

SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2025

SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
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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 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, 2025, 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

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

Qualified Opinions on the Governmental Activities and General Fund

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 and the General Fund as of June 30, 2025 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), Reserve Fund, Revenue Fund, Projects Fund and Aggregate Remaining Fund Information

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 Reserve Fund, the Revenue Fund, the Projects Fund and the aggregate remaining fund information of the Southfield Redevelopment Authority as of June 30, 2025, 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.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 and General Fund

The Southfield Redevelopment Authority has reported accounts receivable balances associated with amounts due from the landowners in the amount of \$349,866 and \$635,135 related to parkway maintenance reimbursement costs. The receivable balances have been offset by unavailable (deferred) revenue on both the fund basis financial statements and the governmental activities. 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 and the General Fund. The Authority is evaluating further actions regarding the reporting and ultimate collectability of these amounts. 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.

Emphasis of matter – Change in Accounting Principle

In fiscal year 2025, the Southfield Redevelopment Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Additional details associated with the implementation of this statement are detailed in Note 18 to the financial statements. Our opinion is not modified with respect to this matter.

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 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, 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 xv, 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 52 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.

Lynch Marini & Associates Inc

Norwell, Massachusetts
January 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTHFIELD REDEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2025
(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, 2025. 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 organization.

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.

See the accompany notes to the financial statements (Note 19. Subsequent Events) for additional information.

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.

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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.

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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. The historical property valuations for fiscal year 2025 and the previous fiscal year are listed below.

<u>Class</u>	<u>FY2025</u>	<u>FY2024</u>
Residential	\$ 532,272,801	\$ 509,974,231
Commercial	65,902,699	63,499,069
Industrial	1,264,800	1,129,300
Personal Property	3,811,500	3,494,290
Total Valuation	<u>\$ 603,251,800</u>	<u>\$ 578,096,890</u>

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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 .50 per \$1,000 of value with fiscal year 2025 Certified Values equaling \$603,251,800 resulting in a \$301,626 in district taxes, compared to \$289,048 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 2025 general fund operating budget was approved at \$2.6 million, of which the debt service and fees associated with the 2020A Infrastructure bonds were approximately \$1.1 million or approximately 44%, compared to 45% the prior year. 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 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 (BPD), a Delaware limited liability company (joint venture between Brookfield Properties and New England Development) regarding the remaining master planning and redevelopment of Union Point. In June 2024, BPD assigned the ENA to an affiliate entity, Turquoise Southfield NR LLC (TSNR). Subsequent extensions of the ENA have been approved by the Board of Directors through December 2025.

For Fiscal Year 2025 TSNR pledged \$101,289 per month to cover the SRA's operating expenses and property maintenance. As of June 30, 2025, the payment for June was received subsequent to year end and is included as an accounts receivable. Additional information can be found in the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

The following table illustrates summary financial activity associated with the Authority's governmental activities and business-type activities for fiscal year 2025 and the previous fiscal year. Additional information for fiscal year 2025 can be found in the accompanying notes to the financial statements.

Governmental activities

Net Position

The SRA and the prospective Master Developer (BPD) have 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 approximately \$1.3 million in annual activity. The majority of the debt service is paid through Pledged Revenue (local participating town property taxes) totaling an expected \$1.1 million. A small portion not covered by the aforementioned is funded through a small district tax of

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\$0.50 per \$1,000 of valuation and interest earned. The combination of the above allows the Southfield Redevelopment Authority to function, under a total original budget of \$2.6 million for fiscal year 2025.

	2025	2024
Assets:		
Current assets:	\$ 2,081,670	\$ 1,556,333
Noncurrent assets:		
Restricted cash	8,058,370	7,229,082
Accounts receivable	985,001	892,038
Performance deposits	172,201	172,201
Capital assets	34,592,099	36,192,873
Total assets	45,889,341	46,042,527
Deferred outflows of resources:		
Associated with OPEB	154,102	44,953
Associated with pensions	344,837	610,977
Total deferred outflows	498,939	655,930
Liabilities:		
Current liabilities - other than bonds	1,609,957	1,505,925
Noncurrent liabilities - other than bonds	25,786,675	23,028,992
Current debt - bonds	455,000	455,000
Noncurrent debt - bonds	10,800,000	11,255,000
Total liabilities	38,651,632	36,244,917
Deferred inflows of resources:		
Unavailable revenue	985,001	892,129
Associated with OPEB	74,447	63,873
Associated with pensions	150,075	33,471
Total deferred inflows	1,209,523	989,473
Net Position:		
Net investment in capital assets	20,510,635	21,635,116
Restricted	2,024,256	1,929,827
Unrestricted	(16,007,766)	(14,100,876)
Total net position	\$ 6,527,125	\$ 9,464,067

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 \$16.0 million is primarily a function of the liabilities associated to the Commonwealth of Massachusetts of \$12.3 million, \$3.8 million due the US Navy and the \$1.2 million combined other postemployment benefits and net pension obligations.

Deferred inflows of resources of \$985,000 consisted primarily of amounts associated with amounts due from landowners for developer fees and others for Parkway maintenance reimbursements (unavailable revenue). These amounts have been reported as deferred for financial reporting purposes until eligibility requirements of the grant have been met and final resolution of issues with landowners have been resolved.

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Changes in net position:

	2025	2024
Program revenues:		
Operating grants and contributions	\$	\$ 211,136
General revenues and transfers:		
Real estate and personal property taxes	300,886	261,748
Developer contributions	2,295,915	2,054,620
Pledged revenues/special assessments	1,150,450	1,190,629
Other revenue	190,467	255,689
Total revenues	3,937,718	3,973,822
Expenses:		
Board of Directors	90,591	88,416
Chief Executive Officer	105,462	83,694
Finance	157,559	155,488
Solicitor	23,201	37,125
Information systems	19,500	17,589
Land Use	146,501	143,774
Pension, benefits and insurance	229,263	393,565
Public works and maintenance	208,109	246,173
Engineering services	50,031	378,600
Parkway deficiency amounts	3,291,733	1,146,813
Interest and debt service costs	862,346	902,178
Depreciation	1,640,064	1,632,206
Total expenses	6,824,360	5,225,621
Transfers	(37,000)	(60,030)
Change in net position	(2,923,642)	(1,311,829)
Net position- beginning, restated	9,450,767	10,775,896
Net position - ending	\$ 6,527,125	\$ 9,464,067

During the year, the Authority received payments from TSNR in the amount of \$1.3 million pursuant to the Exclusive Negotiation Agreement. Operating grants and contributions of \$211,000 in the prior year related to a Mass Works Grant to perform flood risk mapping and wetland delineation associated with the site. Additionally, during the fiscal year, the Authority received a contribution of \$961,000 from the developer, 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 and collection. 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. In fiscal year 2023, the SRA

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and the Town of Weymouth have applied for admission to the Massachusetts Water Resources Authority (MWRA). In October 2024, the Authority and the Town of Weymouth entered into a Second Amended and Restated Memorandum of Agreement for Provision of Water and Wastewater Services and for a Consecutive Public Water System. This agreement amended and restated all existing agreements.

As of June 30, 2025, the SRA retains all legal responsibility of providing safe potable water to Union Point, however all billing and revenues are being handled by the Town of Weymouth. The SRA is responsible for maintenance of established infrastructure, and accordingly, all activity associated with the fund during fiscal year 2025 was associated with operating and maintaining the water distribution system and wastewater collection system.

The business-type activities are summarized below:

	2025	2024
Assets:		
Current assets:	\$ 228,378	\$ 227,736
Capital assets	16,436	17,423
Total assets	244,814	245,159
Liabilities:		
Current liabilities		
Total liabilities		
Net Position:		
Net investment in capital assets	16,436	17,423
Unrestricted	228,378	227,736
Total net position	\$ 244,814	\$ 245,159
	2025	2024
Program revenues:		
Charges for services	\$	\$
Total revenues		
Expenses:		
Water and sewer	37,345	105,581
Total expenses	37,345	105,581
Transfers	37,000	60,030
Change in net position	(345)	(45,551)
Net position- beginning	245,159	290,710
Net position - ending	\$ 244,814	\$ 245,159

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.

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As of the end of the current year, governmental funds reported combined fund balances of a deficit of \$10.4 million, a decrease of approximately \$1.6 million primarily due to the increase in Parkway deficiency amounts. 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 \$14.9 million. The General fund decreased approximately \$1.7 million, primarily due to recognized amounts associated with Parkway deficiency amounts to the Commonwealth of Massachusetts through June 30, 2025. Additional information can be found in the accompanying notes to the financial statements.

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, 2025, of \$1,150,000 is required to be maintained in reserve for security to bondholders. This is consistent with the prior year.

Revenue Fund

The revenue fund is maintained pursuant to the issuance of the 2020 Infrastructure refunding bonds. These funds are expended for annual debt service. The balance reported in this fund as of June 30, 2025, was approximately \$1.3 million. This is comparable to the prior year.

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 reported in this fund as of June 30, 2025, was approximately \$1.7 million. This is comparable to the prior year.

General Fund Budgetary Highlights

Actual revenues were higher than final budget by approximately \$185,000, primarily related to timing on pledged revenues and property taxes. The Authority recognized a savings on appropriations of approximately \$405,000.

Stabilization fund

The Authority maintains a general stabilization account 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. 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.

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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 various infrastructure repair and other projects, with \$11.7 million owed as of June 30, 2025. In addition, the SRA authorized a note in the amount of \$10 million for the purpose of purchasing the remaining Navy Land. The current majority landowner, Washington Capital, and TSNR are working in agreement to make payments on this debt into an escrow account which will be used for the treatment of PFAS impacted groundwater encountered by the developer during future site construction activities. 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.

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. Furthermore, the assessment, in accord with the Bond Agreements, were assessed on only those owners of unimproved land. As of June 30, 2025, the SRA reports accounts receivable associated with special assessments of approximately \$141,000. 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 2025 were \$1.2 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 2025, the SRA has expended approximately \$2.9 million to support these projects.

As of June 30, 2025, the balance outstanding on the 2020A Refunding Infrastructure bonds was \$11,255,000, of which \$455,000 is due in fiscal year 2026.

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 of \$3.8 million, as of June 30, 2025, 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 treatment activities within the area of the property where groundwater is impacted by PFAS.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2025
(unaudited)

Capital Assets

The Authority reported capital assets net of accumulated depreciation of \$34.6 million for its governmental activities and \$16,000 for its business-type activities on June 30, 2025. This is compared to \$36.2 million for the governmental activities and \$17,000 for the business-type activities the prior year. 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. The portion of the Parkway within the Base is 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 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 was authorized and has extended this deferral to 2025 as the Secretary determined that this deferral is fiscally responsible and serves the public interest.

In July 2025, the Commonwealth certified deficiency payments for fiscal years 2021 through fiscal year 2024, resulting in an additional \$1.7 million above the previously estimated deficiency payments reported in prior years. The Authority estimates the deficiency amount (not yet certified) for fiscal year 2025 to be \$1.6 million. The aggregate of \$3.3 million (the adjustment for prior year amounts and the estimated deficiency amount for fiscal year 2025) has been reported by the Authority as Parkway deficiency amounts in the financial statements for the year ending June 30, 2025. Total deficiency amounts due to the Commonwealth reported as of June 30, 2025 are \$12.3 million.

SOUTHFIELD REDEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2025
(unaudited)

Land transfers and other

In June 2025, the SRA took constructive possession of approximately 5.2 acres of land to the Authority owned by the National Park Service. See the accompanying notes to the financial statements.

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. In October 2022, the SRA took the remaining land owned by LStar by eminent domain.

Next year's budget

- In June 2025, the Board of Directors has adopted an operating budget for fiscal year 2026 of \$2.6 million, compared to \$2.6 million for fiscal year 2025.

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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current:			
Cash	\$ 1,412,798	\$ 228,378	\$ 1,641,176
Accounts receivable, net of uncollectible amounts	668,872		668,872
Total current assets	2,081,670	228,378	2,310,048
Noncurrent:			
Restricted cash	8,058,370		8,058,370
Performance deposits	172,201		172,201
Accounts receivable, net of uncollectible amounts	985,001		985,001
Capital assets, net of accumulated depreciation	34,592,099	16,436	34,608,535
Total noncurrent assets	43,807,671	16,436	43,824,107
Total assets	45,889,341	244,814	46,134,155
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Associated with other postemployment benefits	154,102		154,102
Associated with pensions	344,837		344,837
Total deferred outflows of resources	498,939		498,939
<u>LIABILITIES</u>			
Current:			
Accounts payable and other	4,159		4,159
Accrued interest expense	714,000		714,000
Estimated compensated absences	10,300		10,300
Due to the US Navy - current portion	881,498		881,498
Bonds payable - current portion	455,000		455,000
Total current liabilities	2,064,957		2,064,957
Noncurrent:			
Amounts held in escrow	3,160,315		3,160,315
Performance bonds	770,617		770,617
Due to the US Navy	2,951,221		2,951,221
Due to the Commonwealth of Massachusetts	12,346,258		12,346,258
Note payable - land acquisition	5,360,000		5,360,000
Bonds payable	10,800,000		10,800,000
Other postemployment benefits liability	130,536		130,536
Net pension liability	1,067,728		1,067,728
Total noncurrent liabilities	36,586,675		36,586,675
Total liabilities	38,651,632		38,651,632
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	985,001		985,001
Associated with other postemployment benefits	74,447		74,447
Associated with pensions	150,075		150,075
Total deferred inflows of resources	1,209,523		1,209,523
<u>NET POSITION</u>			
Net investment in capital assets	20,510,635	16,436	20,527,071
Restricted	2,024,256		2,024,256
Unrestricted	(16,007,766)	228,378	(15,779,388)
Total net position	\$ 6,527,125	\$ 244,814	\$ 6,771,939

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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<i>Governmental activities:</i>							
Board of Directors:							
Salaries	\$ 46,625	\$	\$	\$	\$ (46,625)	\$	\$ (46,625)
Expenses	43,966				(43,966)		(43,966)
Chief Executive Officer:							
Expenses	105,462				(105,462)		(105,462)
Finance:							
Salaries	130,740				(130,740)		(130,740)
Expenses	26,819				(26,819)		(26,819)
Solicitor	23,201				(23,201)		(23,201)
Information systems expenses	19,500				(19,500)		(19,500)
Land Use:							
Salaries	129,783				(129,783)		(129,783)
Expenses	16,718				(16,718)		(16,718)
Pension, benefits and insurance	229,263				(229,263)		(229,263)
Public works and maintenance expenses	208,109				(208,109)		(208,109)
Engineering services	50,031				(50,031)		(50,031)
Parkway deficiency amounts	3,291,733				(3,291,733)		(3,291,733)
Interest and debt service costs	862,346				(862,346)		(862,346)
Unallocated depreciation	1,640,064				(1,640,064)		(1,640,064)
Total governmental activities	<u>6,824,360</u>				<u>(6,824,360)</u>		<u>(6,824,360)</u>
<i>Business-type activities:</i>							
Water/Sewer	37,345					(37,345)	
Total business-type activities	<u>37,345</u>					<u>(37,345)</u>	
Total primary government	<u>\$ 6,861,705</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(6,824,360)</u>	<u>(37,345)</u>	<u>(6,824,360)</u>
General revenues, pledged revenues and assessments and other:							
					1,150,450		1,150,450
					2,295,915		2,295,915
					300,886		300,886
					190,467		190,467
					(37,000)	37,000	
					<u>3,900,718</u>	<u>37,000</u>	<u>3,937,718</u>
					(2,923,642)	(345)	(2,923,987)
					9,450,767	245,159	9,695,926
					<u>\$ 6,527,125</u>	<u>\$ 244,814</u>	<u>\$ 6,771,939</u>

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, 2025

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Revenue Fund</u>	<u>Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Current:						
Cash	\$ 1,169,914	\$	\$ 20,135	\$	\$ 242,884	\$ 1,412,798
Interfund receivable						20,135
Accounts receivables	668,872					668,872
Total current assets	<u>1,838,786</u>		<u>20,135</u>		<u>242,884</u>	<u>2,101,805</u>
Noncurrent:						
Restricted cash	3,758,731	1,170,135	1,359,238	1,657,508	112,758	8,058,370
Performance deposits	172,201					172,201
Accounts receivables	985,001					985,001
Total noncurrent assets	<u>4,915,933</u>	<u>1,170,135</u>	<u>1,359,238</u>	<u>1,657,508</u>	<u>112,758</u>	<u>9,215,572</u>
Total assets	<u>\$ 6,754,719</u>	<u>\$ 1,170,135</u>	<u>\$ 1,379,373</u>	<u>\$ 1,657,508</u>	<u>\$ 355,642</u>	<u>\$ 11,317,377</u>
LIABILITIES						
Current:						
Accounts and other payables	\$ 4,159	\$	\$	\$ 0	\$	\$ 4,159
Due to the US Navy - current portion	881,498					881,498
Interfund payable		20,135				20,135
Total current liabilities	<u>885,657</u>	<u>20,135</u>				<u>905,792</u>
Noncurrent:						
Amounts held in escrow	3,160,315					3,160,315
Performance bonds	770,617					770,617
Due to the US Navy	2,951,221					2,951,221
Due to the Commonwealth of Massachusetts	12,346,258					12,346,258
Total noncurrent liabilities	<u>19,228,411</u>					<u>19,228,411</u>
Total liabilities	<u>20,114,068</u>	<u>20,135</u>				<u>20,134,203</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,552,584					1,552,584
Total deferred inflows of resources	<u>1,552,584</u>					<u>1,552,584</u>
FUND BALANCES						
Restricted		1,150,000	1,379,373	1,657,508	355,642	4,542,523
Unassigned	(14,911,933)					(14,911,933)
Total fund balances	<u>(14,911,933)</u>	<u>1,150,000</u>	<u>1,379,373</u>	<u>1,657,508</u>	<u>355,642</u>	<u>(10,369,410)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,754,719</u>	<u>\$ 1,170,135</u>	<u>\$ 1,379,373</u>	<u>\$ 1,657,508</u>	<u>\$ 355,642</u>	<u>\$ 11,317,377</u>

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, 2025

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Revenue Fund</u>	<u>Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Pledged revenue and assessments	\$ 1,150,360	\$	\$	\$	\$	\$ 1,150,360
Real estate and personal property tax	353,536					353,536
Developer contributions	1,335,148					1,335,148
Other revenue	16,548	53,377	39,217	74,141	7,184	190,467
Total revenues	<u>2,855,592</u>	<u>53,377</u>	<u>39,217</u>	<u>74,141</u>	<u>7,184</u>	<u>3,029,511</u>
Expenditures:						
Board of Directors:						
Salaries	46,625					46,625
Expenses	43,966					43,966
Chief Executive Officer:						
Expenses	105,462					105,462
Finance:						
Salaries	130,740					130,740
Expenses	26,819					26,819
Solicitor	23,201					23,201
Information systems expenses	19,500					19,500
Land use:						
Salaries	129,783					129,783
Expenses	16,718					16,718
Pensions, benefits, and insurance	286,074					286,074
Public works and maintenance expenses	247,399					247,399
Engineering services and other				37,158	12,873	50,031
Parkway deficiency amounts	3,291,733					3,291,733
Debt service costs	1,144,346					1,144,346
Total expenditures	<u>5,512,366</u>			<u>37,158</u>	<u>12,873</u>	<u>5,562,397</u>
Other Financing Sources (Uses):						
Contribution toward US Navy escrow/note payable	960,767					960,767
Transfers in			30,329		81,495	111,824
Transfers (out)	(55,109)	(53,377)	(23,261)	(867)	(16,210)	(148,824)
Total other financing sources (uses)	<u>905,658</u>	<u>(53,377)</u>	<u>7,068</u>	<u>(867)</u>	<u>65,285</u>	<u>923,767</u>
Net change in fund balance	(1,751,116)		46,285	36,116	59,596	(1,609,119)
Fund balances - beginning of year	(13,160,817)	1,150,000	1,333,088	1,621,392	296,046	(8,760,291)
Fund balances - end of year	<u>\$ (14,911,933)</u>	<u>\$ 1,150,000</u>	<u>\$ 1,379,373</u>	<u>\$ 1,657,508</u>	<u>\$ 355,642</u>	<u>\$ (10,369,410)</u>

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, 2025

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

Total fund balances of governmental funds	\$ (10,369,410)
Capital assets, net of accumulated depreciation used in governmental activities are not resources and therefore are not reported in the funds	34,592,099
Net deferred outflows and deferred inflows associated with net pension liability are not recognized on the modified accrual basis.	194,762
Net deferred outflows and deferred inflows associated with OPEB liability are not recognized on the modified accrual basis.	79,655
Full accrual of interest is not recorded in governmental fund statements.	(714,000)
Estimated compensated absences are not recorded in governmental fund statements.	(10,300)
Long-term debt is not due and payable in the current period and therefore are not reported in the funds	(16,615,000)
Net other postemployment benefit liability is not due and payable in the current period and therefore is not reported in the funds	(130,536)
Net pension liability is not due and payable in the current period and therefore it is not reported in the funds	(1,067,728)
Certain deferred/unavailable revenue is recognized as earned/available on the full accrual basis.	567,583
Net position of governmental activities	\$ 6,527,125

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, 2025

Net change in fund balances - total governmental funds \$ (1,609,119)

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	(1,640,064)
Vehicle acquisition	39,290

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	455,000
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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	(382,744)
Net change in deferred outflows/(inflows) of resources related to OPEB	98,575
Net change in unavailable revenues on the full accrual basis	(52,560)

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	(173,000)
Net change in compensated absences	3,000
Net change in other postemployment benefits liability	(123,107)
Net change in net pension liability	461,087

Change in net position of governmental activities <small>See Independent Auditor's Report.</small>	\$ (2,923,642)
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The accompanying notes are an integral part of these financial statements.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Net Position - Proprietary Funds

June 30, 2025

	Business-type Activities Enterprise Funds Water/Sewer Fund
ASSETS	
Current:	
Cash	\$ 228,378
Total current assets	<u>228,378</u>
Noncurrent:	
Capital assets, net of accumulated depreciation	16,436
Total assets	<u>244,814</u>
NET POSITION	
Net investment in capital assets	16,436
Unrestricted	228,378
Total net position	<u>\$ 244,814</u>

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, 2025

	Business-type Activities Enterprise Funds Water/Sewer Fund
OPERATING EXPENSES:	
Repair and maintenance expenses	\$ 36,358
Depreciation expense	987
Total operating expenses	37,345
Operating (loss)	(37,345)
NONOPERATING ACTIVITY:	
Transfer from General fund	37,000
Total transfers	37,000
Change in net position	(345)
Net position - beginning of year	245,159
Net position - end of year	\$ 244,814

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2025

	Business-type Activities Enterprise Funds Water/Sewer Fund
Cash flows from operating activities:	
Payments to other vendors	\$ (36,358)
Net cash from operating activities	<u>(36,358)</u>
Cash flows from non-capital financing activities:	
Transfer from the General fund	37,000
Net cash from financing activities	<u>37,000</u>
Net change in cash	642
Cash at beginning of year	227,736
Cash at end of year	<u><u>\$ 228,378</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating (loss)	\$ (345)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	987
Total adjustments	<u>987</u>
Net cash from operating activities	<u><u>\$ 642</u></u>

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, 2025

		Other Postemployment Benefits Trust Fund
ASSETS		
Cash	\$	475,428
Total assets		475,428
 NET POSITION		
Restricted		475,428
Total net position	\$	475,428

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

SOUTHFIELD REDEVELOPMENT AUTHORITY
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2025

		Other Postemployment Benefits Trust Fund
ADDITIONS		
Employer contributions	\$	31,011
Net investment income		19,195
Total additions		<u>50,206</u>
 DEDUCTIONS		
Employee benefit payments		<u>10,011</u>
Total deductions		10,011
 Change in net position		 40,195
Net position, beginning		<u>435,233</u>
Net position, ending	\$	<u><u>475,428</u></u>

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

NOTES TO FINANCIAL STATEMENTS

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

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 departed the organization. See also Note 20.

The Act mandated that the SRA complete the following tasks to comply with the 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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

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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 developable parcels of land which had been transferred to LStar were subsequently auctioned off. Washington Capital Management (WA-CAP), a Seattle-based, employee-owned investment advisory firm acquired these parcels 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 (BPD), a Delaware limited liability company (joint venture between Brookfield Properties and New England Development) 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. Subsequent extensions were executed through December 31, 2024. See the additional notes accompanying these financial statements.

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 takings were recorded at the registry of deeds.

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 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. See the additional notes accompanying these financial statements.

An Updated Final Redevelopment Plan was approved by the Board of Directors on March 15, 2023. Additionally, both an Amended and Restated Zoning and Land Use By-Laws and Master Development Plan were approved by the host Towns in 2023.

In December 2023, a Notice of Project change was submitted to Massachusetts Environmental Policy Act Office (MEPA).

In June 2024, a draft Supplemental Environmental Impact Report with MEPA was submitted.

A performance audit conducted by the Office of the State Auditor (for the period January 1, 2018 to December 31, 2022) was issued to the Authority on December 20, 2024.

In May/June 2025 the Board of Directors approved amended regulations for the developed areas of the site and approved new regulations for the Mixed-Use Development District (MUDD) and the Open Space District (OSD), consistent with the Zoning By-laws approved by the Towns in 2023.

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.

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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 generally accepted accounting principles (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.

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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.
- Revenue 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. Pledged revenues and assessments received and associated debt service payments are recorded in the General Fund. The balance in this fund represents resources to pay the annual debt service.
- 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

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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.

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, 2024, 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.

In October 2024, the Authority and the Town of Weymouth amended and restated the original agreement. See the accompanying notes.

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

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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 collectible. 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 various landowners have been reported as a deferred inflow of resources on the government-wide financial statements pending final resolution. See the accompanying note disclosures.

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G. Inventories

The Authority maintains no inventories.

H. 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 treasures 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 other 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.

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.

I. 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.

J. 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.

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Additional details are disclosed in the accompanying notes. The Authority did not maintain any such arrangements as of June 30, 2025.

K. Right to Use Subscription Asset/Subscription Liability

GASB Statement #96, *Subscription-Based Information Technology Arrangements*, requires the reporting of an intangible asset- right to use subscription asset and a corresponding subscription liability for contractual arrangements that convey control of the right to use another's information technology (IT) software, alone or in combination with tangible capital assets, in an exchange or exchange-like transaction.

Generally, the liability and asset (right to use) are required to be recognized at the commencement of the arrangement's term. The liability is generally measured at the present value of payments associated with the arrangement. The Authority evaluated the applicability of the pronouncement and determined no material applicability for the current year.

L. 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. Unused vacation time has been estimated at full value; sick leave has been estimated based upon the usage. Both of which may be carried over into the subsequent fiscal year. Estimated liabilities for these compensated are calculated at the hourly rate and based upon historical usage. See the accompanying notes for additional information.

M. 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 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 compensated absences and accrued interest, which are 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.

N. 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

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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.

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O. 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.

P. 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.

Q. 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.

R. 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 2025 this tax was \$.50 per \$1,000 of valuation. Pursuant to the enabling legislation, the Authority has the ability to raise any amount of taxes to meet its financial obligations. The Authority and BPD, Union Point LLC (the Developer) amended and restated an agreement (ENA) with Turquoise Southfield NR LLC, as successor to BPD Union Point LLC (the Developer) through June 30, 2025. The ENA was extended through December 31, 2025. See also the accompanying notes.

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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 2025 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, 2025, the classification of the Authority’s fund balances can be detailed as follows:

	General Fund	Reserve Fund	Revenue Fund	Projects Fund	Other Governmental Funds
Restricted:					
Debt service	\$	\$ 1,150,000	\$ 1,379,373	\$	\$
Arbitrage/rebate fund					82,206
Infrastructure repair and other projects				1,657,508	
Other					273,436
subtotal		1,150,000	1,379,373	1,657,508	355,642
Unassigned	(14,911,933)				
Total fund balance	\$ (14,911,933)	\$ 1,150,000	\$ 1,379,373	\$ 1,657,508	\$ 355,642

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 no 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, 2025, was \$174,331.

D. Net Position

The following table illustrate the components of the Authority’s governmental activities’ net position on June 30, 2025:

<u>Net investment in capital assets</u>	
Capital assets, net of accumulated depreciation	\$ 34,592,099
Outstanding balance of 2020A Infrastructure bonds	(11,255,000)
Note payable - land acquisition	(5,360,000)
Reserve fund	1,150,000
Revenue fund	1,379,373
Parkway extension fund	4,163
Net investment in capital assets	\$ 20,510,635
<u>Restricted net position</u>	
Infrastructure improvements, other projects	\$ 1,657,508
Other	366,748
Total restricted net position	\$ 2,024,256
<u>Unrestricted net position</u>	\$ (16,007,766)

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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, 2025, consisted of government money market accounts maintained by the Trustee associated with the 2020A Truste Indenture, which have been classified as restricted cash for financial reporting purposes.

On June 30, 2025, total cash and cash equivalent deposits totaled \$10.2 million and had a carrying amount of \$10.2 million. Of this amount \$8.2 million was exposed to custodial credit risk, because it was uninsured and uncollateralized. Of this amount \$4.3 million is on deposit with a Computershare Corporate Trust, in government money market funds (unrated), pursuant to the Trust Indenture dated December 1, 2020, associated with the Infrastructure Development Refunding Bonds, Series 2020A (restricted cash). An additional amount of \$3.0 million was maintained by the escrow agent, CitiBank NA, pursuant to an escrow agreement with the US Navy (restricted cash).

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

	<u>Amount</u>
General Fund:	
US Navy escrow	\$ 2,997,930
Performance deposits	598,416
BDP- security deposit/escrow	162,385
subtotal	<u>3,758,731</u>
Reserve Fund	1,170,135
Revenue Fund	1,359,238
Projects Fund	1,657,508
Other governmental funds:	
Arbitrage fund	82,206
Administration and debt service fund	30,552
subtotal	<u>112,758</u>
Total- governmental activities	<u>\$ 8,058,370</u>

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

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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 approximately \$568,000 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 reports approximately \$635,000 of accounts receivable for Parkway maintenance expenditures fund which represents reimbursements due from the Landowners Association for maintenance costs pursuant to previous agreement as of June 30, 2025. The Authority deems these amounts fully collectible and has not recorded a provision for uncollectible amounts. The Authority expects to continue a resolution of these amounts. 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.

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 accounts. The Authority expects to continue a resolution of these amounts. 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.

The Authority reported an outstanding receivable of \$101,000 which represented the June payment from the Developer which was received subsequent to year end (fully collectible), and has been accrued as revenue in the accompanying financial statements.

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ending June 30, 2025, is illustrated in the tables below.

Governmental Activities:	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated:				
Land	\$ 6,341,948	\$	\$	\$ 6,341,948
Capital assets being depreciated:				
Leasehold improvements	34,213			34,213
Machinery and equipment	200,966			200,966
Vehicles	24,570	39,290	(24,570)	39,290
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	36,591,678			36,591,678
subtotal	49,225,926	39,290	(24,570)	49,240,646
Total capital assets - cost	55,567,874	39,290		55,582,594
Accumulated depreciation:				
Leasehold improvements	(34,213)			(34,213)
Machinery and equipment	(200,966)			(200,966)
Vehicles	(24,570)	(7,858)	24,570	(7,858)
Infrastructure	(19,115,252)	(1,632,206)		(20,747,458)
Total accumulated depreciation	(19,375,001)	(1,640,064)		(20,990,495)
Total governmental activities capital assets, net	<u>\$ 36,192,873</u>	<u>\$ (1,600,774)</u>	<u>\$</u>	<u>\$ 34,592,099</u>

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

<u>Business-type activities - water & sewer:</u>	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending</u> <u>Balances</u>
Capital assets being depreciated:				
Infrastructure	\$ 29,594	\$	\$	\$ 29,594
Accumulated depreciation:				
Infrastructure	(12,171)	(987)		(13,158)
Total business-type activities capital assets, net	<u>\$ 17,423</u>	<u>\$ (987)</u>	<u>\$</u>	<u>\$ 16,436</u>

NOTE 7 – 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, 2025.

Governmental funds:

Deferred inflows of resources:

Unavailable revenue:

Property taxes and pledged revenues	\$ 567,583
Amounts due for parkway expenses	635,135
Amounts due from land owners	349,866
Total deferred inflows of resources	<u>\$ 1,552,584</u>

Governmental activities:

Deferred outflows of resources:

Associated with OPEB plan:

Changes in assumptions	\$ 6,794
Differences between expected and actual experience	147,308
Total	154,102

Associated with pension plan:

Differences between expected and actual experience	93,012
Changes in assumptions	90,201
Net difference between projected & actual earnings on pension plan investments	81,404
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,220
Total	344,837

Total deferred outflows of resources	<u>\$ 498,939</u>
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Deferred inflows of resources:

Unavailable revenue:

Amounts due from land owners	\$	349,866
Amounts due for Parkway expenses		<u>635,135</u>
Total		985,001

Associated with OPEB plan:

Changes in assumptions		56,055
Net difference between projected & actual earnings on plan investments		12,786
Differences between expected and actual experience		<u>5,606</u>
Total		74,447

Associated with pension plan:

Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>150,075</u>
Total		<u>150,075</u>
Total deferred inflows of resources	\$	<u>1,209,523</u>

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

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 8 - 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

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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 DDA dated 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 (LStar), 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 have developed 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). See Note 20.

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 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. In March 2023, the Third Amendment was finalized.

During fiscal year 2025 contributions to the escrow account were approximately \$991,000, representing the December 15, 2024 payment due on the note, paid by Washington Capital (landowner) pursuant to the Authority's agreement with the US Navy. The Authority has recognized the payment as a contribution from landowner in the financial statements.

During fiscal year 2025, the US Navy approved approximately \$325,000 of disbursements from the escrow account for covering costs related to design and other costs associated with the planned dewatering system. The balance on the note to the US Navy as of June 30, 2025 is approximately \$3.8 million. The amount held in escrow at June 30, 2025 is approximately \$3.0 million. See Note 19.

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Summary of land transfers

A total of approximately 986 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, 2025. Approximately 17 acres of EDC property and 18 acres of PBC property remain to be transferred to the Authority.

NOTE 9 – DUE TO THE COMMONWEALTH OF MASSACHUSETTS – 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.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 915,000	\$ 778,350	\$ 1,693,350
2027	955,000	732,600	1,687,600
2028	1,005,000	684,850	1,689,850
2029	1,060,000	634,600	1,694,600
2030-2034	5,945,000	2,504,000	8,449,000
2035-2039	7,235,000	1,216,000	8,451,000
2040	1,625,000	65,000	1,690,000
Total	<u>\$ 18,740,000</u>	<u>\$ 6,615,400</u>	<u>\$ 25,355,400</u>

As of June 9, 2021, the Commonwealth had 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. In July 2025, the Commonwealth certified deficiency payments for fiscal years 2021 through fiscal year 2024, resulting in an additional \$1.7 million above the previously estimated deficiency amounts reported in the prior years. The Authority estimates the deficiency amount for fiscal year 2025 to be \$1.6 million. The aggregate of \$3.3

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million (the adjustment for prior year amounts and the estimated deficiency for fiscal year 2025) has been reported by the Authority as Parkway deficiency payments in the financial statements for the year ending June 30, 2025. Amounts detailed below prior to fiscal year 2025 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
FY 2013	\$ 1,375,325
FY2014-FY2018	2,036,409
FY2019	691,630
FY2020	423,459
FY2021	1,571,244
FY2022	1,532,480
FY2023	1,567,103
FY2024	1,584,806
FY2025	1,563,802
Total due to the Commonwealth	\$ 12,346,258

NOTE 10 – NONCURRENT LIABILITIES

The following table illustrates the Authority’s balances and net changes associated with noncurrent (long-term) liabilities of its governmental activities on June 30, 2025. 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	Beginning Balances	Increase	(Decrease)	Ending Balances	Current
2020A Infrastructure Development Refunding					
Bonds, 6.0%, due 8/15/2041	\$11,710,000	\$	\$ (455,000)	\$11,255,000	\$ 455,000
Amounts held in escrow	2,494,297	665,966		3,160,263	
Performance deposits and bonds	751,008	19,609		770,617	
Note payable - land acquisition	5,360,000			5,360,000	
Net other postemployment liability	7,429	123,107		130,536	
Net pension liability	1,528,815		(461,087)	1,067,728	
Due to US Navy (Note 9)	4,793,486		(960,767)	3,832,719	881,498
Due to Commonwealth of Massachusetts (Note 10)	9,054,723	3,291,535		12,346,258	
Total noncurrent liabilities -governmental activities	\$35,699,758	\$ 4,100,217	\$ (1,876,854)	\$37,923,121	\$ 1,336,498

NOTE 11 - NOTE PAYABLE - LAND ACQUISITION

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.

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 addition, an aggregate of approximately \$750,000 of project funds were utilized for the land acquisition. The terms of the note provide for interest to be calculated on an annual basis and payment of principal and interest deferred until maturity in 2027. Interest has been calculated for fiscal

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year 2025 based upon the IRS interest rate (2.8%-3.4%) on a monthly basis as provided for in the note of approximately \$168,000. Total interest accrued on the governmental activities associated with this note as of June 30, 2025 is approximately \$452,000.

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 SSTDTC (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 \$1,150,000. 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
FY2026	\$ 455,000	\$ 661,650	\$ 1,116,650
FY2027	505,000	632,850	1,137,850
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	4,295,100
Total	<u>\$ 11,255,000</u>	<u>\$ 6,474,150</u>	<u>\$ 17,729,150</u>

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

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restrictions of the Act. Bonds shall not have maturity dates exceeding 35 years from date of initial issuance. As of June 30, 2025, no additional bonds have been issued against this authorization. See Note 17 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

On June 30, 2025, the Revenue Fund was owed approximately \$20,000 from the Reserve Fund.

Interfund transfers, for the fiscal year ended June 30, 2025, consisted of the following.

Description	General Fund	Reserve Fund	Revenue Fund	Projects Fund	Other Governmental Funds	Water/Sewer Fund
Transfer interest/other, net	\$ (18,109)	\$ (53,377)	\$ 7,068	\$ (867)	\$ 65,285	\$
Transfer to water/sewer fund	(37,000)					37,000
Net transfers	\$ (55,109)	\$ (53,377)	\$ 7,068	\$ (867)	\$ 65,285	\$ 37,000

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, 2024, 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

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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, 2024, 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 \$163,280.

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, 2024, rolled forward to the measurement date of December 31, 2024. Components of the net pension liability as of December 31, 2024, were as follows:

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	2024
Total pension liability	\$ 2,261,067,106
Less: Plan fiduciary net position	(1,544,471,216)
Net pension liability	\$ 716,595,890
Plan's fiduciary net position as a percentage of total pension liability	68.3%
The Authority's proportionate share of collective net pension liability	\$ 1,067,728
Total employers' pension expense	\$ 115,746,330
The Authority's percentage share of the collective net pension liability	0.149%
Authority's covered payroll as of January 1, 2024 valuation	\$ 242,000
The Authority's proportionate share of pension expense	\$ 84,937
The Authority's statutory required contribution	\$ 163,280
The Authority's contributions as a percentage of covered payroll	67.5%

The Authority's aggregate proportionate share of collective deferred outflows of resources was \$344,837. The Authority's aggregate proportionate share of deferred inflows of resources was \$150,075. The net of \$194,762 (unaudited) is to be recognized in future pension expense for the fiscal years ending June 30, as follows:

Year Ending	Amount
June 30, 2026	\$ 90,836
June 30, 2027	126,688
June 30, 2028	(1,736)
June 30, 2029	(21,026)
Total, net	\$ 194,762

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

Valuation date:	January 1, 2024. Actuarial determined contribution rates for December 31, 2024 were determined with January 1, 2022
Discount rate:	7.875% nominal rate, net of investment expense.
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 \$18,000 of retirement income (previously \$16,000).
Rates of retirement:	Varies based upon age for general employees, police, and fire employees.
Rates of disability:	General employees – 45% ordinary (55% service connected).

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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%	26.00%
International developed equity	7.50%	6.00%
Emerging markets equity	8.40%	10.00%
Global equity	7.20%	10.00%
Core bonds	2.40%	9.00%
Value-added fixed income	4.40%	6.00%
Hedge funds	4.40%	4.00%
Real estate	7.40%	10.00%
Private equity	10.00%	13.00%
Real assets	7.70%	6.00%
Cash and cash equivalents	1.70%	0.00%
		100.00%

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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, 2024	\$ 947,780,742	\$ 793,777,413	\$ 519,476,030
Authority's proportionate share	\$ 1,412,193	\$ 1,067,728	\$ 774,019

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, 2025, the Plan's membership consisted of 2 current active members and 5 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.

Investment Policy – The Authority does not maintain a formalized investment policy regarding these funds. Funds are primarily maintained in certificates of deposit.

	Target	Long-term Expected Real
<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash and cash equivalents	100.00%	0.00%

See Independent Auditor's Report.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

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, 2024
For the Reporting Period and Fiscal Year ending on:	June 30, 2025
Total OPEB Liability	
Service cost	\$ 10,648
Interest on Total OPEB liability, service costs, benefit payments	18,876
Changes in assumptions	(40,296)
Difference between actual and expected experience	184,134
Benefit payments, excluding implicit cost	(7,102)
Implicit cost amount	(2,909)
Total benefit payments including implicit cost	(10,011)
Net change in OPEB liability	163,351
Total OPEB liability - beginning of period	442,662
Total OPEB liability - end of period	606,013
Plan Fiduciary Net Position	
Earnings from Plan investments	19,244
Employer contributions to the Trust	31,011
Benefit payments from the Trust, including refunds	(10,011)
Net change in Plan fiduciary net position	40,244
Plan fiduciary net position - beginning of period	435,233
Plan fiduciary net position - end of period	475,477
Net OPEB liability	\$ 130,536
Plan fiduciary net position as % of Total OPEB liability	78.46%
Covered employee payroll (approximate)	\$ 242,000
Contributions as % of employee covered payroll	12.81%
Plan net OPEB liability as % of employee covered payroll	53.94%
Discount Rate to calculate Plan liabilities	4.21%

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, 2024.
Actuarial cost method:	Individual Entry Age Normal.
Asset valuation method:	Market value as of the measurement date.
Investment rate of return:	2.50% (previously 2.50%).
Municipal bond rate:	4.81% as of June 30, 2025; 4.21% as of June 30, 2024. (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Discount Rate:	4.81%, net of OPEB plan investment expense, including inflation. (previously 4.21%).

See Independent Auditor's Report.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

Salary increases:	3.00% annually as of June 30, 2025, 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-2021, set forward 1 year for females (previously scale MP-2016).
Post-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females (previously scale MP-2016).
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females (previously scale MP-2016).
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. The rate for 2025 was 4.96% trending down to 3.63% in 2060.

Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB and OPEB Expense

As previously detailed (Note 8), as of the measurement date, the Authority reported aggregate deferred outflows of resources of approximately \$154,102 associated with the OPEB plan and aggregate deferred inflows of resources associated with the OPEB plan of \$74,447. 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	\$ 154,102
Total deferred inflows of resources	<u>(74,447)</u>
Net to be amortized in future years	<u>\$ 79,655</u>

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

Year ending June 30:	
2026	\$ 4,114
2027	23,702
2028	24,691
2029	<u>27,148</u>
	<u>\$ 79,655</u>

OPEB Expense:

Service cost	\$ 10,648
Interest on Total OPEB liability, service cost and payments	18,876
Projected earnings on OPEB investments	(11,142)
Recognition of net deferred outflows/(inflows)	<u>37,161</u>
Total OPEB expense	55,543
Employer contributions	<u>(31,011)</u>
Net OPEB expense	<u>\$ 24,532</u>

See Independent Auditor's Report.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

Discount Rate:

The discount rate used to measure the total OPEB liability was 4.81 % as of June 30, 2025, (previously 4.21%).

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

The following presents the net OPEB liability as of June 30, 2025, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	\$ 209,502	\$ 130,536	\$ 65,747

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

The following presents the net OPEB liability as of June 30, 2025, 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.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	\$ 59,424	\$ 130,536	\$ 217,182

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. Unused vacation time has been estimated at full value; sick leave has been estimated based upon the usage. The Authority has reported estimated compensated absences for sick and vacation time and the net change related thereto as follows.

	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Ending Balance</u>
Compensated absences	\$ 13,300	\$ (3,000)	\$ 10,300

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 2025 the Authority paid approximately \$115,000 for premiums (employer and employee) The Group reported net position of \$31.4 million (audited) as of June 30, 2024. Additional information can be obtained by contacting the Group directly at Mayflower Municipal Health Group, PO Box 6008, Plymouth, MA 02361.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

Performance deposits and noncash performance bonds

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, 2025, the Authority maintains performance bonds of approximately \$943,000. This consists of cash performance deposits of approximately \$771,000 and noncash performance bonds of approximately \$172,000.

Amounts held in escrow

As of June 30, 2025, the Authority maintains certain amounts held in escrow of \$3,160,000. This consists of approximately \$2,998,000 associated with payments made to the US Navy and \$162,000 received from the BPD Union Point in conjunction with the Exclusive Negotiation Agreement (ENA). See Note 8 and Note 17 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.

In November 2021, the Authority had received judgement and a writ of execution monetary judgement against the former Master Developer, LStar Southfield LLC of \$63 million, prior to interest. No payments have been made regarding this judgement. No amounts are reported as accounts receivable in the accompanying financial statements as the collection of any amounts in accordance with this judgement is undeterminable.

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 8 and Note 19 for additional information.

Note Payable - Land Acquisition

As of the date of these financial statements, the Authority has entered into a mortgage for the acquisition of land. Payments of principal and interest are deferred until maturity in 2027. The Authority has reported this liability in the financial statements as Note payable – land acquisition. Refer to Note 11 for additional information.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

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 \$82,400 a month for reimbursable expenses and \$15,450 monthly for a portion of regular Parkway maintenance expenses. In no event shall the Developer provide more than \$988,800 per year for reimbursable expenses or \$185,400 for Parkway management expenses. In December 2024, the Authority executed an extension of the Exclusive Negotiation Agreement (ENA) with Turquoise Southfield NR LLC (TSNR), as the successor to BPD Union Point LLC (the Developer) through June 30, 2025. The ENA was extended through December 31, 2025. See Note 20 for additional information.

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. At June 30, 2025, this amount was \$162,333.

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 to 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 7 for additional information. Currently, certain landscaping and related activities are contracted independently by landowners, snow removal by the Towns of Weymouth, and lighting and certain related repairs/maintenance by the Authority.

Massachusetts Water Resources Authority (MWRA) Water System

During fiscal year 2023, the Authority and the Town of Weymouth filed application for proposed admission to the MWRA for the water system. In May 2024, the Authority and the Town of Weymouth submitted an Expanded Environmental Notification Form (ENF) for the proposed Weymouth/SRA admission to the MWRA water system.

Agreement for Provision of Water and Wastewater Services and for a Consecutive Public Water System

In October 2024, the Authority and the Town of Weymouth entered into a Second Amended and Restated Memorandum of Agreement for Provision of Water and Wastewater Services and for a Consecutive Public Water System. This agreement amended and restated all existing agreements.

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2025, the Southfield Redevelopment Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Accordingly, the beginning net position of the governmental activities has been restated as illustrated in the following table. See Note 15 for additional information.

Net position reported, June 30, 2024	\$ 9,464,067
Implementation of GASB#101:	
Estimated compensated absences as of June 30, 2024	(13,300)
Net position restated, July 1, 2024	<u>\$ 9,450,767</u>

See Independent Auditor's Report.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

NOTE 19 – IMPLEMENTATION OF GASB PRONOUNCEMENTS

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. 101, *Compensated Absences*, which was required to be implemented in fiscal year 2025. This pronouncement updates the recognition and measurement guidance for compensated absences. The Authority implemented the pronouncement.

The GASB issued Statement No. 102, *Certain Risk Disclosures*, which was required to be implemented in fiscal year 2025. This pronouncement will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make the government vulnerable to substantial impact. No additional disclosures were reported in the current year.

Future pronouncements

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is generally required to be implemented in fiscal year 2026. This pronouncement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Authority will evaluate the applicability of the pronouncement for implementation.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is generally required to be implemented in fiscal year 2026. This pronouncement provides enhanced reporting and associated disclosures of capital assets. The Authority will evaluate the applicability of the pronouncement for implementation.

NOTE 20 – SUBSEQUENT EVENTS

Management of the Southfield Redevelopment Authority has evaluated subsequent events through January 16, 2026, the date of which the financial statements were available to be issued. The following additional significant and material events have been identified.

In July 2025 the Commonwealth awarded a \$32.4M grant to the Town of Weymouth for public infrastructure need to support the redevelopment of the former NAS South Weymouth. This funding (administered by MassDevelopment) will advance design and permitting of new water and wastewater infrastructure to serve the site, as well as the design, permitting and construction of roadways. This funding adds to the \$2.6M MassWorks grant that the Commonwealth awarded to Weymouth in FY25 for similar infrastructure improvements to support the project.

October 6, 2025, marked the 3-year anniversary of the Authority's eminent domain taking of approximately 383 acres of land formerly owned by the prior master developer (LStar Southfield LLC), thereby ending the statute of limitations on any challenges.

On November 21, 2025, the development team recorded a Lot Consolidation Plan for the site, which consolidates dozens of smaller parcels owned by the Authority and by SW-NEC UP Lender LLC (c/o Washington Capital). This plan cleans up several jointly owned parcels created as a result of mortgage plans prepared by the prior master developer.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2025

On November 25, 2025, Governor Healey signed the Authority's new Enabling Legislation into law (see Section 68 of Chapter 73 of the Acts of 2025). Notable changes to the legislation include the removal of several terms/concepts to ensure consistency with the new Zoning By-laws adopted in 2023 by the Towns, including "Residential Maximum", "Commercial Minimum", "Senior Housing Minimum" and "Dedicated Commercial Zone", which will allow for flexibility to allocate uses and square footage within the site in response to changing market demands.

On December 3, 2025, the Board of Directors voted unanimously to approve the Disposition and Development Agreement (DDA) between the Southfield Redevelopment Authority and Turquoise Southfield NR LLC. The approval was conditioned on the final review and approval by the Authority's Land Use Counsel of (1) all codified amendments to the Enabling Legislation, (2) the Final Conservation and Management Permit issued by the Massachusetts Division of Fisheries and Wildlife, and (3) all proposed Exhibits to the DDA.

Also on December 3, 2025, the Board of Directors voted unanimously to approve the Third Amendment to the Amended and Restated Exclusive Negotiation Agreement between the Southfield Redevelopment Authority and Turquoise Southfield NR LLC, extending the agreement to June 30, 2026.

On December 12, 2025, the Year #8 payment due on the U.S. Navy Note (including interest) of \$912,216 was made and deposited into escrow per the Third Amendment to the Purchase Agreement between the Navy and the Authority.

On December 29, 2025, the Massachusetts Division of Fisheries and Wildlife issued the Conservation and Management Permit for the project.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHFIELD REDEVELOPMENT AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025
[unaudited]

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Pledged revenue and assessments	\$ 1,148,150	\$ 1,148,150	\$ 1,266,551	\$ 118,401
Real estate and personal property taxes	297,722	297,722	353,536	55,814
Developer contributions	1,215,473	1,215,473	1,212,165	(3,308)
Other	1,500	1,500	16,021	14,521
Total revenues	<u>2,662,845</u>	<u>2,662,845</u>	<u>2,848,273</u>	<u>185,428</u>
Expenditures				
Board of Directors:				
Salaries	50,000	50,000	46,625	3,375
Expenses	41,000	41,000	43,966	(2,966)
Chief Executive Officer:				
Expenses	185,250	185,250	105,462	79,788
Reserve Fund:	100,000	100,000	44,000	56,000
Finance:				
Salaries	130,740	130,740	130,740	
Expenses	38,650	38,650	26,819	11,831
Solicitor	92,000	92,000	23,201	68,799
Information systems expenses	22,825	22,825	19,500	3,325
Land Use::				
Salaries	125,783	125,783	125,783	
Expenses	24,500	24,500	16,718	7,782
Pension, benefits, and insurance	307,146	307,146	286,074	21,072
Maintenance of buildings	48,801	48,801	34,632	14,169
Public works and grounds	311,000	311,000	172,767	138,233
Debt service	1,148,150	1,148,150	1,144,346	3,804
Total expenditures	<u>2,625,845</u>	<u>2,625,845</u>	<u>2,220,633</u>	<u>405,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,000</u>	<u>37,000</u>	<u>627,640</u>	<u>590,640</u>
Other financing sources (uses)				
Transfers in				
Transfers (out)	(37,000)	(37,000)	(55,109)	(18,109)
Total other financing sources (uses)	<u>(37,000)</u>	<u>(37,000)</u>	<u>(55,109)</u>	<u>(18,109)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)			<u>\$ 572,531</u>	<u>\$ 572,531</u>
Net Budget	<u>\$</u>	<u>\$</u>		

See Independent Auditor's Report.

The accompanying notes to the required supplementary information (budgetary comparison) is an integral part of this Schedule.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Budgetary Comparison Schedule

June 30, 2025

[unaudited]

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, 2025, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Reported on budgetary basis	\$ 2,848,273	\$ 2,220,633	\$ (55,109)
Deficiency amounts due the Commonwealth		3,291,733	
Timing and other	7,319		
Contribution on US Navy note/escrow			960,767
Reported on GAAP Basis	<u>\$ 2,855,592</u>	<u>\$ 5,512,366</u>	<u>\$ 905,658</u>

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, 2025, the general stabilization fund maintained a balance of \$174,331.

See Independent Auditor’s Report.

These notes are an integral part of the Budgetary Comparison Schedule.

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

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:

	<u>2024</u>		<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>
Authority's proportion of the net pension liability	0.15%		0.19%		0.15%		0.15%		0.18%
Authority's proportionate share of the net pension liability	\$ 1,067,728	\$ 1,528,815	\$ 914,873	\$ 685,268	\$ 1,038,056				
Authority's covered payroll (approximate)	\$ 242,000	\$ 242,000	\$ 242,000	\$ 231,000	\$ 209,055				
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	441.21%	631.74%	378.05%	296.65%	496.55%				
Plan fiduciary net position as a percentage of the total pension liability	75.49%	75.49%	75.49%	75.49%	67.90%				
Actuarially determined contribution	\$ 163,280	\$ 151,985	\$ 159,363	\$ 147,186	\$ 142,356				
Contributions in relation to the actuarial determined contribution	(163,280)	(151,985)	(159,363)	(147,186)	(142,356)				
Contribution deficiency (excess)	\$	\$	\$	\$	\$				
Contributions as a percentage of covered payroll	67.47%	62.80%	65.85%	63.72%	68.09%				
Discount rate:	7.88%	7.88%	7.88%	7.88%	7.88%				

Continued:

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

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:

Concluded:

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
Authority's proportion of the net pension liability	0.17%		0.16%		0.12%		0.16%		0.10%
Authority's proportionate share of the net pension liability	\$ 1,130,120	\$	1,195,262	\$	646,526	\$	1,042,010	\$	663,053
Authority's covered payroll (approximate)	\$ 307,269	\$	375,662	\$	268,731	\$	258,395	\$	377,512
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	367.79%		318.17%		240.58%		403.26%		175.64%
Plan fiduciary net position as a percentage of the total pension liability	61.61%		56.11%		65.56%		58.32%		56.76%
Actuarially determined contribution	\$ 122,242	\$	118,161	\$	83,720	\$	79,442	\$	106,615
Contributions in relation to the actuarial determined contribution	(122,242)		(118,161)		(83,720)		(79,442)		(106,615)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Contributions as a percentage of covered payroll	39.78%		31.45%		31.15%		30.74%		28.24%
Discount rate:	7.88%		7.88%		8.00%		8.00%		8.00%

See Independent Auditor's Report.

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, 2024 June 30, 2025	July 1, 2022 June 30, 2024	July 1, 2022 June 30, 2023	July 1, 2020 June 30, 2022	July 1, 2020 June 30, 2021
Total OPEB Liability					
Service cost	\$ 10,648	\$ 10,658	\$ 10,325	\$ 15,288	\$ 9,943
Interest on Total OPEB liability, service costs, benefit payments	18,876	17,915	16,884	12,826	13,134
Difference between expected and actual experience	184,134		(14,009)		(15,088)
Changes in assumptions	(40,296)	(4,217)	16,982	(106,419)	173,823
Benefit payments, excluding implicit cost	(7,102)	(9,583)	(9,588)	(15,963)	(15,479)
Implicit cost amount	(2,909)			(8,198)	(8,974)
Total benefit payments including implicit cost	<u>(10,011)</u>	<u>(9,583)</u>	<u>(9,588)</u>	<u>(24,161)</u>	<u>(24,453)</u>
Net change in OPEB liability	163,351	14,773	20,594	(102,466)	157,359
Total OPEB liability - beginning of period	442,662	427,889	407,295	509,761	352,402
Total OPEB liability - end of period	606,013	442,662	427,889	407,295	509,761
Plan Fiduciary Net Position					
Earnings from Plan investments	19,244	18,212	17,215	375	2,045
Employer contributions to the Trust	31,011	30,583	23,588	45,161	24,453
Benefit payments from the Trust, including refunds	<u>(10,011)</u>	<u>(9,583)</u>	<u>(9,588)</u>	<u>(24,161)</u>	<u>(24,453)</u>
Net change in Plan fiduciary net position	40,244	39,212	31,215	21,375	2,045
Plan fiduciary net position - beginning of period	435,233	396,021	364,806	343,431	341,386
Plan fiduciary net position - end of period	475,477	435,233	396,021	364,806	343,431
Net OPEB liability	<u>\$ 130,536</u>	<u>\$ 7,429</u>	<u>\$ 31,868</u>	<u>\$ 42,489</u>	<u>\$ 166,330</u>
Plan fiduciary net position as % of Total OPEB liability	78.46%	98.32%	92.55%	89.57%	67.37%
Covered employee payroll (approximate)	256,000	249,000	242,000	274,000	266,120
Plan net OPEB liability as % of employee covered payroll	50.99%	2.98%	13.17%	15.51%	62.50%
Discount Rate to calculate Plan liabilities	4.21%	4.21%	4.13%	4.09%	2.50%

Continued:

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]

Concluded:

Valuation Date: For the Reporting Period and Fiscal Year ending on:	<u>July 1, 2018 June 30, 2020</u>	<u>July 1, 2018 June 30, 2019</u>	<u>July 1, 2017* June 30, 2018</u>
Total OPEB Liability			
Service cost	\$ 9,816	\$ 9,507	\$ 8,329
Interest on Total OPEB liability, service costs, benefit payments	15,371	15,083	13,285
Difference between expected and actual experience	(770)	24,648	(260,840)
Changes in assumptions	8,088	(20,062)	
Benefit payments, excluding implicit cost	(15,749)	(15,250)	(17,055)
Implicit cost amount	(7,716)	(7,449)	
Total benefit payments including implicit cost	<u>(23,465)</u>	<u>(22,699)</u>	<u>(17,055)</u>
Net change in OPEB liability	9,040	6,477	(256,281)
Total OPEB liability - beginning of period	343,362	336,885	593,166
Total OPEB liability - end of period	352,402	343,362	336,885
Plan Fiduciary Net Position			
Earnings from Plan investments	7,326	4,976	
Employer contributions to the Trust	53,649	321,599	
Benefit payments from the Trust, including refunds	<u>(23,465)</u>	<u>(22,699)</u>	
Net change in Plan fiduciary net position	37,510	303,876	
Plan fiduciary net position - beginning of period	303,876		
Plan fiduciary net position - end of period	341,386	303,876	
Net OPEB liability	<u><u>\$ 11,016</u></u>	<u><u>\$ 39,486</u></u>	<u><u>\$ 336,885</u></u>
Plan fiduciary net position as % of Total OPEB liability	96.87%	88.50%	0.00%
Covered employee payroll (approximate)	226,000	226,000	280,000
Plan net OPEB liability as % of employee covered payroll	4.87%	17.47%	120.32%
Discount Rate to calculate Plan liabilities	3.75%	4.50%	4.00%

**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)

	Actuarial Determined Contribution	Actuarial Determined Contribution	Actuarial Determined Contribution	Actuarial Determined Contribution
	<u>Deficiency/(Excess)</u> June 30, 2025	<u>Deficiency/(Excess)</u> June 30, 2024	<u>Deficiency/(Excess)</u> June 30, 2023	<u>Deficiency/(Excess)</u> June 30, 2022
For the Fiscal Year Ending:				
Service cost	\$ 10,648	\$ 10,658	\$ 10,325	\$ 15,288
Amortization of NOL	5,538	292	1,239	1,643
Actuarial Determined Contribution	16,186	10,950	11,564	16,931
Contributions in relation to the actuarially determined Contribution	(31,011)	(30,583)	(23,588)	(45,161)
Contribution deficiency / (excess)	<u>\$ (14,825)</u>	<u>\$ (19,633)</u>	<u>\$ (12,024)</u>	<u>\$ (28,230)</u>
Covered payroll	\$ 256,000	\$ 249,000	\$ 226,000	\$ 274,000
Contributions as a % of covered employee payroll	12.08%	12.28%	10.44%	16.48%
Discount rate	4.21%	4.21%	4.13%	4.09%
Money weighted rate of return	4.81%	4.58%	4.63%	0.11%

Continued:

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 the Authority’s Contributions – Other Postemployment Benefits (OPEB) Plan
 Last Ten Fiscal Years
 [unaudited]

Actuarial Determined Contribution (ADC)

Concluded:

	Actuarial Determined Contribution	Actuarial Determined Contribution	Actuarial Determined Contribution
	<u>Deficiency/(Excess)</u>	<u>Deficiency/(Excess)</u>	<u>Deficiency/(Excess)</u>
For the Fiscal Year Ending:	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Service cost	\$ 9,943	\$ 9,507	\$ 9,507
Amortization of NOL	5,162	777	2,320
Actuarial Determined Contribution	15,105	10,284	11,827
Contributions in relation to the actuarially determined Contribution	(24,453)	(53,649)	(321,599)
Contribution deficiency / (excess)	<u>\$ (9,348)</u>	<u>\$ (43,365)</u>	<u>\$ (309,772)</u>
Covered payroll	\$ 266,120	\$ 226,000	\$ 226,000
Contributions as a % of covered employee payroll	9.19%	23.74%	142.30%
Discount rate	2.50%	3.75%	4.50%
Money weighted rate of return	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.
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SOUTHFIELD REDEVELOPMENT AUTHORITY
 Required Supplementary Information –
 Schedule of Investment Returns – Other Postemployment Benefits (OPEB) Plan
 Last Ten Fiscal Years
 [unaudited]

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return (approximate)	4.40%	4.58%	4.63%	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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Required Supplementary Information - Other Postemployment Benefits (OPEB) Plan Last Ten Fiscal Years [unaudited]

Significant Actuarial assumptions:

Valuation date:	July 1, 2024 (previously July 1, 2022)
Actuarial cost method:	Individual Entry Age Normal.
Asset valuation method:	Market value as of the measurement date, June 30, 2025.
Investment rate of return:	2.50%; previously 2.50%.
Municipal bond rate:	4.81% June 30, 2025. Previously, 4.21% as of June 30, 2024. (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG).
Discount Rate:	4.81%, net of OPEB plan investment expense, including inflation; previously 4.21%.
Salary increases:	3.00% annually as of June 30, 2025, 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-2021, set forward 1 year for females (previous scale MP-2016).
Post-Retirement Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females (previous scale MP-2016)
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for males and 2 years for females (previous scale MP-2016).
Medical Trend Rate:	Rates were developed using the SOA Getzen Model of long-term Medical Cost Trends using various model inputs. The rate for 2025 was 4.96% trending down to 3.63% in 2060.

Changes in assumptions: From June 30, 2024 to June 30, 2025

- The discount rate has been changed from 4.21% to 4.81%. This change decreased the disclosed liability by approximately \$17,000.
- Investments earned approximately \$8,100 more than expected.
- Based upon recommendations from PERAC, mortality table assumptions have been updated to scales were updated to RP-2014 Mortality Table projected generationally with scale MP-2021 for males and females.
- Actuarial assumptions or changes in such do not impact the actual cost of the Plan. Rather, they impact the timing of the recognition of such costs.

Other:

- The current valuation has not made any adjustments to assumptions to reflect the impact of COVID-19.
- 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.