are met.

In December 2014, the Secretary of Administration and Finance for the Commonwealth of Massachusetts (Secretary) agreed to amend the MOA to allow for Deficiency Payments (Parkway Deficiency Amounts) attributable to fiscal years 2013 to 2018 to be deferred until June 30, 2020. The Secretary is authorized to extend this deferral to additional fiscal years if the Secretary determines that this deferral is fiscally responsible and serves the public interest. Previously, the Commonwealth last certified a deficiency in the amount of $1,375,000 for the fiscal year ending June 30, 2013.

In February 2018, the Commonwealth of Massachusetts issued Special Obligation Refunding Bonds (Commonwealth Contract Assistance) Series 2017 in the amount of $24.8 million to outstanding bonds. The expected future debt service associated with this refunding issue is as follows.

Year	Principal	Interest	Total
2023	$ 785,000	$ 902,350	$ 1,687,350
2024	825,000	863,100	1,688,100
2025	870,000	821,850	1,691,850
2026	915,000	778,350	1,693,350
2027-2031	5,260,000	3,192,450	8,452,450
2032-2036	6,430,000	2,019,000	8,449,000
2037-2040	6,135,000	625,600	6,760,600
Total	$ 21,220,000	$ 9,202,700	$ 30,422,700

As of June 9, 2021, the Commonwealth has certified deficiency payments for the fiscal years 2013 through fiscal year 2020 in the amount of $3,151,498. The Authority has contracted with consultants to assist in the development of a financial analysis associated with calculations of tax revenues generated by the redevelopment and obligations in accordance with the agreement with the Commonwealth. Accordingly, the Authority estimates the deficiency amount for fiscal year 2022 to be $1,104,426. This amount has been reported by the Authority as Parkway deficiency payments in the financial statements for the year ending June 30, 2022. Amounts detailed below prior to fiscal year 2021 have been certified by the Commonwealth. Amounts reported for other years may be adjusted pursuant to final certification by the Commonwealth. Amounts due to the Commonwealth have been reported as noncurrent liabilities.

Fiscal Year	Deficiency Amounts Amounts
FY2013	$ 1,375,325
FY2014-FY2018	2,036,409
FY2019	691,630
FY2020	423,459
FY2021	1,274,435
FY2022	1,104,426
Total Due The Commonwealth	$ 6,905,684

NOTE 11 – NONCURRENT LIABILITIES

The following table illustrates the Authority's balances associated with noncurrent (long-term) liabilities of its governmental activities on June 30, 2022. The portion due in the next year has been classified as current within the financial statements. Additional disclosures related to each liability have been detailed in the Notes.

Description	(restated) Beginning Balances	Increase	(Decrease)	Ending Balances	Current
2020A Infrastructure Development Refunding Bonds, 6.0%, due 8/15/2041	$ 12,860,000	$	$ (350,000)	$ 12,510,000	$ 400,000
Amounts held in escrow		716,753		716,753	
Performance deposits and bonds	820,819	577		821,396	
Net other postemployment liability	166,330		(123,841)	42,489	
Net pension liability	1,038,056		(352,788)	685,268	
Due to US Navy (Note 9)	7,055,356		(556,753)	6,498,603	898,454
Due to Commonwealth of Massachusetts (Note 10)	5,801,258	1,104,426		6,905,684	
Total long-term liabilities - governmental activities	$ 27,741,819	$ 1,821,756	$ (1,383,382)	$ 28,180,193	$ 1,298,454

NOTE 12 – INFRASTRUCTURE DEVELOPMENT BONDS

The 2010A Infrastructure Development Revenue Bonds (Bonds) were issued on August 9, 2010, in the amount of $12,550,000, pursuant to Chapter 301 of the Massachusetts Acts and Resolves of 1998, as amended by Chapter 303 of the Massachusetts Acts and Resolves of 2008, and a Trust Indenture, dated as of August 1, 2010, between the SSTTDC (Issuer) and Wells Fargo Bank, N.A. (Trustee). The bonds are secured by pledged revenues and special assessments (assessments) levied on each parcel of real property within the boundaries of the redevelopment area and are limited to those properties transferred known as FOST 1 and FOST 2 (approximately 324 acres). Per the infrastructure assessment plan, 35% of property tax revenue on developed properties and 25% of property tax revenue on undeveloped properties is to be pledged by the host communities (Weymouth, Rockland, Abington) toward the annual bond payment. The special assessment by parcel is based upon equivalent units assigned to undeveloped parcels within the designated area.

In December of 2020, the Authority issued $13,295,000 in Infrastructure Development Revenue Refunding Bonds, Series 2020A, in part to refund the outstanding 2010A bonds as of that date. Pursuant to the amended and restated trust agreement of the bonds, the reserve fund requirement is $1,154,290. An additional $4,080,228 (associated with premiums) was received to fund infrastructure repairs and improvements. These projects are accounted for in the projects fund within the financial statements.

The future debt service associated with the series 2020A Infrastructure Development Refunding Bonds is as follows:

Fiscal Year	Principal	Interest	Annual Debt Service
FY2023	$ 400,000	$ 738,600	$ 1,138,600
FY2024	400,000	714,600	1,114,600
FY2025	455,000	688,950	1,138,600
FY2026	455,000	661,650	1,114,600
FY2027	505,000	632,850	1,143,950
FY2028	530,000	601,800	1,116,650
FY2029	555,000	569,250	1,137,850
FY2030	600,000	534,600	1,131,800
FY2031	625,000	497,850	1,124,250
FY2032	670,000	459,000	1,134,600
FY2033	720,000	417,300	1,122,850
FY2034	765,000	372,750	1,129,000
FY2035	810,000	325,500	1,137,300
FY2036	850,000	275,700	1,137,750
FY2037		250,200	1,135,500
FY2038		250,200	1,125,700
FY2039		250,200	250,200
FY2040		250,200	250,200
FY2041	4,170,000	125,100	250,200
Total	$ 12,510,000	$ 8,616,300	$ 18,834,200

Authorized and Unissued Debt

Pursuant to the Act, the Authority may issue up to $175,000,000 of bonds. The Authority may issue bonds secured in whole or in part by betterments, assessments, special assessments, fees and other charges, notes, debentures, long term capital leases, grants, and governmental assistance and long- term contracts, under restrictions of the Act. Bonds shall not have maturity dates exceeding 35 years from date of initial issuance. As of June 30, 2022, no additional bonds have been issued against this authorization. See Note 19 for additional information.

NOTE 13 – TEMPORARY BORROWINGS

Under the provisions of the Act and by authorization of the Board of Directors, the Authority is authorized to borrow on a temporary (short-term) basis in anticipation of federal, state or local grants for the cost of the project and acquiring, constructing or improving the infrastructure improvements. Such notes shall mature at such times as provided by the issuing resolution of the Authority and may be renewed from time to time; however, all notes and renewals thereof shall mature on or before 20 years from their date of issuance. Notes may be issued subject to those proceedings, conditions or things that are specifically required by the Act.

Temporary loans are general obligations of the Authority. Interest expenditures for temporary borrowings are accounted for in the General Fund. Temporary borrowings are recorded as liabilities in the appropriate fund.

The Authority did not have any temporary debt obligations outstanding at the beginning of the year and incurred no such debt during the year. There were no temporary debt obligations outstanding at the end of the year.

NOTE 14 – INTERFUND BALANCES AND ACTIVITY

The other governmental funds (revenue fund) is due $4,140 from the reserve fund on June 30, 2022 for interest earned. This has been reported as interfund receivable and interfund payable accordingly.

Interfund transfers, for the fiscal year ended June 30, 2022, consisted of the following.

	Governmental activities		
Description	**General Fund**	**Reserve Fund**	**Other Governmental Funds**
Transfer pledged revenues, related to revenue fund	$ (706,124)	$	$ 706,124
Transfer interest to revenue fund		(4,140)	4,140
Transfer to administrative expense fund	(21,212)		21,212
Net transfers	$ (727,336)	$ (4,140)	$ 731,476

NOTE 15 – EMPLOYEE BENEFITS

A. Plymouth County Retirement Association

Pension Benefits

Plan Description

The Plymouth County Retirement Association (the Plan) is a multiple-employer, cost sharing, contributory defined benefit pension plan covering all employees of the governmental member units deemed eligible by the Plymouth County Retirement Board (the Board), with the exception of school department employees who serve in a teaching capacity. As of December 31, 2021, the Association had 54 participating employers.

The Association is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws (MGL). The Public Employee Retirement Administration Commission (PERAC) is the state agency responsible for oversight of the Commonwealth's public retirement systems. The Association is governed by a five-member Board who establish the policies under which the Association operates. The Association issued an audited financial statement for the year ended December 31, 2019, which may be obtained by contacting the Association directly at: Plymouth County Retirement Association, 10 Cordage Park Circle, Suite 234, Plymouth, MA 02360 or at www.pcr-ma.org.

Benefits Provided

The Association provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory public employee retirement systems (PERS). Those requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of credible service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Contributions

There are three classes of membership in the retirement system: Group 1, Group 2 and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Any individual in Group 1 or Group 2 whose membership began before January 1, 1978, and who maintains an annuity savings fund account, is eligible to receive a superannuation retirement allowance at age 55 or later, regardless of how many years of creditable service he or she has completed. There are no minimum vesting requirements for individuals in Group 4.

Members in Group 1 and 2, hired after January 1, 1978, and prior to April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 20 years of service or upon completion of 10 years of service and upon reaching age 55.

Members in Group 1 and 2, hired on or after April 2, 2012, are eligible to receive a superannuation retirement allowance upon the completion of 10 years of service and upon reaching age 60 (Group 1) or age 55 (Group 2).

Governmental employers are required to pay an annual appropriation established by PERAC. The total appropriation includes the amount to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the Association's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. The pension fund appropriations are allocated among employers based on covered payroll. The Authority's statutorily required contribution for the year was $147,186.

Pension Liabilities, Expenses, and Deferred Outflows of Resources Related to Pensions

The collective net pension liability of the Association was determined by an actuarial valuation as of January 1, 2022, rolled back to in the measurement date of December 31, 2021.

Components of the net pension liability as of December 31, 2021, were as follows:

		2021
Total pension liability	$	1,908,113,972
Less: Plan fiduciary net position		(1,440,354,319)
Net pension liability	$	467,759,653
Plan's fiduciary net position as a percentage of total pension liability		75.49%
The Authority's proportionate share of collective net pension liability	$	685,268
Total employers' pension expense	$	42,394,211
The Authority's percentage share of the collective net pension liability		0.147%
Authority's covered payroll as of January 1, 2022, valuation	$	231,000
The Authority's proportionate share of pension expense	$	12,333
The Authority's statutory required contribution	$	147,186
The Authority's contributions as a percentage of covered payroll		63.7%

The Authority's aggregate proportionate share of collective deferred outflows of resources was $121,360. The Authority's aggregate proportionate share of deferred inflows of resources was $270,919. The net of $149,559 is to be recognized in future pension expense for the fiscal years ending June 30, as follows:

Year Ending	Amount
June 30, 2023	$ 11,684
June 30, 2024	(69,719)
June 30, 2025	(56,237)
June 30, 2026	(35,287)
Total, net	$ (149,559)

The following are certain key actuarial assumptions utilized in the valuation:

Valuation date:	January 1, 2020
Actuarial cost method:	Individual Entry Age Normal Cost Method.
Discount rate:	7.875% nominal rate, net of investment expense.
Amortization method:	Payments increase at 7.0% for the unfunded actuarial accrued liability, and level amortization of the 2003, and 2013 Early Retirement Incentives
Asset valuation method:	Market value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases:	3.75% per year.
Cost-of-living adjustments:	3.00% of the first $16,000 of retirement income.
Rates of retirement:	Varies based upon age for general employees, police, and fire employees.
Rates of disability:	General employees – 45% ordinary (55% service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected)
Mortality rates:	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

The pension plan's investment policy in regard to the allocation of invested assets is established by the Board and pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

The investment objective is to fully fund the Plan by generating sufficient long-term inflation adjusted capital appreciation while providing sufficient liquidity to meet short-term withdrawal requirements. The Board desires to balance the goal of higher long-term returns with the goal of minimizing contribution volatility, recognizing these are often competing goals. This requires taking both assets and liabilities into account when setting investment strategy. The pension's plan target asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Nominal Rate of Return	Long-Term Expected Asset Allocation
Domestic equity	6.80%	23.00%
International developed equity	7.50%	3.00%
Emerging markets equity	4.60%	9.00%
Global equity	7.20%	11.00%
Core bonds	2.40%	10.00%
Value-added fixed income	4.00%	7.00%
Hedge funds	4.40%	7.00%
Real estate	7.40%	10.00%
Private equity	7.30%	12.00%
Real assets	7.70%	6.00%
Cash and cash equivalents	1.70%	2.00%
		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.875% (previously 7.875%). The discount rate was selected based on a projection of employer and employee contributions benefit payments, expenses, and the long term expected rate of return on trust assets.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.875%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.875%) or 1-percentage point higher (8.875%) than the current discount rate (7.875%).

	1% Decrease 6.875%	Current Discount Rate 7.875%	1% Increase 8.875%
Plymouth County Retirement Association's net pension liability as of December 31, 2021	$ 662,891,949	$ 467,759,653	$ 301,432,010
Authority's proportionate share	$ 971,137	$ 685,268	$ 441,598

B. Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Authority administers a single employer defined benefit healthcare (medical and dental) plan (Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Authority's group health insurance plan, which covers both active and retired members. The Authority's Board of Directors and MGL establish and amend benefit provisions of the plan. The Authority maintains an irrevocable OPEB Trust fund in accordance with MGL which is reported as a fiduciary fund of the Authority and is included within these financial statements. Separate financial statements are not issued. An actuarial valuation associated with the Trust can be obtained by contacting the Authority directly.

Covered Members, Benefits Provided and Eligibility

On June 30, 2022, the Plan's membership consisted of 2 current active members and 4 separated members/beneficiaries entitled to receive future benefits. Eligibility is based upon the Authority's personnel policies. The Plan provides benefits through the Mayflower Municipal Health Group (Group), a joint purchasing group established pursuant to Massachusetts General Laws (MGL) The Group administers, assumes, and pays all claims of the Plan. Contribution rates are established by MGL and personnel policies and practices.

Contributions – Contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For the period ending June 30, 2022, measurement date, total Authority premiums plus implicit costs for the retiree medical program were $24,161.

Investment Policy – The Authority does not maintain a formalized investment policy regarding these funds.

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Cash and cash equivalents	100.00%	0.00%

Net OPEB Liability

The components of the net OPEB liability of the Authority and the significant actuarial assumptions are as follows:

Valuation Date:	**July 1, 2020**
For the Reporting Period and Fiscal Year ending on:	**June 30, 2022**
Total OPEB Liability	
Service cost	$ 15,288
Interest on Total OPEB liability, service costs, benefit payments	12,826
Changes in assumptions	(106,419)
Benefit payments, excluding implicit cost	(15,963)
Implicit cost amount	(8,198)
Total benefit payments including implicit cost	(24,161)
Net change in OPEB liability	(102,466)
Total OPEB liability - beginning of period	509,761
Total OPEB liability - end of period	407,295
Plan Fiduciary Net Position	
Earnings from Plan investments	375
Employer contributions to the Trust	45,161
Benefit payments from the Trust, including refunds	(24,161)
Net change in Plan fiduciary net position	21,375
Plan fiduciary net position - beginning of period	343,431
Plan fiduciary net position - end of period	364,806
Net OPEB liability	$ 42,489

Plan fiduciary net position as % of Total OPEB liability	89.57%
Covered employee payroll (approximate)	274,000
Contributions as % of employee covered payroll	16.48%
Plan net OPEB liability as % of employee covered payroll	15.51%
Discount Rate to calculate Plan liabilities	4.09%

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

A summary of these assumptions are as follows:

Valuation date:	July 1, 2020
Actuarial cost method:	Individual Entry Age Normal
Asset valuation method:	Market value as of the measurement date.
Investment rate of return:	2.50% (previously 3.65%).
Municipal bond rate:	4.09% as of June 30, 2022; 2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Discount Rate:	4.09%, net of OPEB plan investment expense, including inflation. (previously 2.50%).
Salary increases:	3.00% annually as of June 30, 2022, and future periods.
Inflation Rate:	2.50% per year
Compensation increases:	3.00% per year.
Pre-Retirement Mortality:	RP-2014 Mortality Table FOR Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.
Assumption Experience study:	The actuarial assumptions used to calculate the actuarial accrued liability and service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.
Medical Trend Rate:	Rates were developed using the SOA Getzen Model of Long-Run Medical Cost Trends with various inputs.

<u>Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB and OPEB Expense</u>

As previously detailed (Note 8), as of the measurement date, the Authority reported aggregate deferred outflows of resources of approximately $125,116 associated with the OPEB plan and aggregate deferred inflows of resources associated with the OPEB plan of $98,510. The deferred outflows and deferred inflows are netted and amortized over 5 years, as a component of OPEB expense. The following table illustrates the projected future amortization of these deferred outflows and deferred inflows of resources.

OPEB future amortization of deferred outflows/(inflows) of resources:

Total deferred outflows of resources	$	125,116
Total deferred inflows of resources		(98,510)
Net to be amortized in future years		26,606

The net balance will be recognized in future years as follows:

Year ending June 30:		
2023	$	16,996
2024		15,745
2025		13,456
2026		(19,591)
	$	26,606

OPEB Expense:		
Service cost	$	15,288
Interest on Total OPEB liability, service cost and payments		12,826
Projected earnings on OPEB investments		(8,847)
Recognition of net deferred outflows/(inflows)		17,000
Total	$	36,267

Discount Rate:

The discount rate used to measure the total OPEB liability was 4.09 % as of June 30, 2022, (previously 2.50%).

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability as of June 30, 2022, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (Asset)	$ 107,476	$ 42,489	$ (10,443)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2022, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage-point higher than the current healthcare trend rate.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	$ (15,329)	$ 42,489	$ 115,566

C. Compensated Absences

The Authority's personnel policy permit employees to accumulate earned but unused vacation and sick leave. The personnel policy does not allow for payout of unused sick time upon separation of service. For the current year, the Authority has deemed these amounts immaterial and, accordingly no liability has been reported.

NOTE 16 – RISK MANAGEMENT

Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. The Authority carries various types of commercial insurance to address these exposures.

Additionally, the Authority belongs to the Mayflower Municipal Health Group, a joint purchasing group, established by Massachusetts General Law to provide health care benefits for members. The Authority contributes 75% of premiums on behalf of active and retired employees. The employee and retiree portions are paid to the Authority or withheld through payroll deductions. During fiscal year 2022 the Authority paid approximately $73,000 for premiums. The Group reported net position of $33.1 million (audited) as of June 30, 2022. Additional information can be obtained by contacting the Group directly at Mayflower Municipal Health Group, PO Box 3390, Plymouth, MA 02361.

Performance bonds and prepaid deposits

The Authority requires certain performance bonds or performance deposits from the various developers to ensure completion of certain infrastructure (public ways) associated with a project. Any reduction in deposits held or performance bond amounts must be approved by the Board of Directors. As of June 30, 2022, the Authority maintains performance bonds of approximately $821,000. This consists of cash performance deposits of approximately $544,000 and noncash performance bonds (prepaid deposits) of approximately $277,000.

Amounts held in escrow

As of June 30, 2022, the Authority maintains certain amounts held in escrow of $716,753. This consists of approximately $556,000 associated with payments made to the US Navy and $160,000 received from the BPD Union Point in conjunction with the Exclusive Negotiation Agreement (ENA). See Note 9 and Note 17, respectively for additional information.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Litigation

The Authority and management are unaware of any unasserted claims against the Authority that would materially affect the financial position of the Authority. The Authority has received judgement and a writ of execution monetary judgement against the former Master Developer. No payments have been made regarding this judgement. Refer to Note 10 for additional information.

East West Parkway Financing Agreement with the Commonwealth of Massachusetts

As of the date of these financial statements the Authority has an ongoing commitment to the Commonwealth of Massachusetts for certain payments to the Commonwealth in the event that new state tax revenues generated by the redevelopment of the former naval air station does not meet certain projected amounts. Refer to Note 9 for additional information.

Promissory note

As of the date of these financial statements, the Authority has a contingent liability to the Navy pursuant to a letter agreement dated May 17, 2017. The Authority has reported this liability in the financial statements as Due to the US Navy. Refer to Note 9 for additional information.

Exclusive Negotiation Agreement and escrow

During fiscal year 2021, the Authority and BPD, Union Point LLC (the Developer) entered into an amended and restated Exclusive Negotiation Agreement (ENA), originally dated June 30, 2020, to provide the Authority certain reimbursable costs on a monthly basis, as negotiations to become the Master Developer. BPD agreed to provide $80,000 a month for reimbursable expenses and $15,000 monthly for a portion of regular Parkway maintenance expenses. In no event shall the Developer provide more than $960,000 per year for reimbursable expenses or $180,000 for Parkway management expenses. The agreement is through the earlier of approval and execution of the DDA or June 30, 2022. The agreement was extended through June 30, 2023. Additional extensions are provided for through December 31, 2023.

In October 2021, pursuant to the amended and restated ENA, the Developer and the Authority entered into an escrow agreement which established a cash escrow (security deposit) for the purpose of securing the reimbursement of monthly expenditures required by the ENA.

Mass Works Grant

The Authority has been awarded a grant from the Commonwealth of Massachusetts which is intended to be used to perform flood risk mapping and wetland delineation associated with the site. In October 2022, the Authority entered into an agreement with Vanasse Hangen Brustlin, Inc (VHB) for professional services in the amount of $300,000 to perform these services. See Note 5 for additional details.

Other Agreements

The Authority had previously entered a contractual agreement with the Southfield Landowners Association, LLC (Association) for the operation and maintenance of the portion of the East West Parkway owned by the Authority pursuant the Enabling Act. The Southfield Landowners Association undertook all financial responsibility associated with the operation and maintenance of the Parkway. Pursuant to that agreement, the Authority contracted with the appropriate vendors and invoices the Association. See Note 5 for additional information. Currently, certain landscaping and related activities are contracted independently by landowners, snow removal by the Towns of Weymouth and Rockland, and lighting and certain related repairs/maintenance by the Authority.

NOTE 18 – IMPLEMENTATION OF GASB PROUNCEMENTS

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which may affect the Authority's financial statements:

Current pronouncements

The GASB issued Statement No. 87, *Leases,* which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The pronouncement was not applicable to the Authority in the current year.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. Additionally, it will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period. The pronouncement was not applicable to the Authority in the current year.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates,* which is generally required to be implemented in fiscal year 2022 or thereafter, as amended by GASB Statement No. 95. This pronouncement addresses the accounting and reporting implications resulting from interbank offered rates (IBOR). The pronouncement was not applicable to the Authority in the current year.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* This pronouncement improves the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The requirements of this Statement that are related to the accounting and financial reporting of Section 457 plans are generally required to be implemented in fiscal year 2022. The pronouncement was not applicable to the Authority for the current year.

Future pronouncements

The GASB issued Statement No. 91, *Conduit Debt Obligations*, which is required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing a single method of reporting conduit debt obligations by issuers and eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 92, *Omnibus 2020,* which is generally required to be implemented in fiscal year 2023, as amended by GASB Statement No. 95. This pronouncement addresses a variety of topics and includes specific provisions of previously issued pronouncements. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and reporting of arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or an exchange-like transaction. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is generally required to be implemented in fiscal year 2023. This pronouncement addresses the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 99, *Omnibus 2022,* which is generally required to be implemented in fiscal year 2023 and thereafter. This pronouncement addresses a variety of topics and includes specific provisions of previously issued pronouncements. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB62,* which is generally required to be implemented in fiscal year 2024. This pronouncement addresses enhancements to the accounting and reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. The Authority expects to implement the pronouncement as applicable.

The GASB issued Statement No. 101, *Compensated Absences,* which is generally required to be implemented in fiscal year 2025. This pronouncement updates the recognition and measurement guidance for compensated absences. The Authority will evaluate the applicability of the pronouncement for implementation.

NOTE 19 – SUBSEQUENT EVENTS

Management of the Southfield Redevelopment Authority has evaluated subsequent events through June 8, 2023, the date of which the financial statements were available to be issued. The following additional significant and material events have been identified.

- In July 2022, the US General Services Administration (GSA) accepted the Authority's $6,110,000 bid for the property of approximately 51 acres known as Weymouth Woods (Coast Guard land) pursuant to the Invitation for Bids. The Authority closed on the property in October 2022. An aggregate of approximately $750,000 of project funds were utilized for the land acquisition.
- In October 2022, the Authority (borrower) entered into a mortgage with Turquoise Union Point NR Lender LLC, a Delaware limited liability company, in the amount of $5,360,000 for the acquisition of the Weymouth Woods property.
- In October 2022, the Authority's Board of Directors authorized taking by eminent domain, certain land parcels, approximately 383 acres, owned by the former master developer, LStar Southfield LLC. These taking were recorded at the registry of deeds.
- In accordance with these land takings, the Authority filed abatement of fiscal year 2023 (quarter 3 and quarter 4) real estate taxes with the host communities. As of the date of these financial statements these abatements have been denied. The Authority expects to appeal to the Appellate Tax Court..
- In March 2023, the SRA, with support from BPD, reached agreement with the Navy on a Third Amended and Restated Purchase Agreement, which allows all remaining EDC Note and EDC Revenue Sharing Payments due to Navy to be put into escrow (Citibank) to be applied to any and all costs for the design, permitting, construction and operation of an on-site dewatering treatment facility to address PFAS-impacted groundwater encountered during future construction dewatering activities. The year 5 payment on the Note to the US Navy of approximately $898,000 was made by BPD Union Point and deposited into the escrow account.
- In March 2023, the Authority paid the Town of Rockland $150,000 toward the design and permitting of the East-Side Connectivity Improvements.
- An Updated Final Redevelopment Plan was approved by the Board of Directors on March 15, 2023.
- Amended and Restated Zoning and Land Use By-Laws and Master Development Plan endorsed for submittal to the Town of Weymouth on March 29, 2023.

****

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHFIELD REDEVELOPMENT AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022
[unaudited]

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Pledged revenue and assessments	$ 1,170,100	$ 1,170,100	$ 1,121,072	$ (49,028)
Real estate and personal property taxes	217,025	217,025	156,160	(60,865)
Developer contributions	1,140,000	1,140,000	1,140,000	
Other	975	975	301	(674)
Total revenues	2,528,100	2,528,100	2,417,533	(110,567)
Expenditures				
Board of Directors:				
Salaries	45,000	45,000	42,482	2,518
Expenses	30,000	40,000	27,644	12,356
Chief Executive Officer:				
Expenses	176,750	176,750	96,131	80,619
Reserve Fund:	100,000	66,026		66,026
Finance:				
Salaries	119,646	119,646	120,625	(979)
Expenses	34,004	28,650	14,063	14,587
Solicitor	94,793	94,793	54,447	40,346
Information systems expenses	21,500	21,500	11,622	9,878
Planning Board:				
Salaries	115,448	115,448	116,354	(906)
Expenses	20,172	24,500	12,533	11,967
Pension, benefits, and insurance	261,686	261,686	256,395	5,291
Public works and maintenance expense	302,001	327,001	261,966	65,035
Debt service	1,170,100	1,170,100	1,121,494	48,606
Total expenditures	2,491,100	2,491,100	2,135,756	355,344
Excess (deficiency) of revenues over (under) expenditures	37,000	37,000	281,777	244,777
Other financing sources (uses)				
Transfers (out)	(37,000)	(37,000)	(10,000)	(27,000)
Total other financing sources (uses)	(37,000)	(37,000)	(10,000)	(27,000)
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)			$ 271,777	$ 217,777
Net Budget	$	$		

See Independent Auditor's Report.
The accompanying notes to the required supplementary information (budgetary comparison) is an integral part of this Schedule.

A. Budgetary basis of accounting

The Southfield Redevelopment Authority establishes its annual budget under the directions of the Board of Directors, in accordance with its enabling legislation, and the approved Disposition and Development Agreements (DDA). The Southfield Redevelopment Authority (SRA) has entered into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, (BPD) to become the Master Developer for the remaining land to be developed under a new Disposition and Development Agreement (DDA). Certain reimbursable expenses of the SRA are paid by BPD on a monthly basis.

Budgets are prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, enterprise fund budgets are not presented. The Authority is required to present budgetary information for the General fund. The "actual" results column of the Budgetary Comparison Schedule is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the Authority's budgetary basis and GAAP are related to activities of the Authority that are considered to be General fund activities for financial reporting purposes. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the year ended June 30, 2022, is presented below:

	Revenues	Expenditures	Other Financing Sources (Uses)
Reported on budgetary basis	$ 2,417,533	$ 2,135,756	$ (10,000)
Transfer to the Administrative expense fund			(21,212)
Transfer to the Revenue fund			(706,124)
Classification of OPEB contribution		10,000	10,000
Deficiency amounts to the Commonwealth		1,104,426	
Timing other fiscal year district taxes	49,264		
Insurance reimbursements	8,802		
Landowner contribution			556,753
Reported on GAAP Basis	$ 2,475,599	$ 3,250,182	$ (170,583)

Stabilization Fund

The Authority maintains a general stabilization fund in accordance with Massachusetts General Laws. Since this fund does not have a specific ongoing revenue source, under generally accepted accounting principles, this fund is included with the General fund for financial reporting purposes. On June 30, 2022, the general stabilization fund maintained a balance of $174,331.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liabilities and Pension Plan Contributions

Last Ten Fiscal Years

[unaudited]

Plymouth County Retirement System

The Plymouth County Retirement System (the System) is a multiple-employer, cost-sharing, contributory defined benefit pension plan covering all eligible employees of the governmental member units deemed eligible by the Plymouth County Retirement Board (the Board), with exception of school department employees who serve in a teaching capacity. Based upon the actuarial valuations of the System the following is presented:

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.15%	0.18%	0.17%	0.16%	0.12%	0.16%	0.10%	0.10%
System's proportionate share of the net pension liability associated with the Authority	$ 685,268	$ 1,038,056	$ 1,130,120	$ 1,195,262	$ 646,526	$ 1,042,010	$ 663,053	$ 609,402
Authority's covered payroll (approximate), as of January 1, 2022	$ 231,000	$ 209,055	$ 307,269	$ 375,662	$ 268,731	$ 258,395	$ 377,512	$ 363,867
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	296.65%	496.55%	367.79%	318.17%	240.58%	403.26%	175.64%	167.48%
Plan fiduciary net position as a percentage of the total pension liability	75.49%	67.90%	61.61%	56.11%	65.56%	58.32%	56.76%	58.88%
Actuarially determined contribution	$ 147,186	$ 142,356	$ 122,242	$ 118,161	$ 83,720	$ 79,442	$ 106,615	$ 98,935
Contributions in relation to the actuarial determined contribution	(147,186)	(142,356)	(122,242)	(118,161)	(83,720)	(79,442)	(106,615)	(98,935)
Contribution deficiency (excess)	$	$	$	$	$	$	$	$
Contributions as a percentage of covered payroll	63.72%	68.09%	39.78%	31.45%	31.15%	30.74%	28.24%	27.19%
Discount rate:	7.88%	7.88%	7.88%	7.88%	8.00%	8.00%	8.00%	8.00%

Notes to Schedule:

Changes of Assumptions:

None.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Required Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios - Other Postemployment Benefits (OPEB) Plan

Last Ten Fiscal Years

[unaudited]

Valuation Date: **For the Reporting Period and Fiscal Year ending on:**	**July 1, 2020** **June 30, 2022**	**July 1, 2020** **June 30, 2021**	**July 1, 2018** **June 30, 2020**	**July 1, 2018** **June 30, 2019**
Total OPEB Liability				
Service cost	$ 15,288	$ 9,943	$ 9,816	$ 9,507
Interest on Total OPEB liability, service costs, benefit payments	12,826	13,134	15,371	15,083
Difference between expected and actual experience		(15,088)	(770)	24,648
Changes in assumptions	(106,419)	173,823	8,088	(20,062)
Benefit payments, excluding implicit cost	(15,963)	(15,479)	(15,749)	(15,250)
Implicit cost amount	(8,198)	(8,974)	(7,716)	(7,449)
Total benefit payments including implicit cost	(24,161)	(24,453)	(23,465)	(22,699)
Net change in OPEB liability	(102,466)	157,359	9,040	6,477
Total OPEB liability - beginning of period	509,761	352,402	343,362	336,885
Total OPEB liability - end of period	407,295	509,761	352,402	343,362
Plan Fiduciary Net Position				
Earnings from Plan investments	375	2,045	7,326	4,976
Employer contributions to the Trust	45,161	24,453	53,649	321,599
Benefit payments from the Trust, including refunds	(24,161)	(24,453)	(23,465)	(22,699)
Net change in Plan fiduciary net position	21,375	2,045	37,510	303,876
Plan fiduciary net position - beginning of period	343,431	341,386	303,876	
Plan fiduciary net position - end of period	364,806	343,431	341,386	303,876
Net OPEB liability	$ 42,489	$ 166,330	$ 11,016	$ 39,486
Plan fiduciary net position as % of Total OPEB liability	89.57%	67.37%	96.87%	88.50%
Covered employee payroll (approximate)	274,000	266,120	226,000	226,000
Plan net OPEB liability as % of employee covered payroll	15.51%	62.50%	4.87%	17.47%
Discount Rate to calculate Plan liabilities	4.09%	2.50%	3.75%	4.50%

See the accompany Notes to OPEB Required Supplementary Information.

**This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

See Independent Auditor's Report.

The accompanying notes of the required supplementary information (OPEB) are an integral part of this Schedule.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Required Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios - Other Postemployment Benefits (OPEB) Plan

Last Ten Fiscal Years

[unaudited]

Valuation Date: **For the Reporting Period and Fiscal Year ending on:**	**July 1, 2017*** **June 30, 2018**
Total OPEB Liability	
Service cost	$ 8,329
Interest on Total OPEB liability, service costs, benefit payments	13,285
Difference between expected and actual experience	(260,840)
Changes in assumptions	
Benefit payments, excluding implicit cost	(17,055)
Implicit cost amount	
Total benefit payments including implicit cost	(17,055)
Net change in OPEB liability	(256,281)
Total OPEB liability - beginning of period	593,166
Total OPEB liability - end of period	336,885
Plan Fiduciary Net Position	
Earnings from Plan investments	
Employer contributions to the Trust	
Benefit payments from the Trust, including refunds	
Net change in Plan fiduciary net position	
Plan fiduciary net position - beginning of period	
Plan fiduciary net position - end of period	
Net OPEB liability	$ 336,885
Plan fiduciary net position as % of Total OPEB liability	0.00%
Covered employee payroll (approximate)	280,000
Plan net OPEB liability as % of employee covered payroll	120.32%
Discount Rate to calculate Plan liabilities	4.00%

See the accompany Notes to OPEB Required Supplementary Information.

* June 30, 2018 information was determined based upon the actuarial valuation dated July 1, 2017, and the restatement of the associated liability.
The prior year estimate was based upon an alternative methodology allowed based upon the number of participants in the Plan.
The Authority established the irrevocable OPEB Trust fund in fiscal year 2019.

**This Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

See Independent Auditor's Report.

The accompanying notes of the required supplementary information (OPEB) are an integral part of this Schedule.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Required Supplementary Information –
Schedule of the Authority's Contributions – Other Postemployment Benefits (OPEB) Plan
Last Ten Fiscal Years
[unaudited]

Actuarial Determined Contribution (ADC)

For the Fiscal Year Ending:	Actuarial Determined Contribution Deficiency/(Excess) June 30, 2022	Actuarial Determined Contribution Deficiency/(Excess) June 30, 2021	Actuarial Determined Contribution Deficiency/(Excess) June 30, 2020	Actuarial Determined Contribution Deficiency/(Excess) June 30, 2019
Service cost	$ 15,288	$ 9,943	$ 9,507	$ 9,507
Amortization of NOL	1,643	5,162	777	2,320
Actuarial Determined Contribution	16,931	15,105	10,284	11,827
Contributions in relation to the Actuarially determined Contribution	(45,161)	(24,453)	(53,649)	(321,599)
Contribution deficiency / (excess)	$ (28,230)	$ (9,348)	$ (43,365)	$ (309,772)
Covered payroll	$ 274,000	$ 266,120	$ 226,000	$ 226,000
Contributions as a % of covered employee payroll	16.48%	9.19%	23.74%	142.30%
Discount rate	4.09%	2.50%	3.75%	4.50%
Money weighted rate of return	0.11%	0.60%	2.41%	1.82%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

See Independent Auditor's Report.
See the accompanying notes to the required supplementary information (OPEB) are an integral part of this Schedule.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Required Supplementary Information –
Schedule of Investment Returns – Other Postemployment Benefits (OPEB) Plan
Last Ten Fiscal Years
[unaudited]

	2022	**2021**	**2020**	**2019**
Annual money-weighted rate of return (approximate)	0.11%	0.60%	2.41%	1.82%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years which information is available.

See Independent Auditor's Report.
The accompanying notes to the required supplementary information (OPEB) are an integral part of this Schedule.

Significant Actuarial assumptions:

Valuation date:	July 1, 2020
Actuarial cost method:	Individual Entry Age Normal
Asset valuation method:	Market value as of the measurement date, June 30, 2022.
Investment rate of return:	2.50%; previously 2.50%.
Municipal bond rate:	2.18% June 30, 2021. Previously, 4.09% as of June 30, 2022. 2.66% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Discount Rate:	4.09%, net of OPEB plan investment expense, including inflation; previously 2.50%.
Salary increases:	3.00% annually as of June 30, 2022, and future periods.
Inflation Rate:	2.50% per year and for future periods.
Compensation increases:	3.00% per year and for future periods.
Pre-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward 1 year for females.
Post-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.
Mortality experience study:	The mortality assumptions reflect experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.
Medical Trend Rate:	All medical and dental plans: Initial Trend of 4.50% for 2019 grading down 0.00% per year for an ultimate trend rate of 4.50%.

Changes in assumptions: From June 30, 2021 to June 30, 2022

- The discount rate has been changed from 2.50% to 4.09%.
  This change decreased the disclosed liability by approximately $110,000.

Other:

- The current valuation has not accounted for any potential effects of the COVID-19 pandemic.
- The Authority had an actuarial valuation calculated as of July 1, 2018 for the measurement date of June 30, 2019. The Authority had established an OPEB Trust fund during fiscal year 2019. The Authority implemented the reporting provisions of GASB Statement 75 in the year ended June 30, 2018. The prior estimated OPEB liabilities were calculated pursuant to an alternative methodology. The OPEB balance as of June 30, 2018 was restated based upon that actuarial valuation.

<u>**REPORT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***</u>

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southfield Redevelopment Authority
South Weymouth, Massachusetts

We have audited, in accordance with the 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 (*Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southfield Redevelopment Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Southfield Redevelopment Authority's basic financial statements, and have issued our report thereon dated June 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southfield Redevelopment 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southfield Redevelopment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southfield Redevelopment 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 certain deficiencies in internal control described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Southfield Redevelopment 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 our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-002.

41 West Central Street
Natick, MA 01760
508-650-0018

99 Longwater Circle, Suite 200
Norwell, MA 02061
781-871-5850

Southfield Redevelopment Authority's Responses to Findings

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

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.

Lynch Marini + Associates Inc

Norwell, Massachusetts
June 8, 2023

SOUTHFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS & RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

The following findings noted below associated with the financial activities of the Authority, highlight deficiencies which are considered to be a material weakness in internal control over financial reporting, compliance and other matters for the year ended June 30, 2022. These deficiencies are repeat findings from previous years. The current operational structure and environment of the Authority, (limited personnel, activities) result in these conditions continuing as a material weakness. The Board of Directors continues to address and evaluate these conditions and risks given the current organizational structure and operations.

2022-001 Lack of segregation of duties and timely review over financial reporting and other

Criteria:

Internal controls over financial reporting should be designed and implemented in such a manner which allows for financial activity to be reconciled and monitored (independent of transactional posting) on a routine basis (preferably monthly basis). These procedures should allow for an adequate segregation of duties, (to the extent possible) which allow for the prevent, detection and correction of misstatements (intentional or otherwise). It is important that review processes implemented be performed on a timely basis.

Condition:

The Finance Director/Treasurer is responsible for the maintenance of the Authority's cash (bank accounts) as well as postings within the accounting system (general ledger). Generally, these functions are inherently incompatible and have increased risks associated thereto. Given minimal staff, it is of greater importance that both management and those charged with governance continually evaluate operations and responsibilities and address any internal control limitations and/or deficiencies as deemed appropriate. We proposed several adjusting entries to the Authority's accounting ledger during the current year which additional monitoring and review of ledger balances and activity by another individual independent of the financial reporting process, may have noted prior to our audit. This condition is an ongoing deficiency, which was reported in the prior year.

Moreover, the Authority continues to report several significant/material account receivable balances in the general ledger/financial statement, the collectability which have not been fully determined in accordance with generally accepted accounting principles (GAAP). Accordingly, certain opinion units have been qualified for these account receivable balances.

Additionally, the Authority should ensure all drawdown requests from the Trustee for payment of project expenditures be incorporated into the warrant process. The process requires approval by the Trustee based upon submission and telephone confirmation with the Board Chairman or Vice Chairman. We recommend these approvals be formally incorporated to the warrant approval process.

Cause:

The Authority currently has two employees to conduct daily activities. The Board of Directors has taken steps to have monthly bank account reconciliations independently reviewed by a member of the Board of Directors. Due in part to the timing of the prior year audits, the COVID-19 pandemic, change in Board of Director designee, the implementation of this on a timely monthly basis was not achievable through year end. The current structure of the Authority's operations and budgetary constraints currently limit the ability to segregate duties.

Effect or potential effect:

Limited segregation of duties surrounding financial recording and reporting and untimely review create a reasonable possibility that misstatements and errors (intentional or otherwise) which could affect the financial position of the Authority are not prevented, detected, and corrected in a timely manner.

Auditor's recommendations:

While ideal internal controls are often not achievable with limited personnel, it is important that management and those charged with governance continually evaluate and document risks involved. The Authority should continue to evaluate personnel levels (inclusive of Executive Director), as well as more timely monitoring and oversight by individuals on the Board. This review process should include not only the bank reconciliations, but receipts/withdrawals within the accounting records and bank statements (treasury v. accounting) in conjunction with each other. The receipts tracking by the Land Administrator should be incorporated into the review process "attested to". The Authority should continue to work on performing all preparation and review/monitoring activities in a timely manner (monthly). Additional considerations could include read-only access to financial activity (inclusive of bank statements), consideration of dual signatures on checks over an established limit, formal review of monthly financial statement and bank account reconciliations, and inclusion of project draws within its warrant process.

Auditee response:

The Finance Director agrees with recommendations of the Auditors. Until additional finance support staff and an Executive Director is appointed, monthly reporting of the YTD activity, financials for each fund, and bank reconciliations will be reviewed monthly with the Chairman of the Board of Directors or their designee.

2020-002 Noncompliance and other matters and associated recommendations

Criteria: The enabling legislation requires the Southfield Redevelopment Authority to file audited financial statements with the State Auditor within 120 days after year end (October 31).

Condition and cause: Due in part to the uniqueness of obligations and agreements, the Authority has been unable to have audit conducted in a timeframe in order to meet the requirement.

Effect: The Authority is noncompliant with the filing requirement imposed by the legislation.

Auditor's recommendation: We recommend the Authority continue to work to meet the 120 day deadline; given the unique issues involving the Authority, we recommend the Authority communicate with the Commonwealth and legislature to extend the required deadline.

Auditee response:

The Board, in conjunction with the new Master Developer, will be evaluating the Enabling Legislation requirements and extension of the deadline.

****