

SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2020

SOUTHFIELD REDEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southfield Redevelopment Authority (the Authority), as of and for the year ended June 30, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

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
Parkway Maintenance Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities, General Fund, Parkway Maintenance Fund

The Southfield Redevelopment Authority has reported accounts receivable balances associated with amounts due from the former master developer and landowners (\$2,080,780 and \$349,866 respectively, reported in the General Fund) and parkway maintenance reimbursement costs (\$229,038, reported in the Parkway Maintenance Fund). The Authority expects these amounts as expected to be fully collectible with specific disclosures related to final resolution. Accordingly, the receivable balances have been offset by deferred revenue on both the fund basis financial statements (General Fund and Parkway Maintenance Fund) and the governmental activities. The Authority has filed a claim against the former Master Developer and the court granted an attachment in the amount of \$10.0 million, pending final legal judgement. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets and deferred inflows of resources in the governmental activities, General Fund and Parkway Maintenance Fund. While the Authority ultimately expects recovery of damages against the former developer, sufficient audit evidence to determine the specific collectability of these amounts as reported in accordance with generally accepted accounting principles cannot be determined as of the financial statement date.

Qualified Opinions

In our opinion, except for the effects of the matters discussed in the “Basis for Qualified Opinion on the Governmental Activities, General Fund, Parkway Maintenance Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the General Fund, and the Parkway Maintenance Fund of the Southfield Redevelopment Authority, as of June 30, 2020 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

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), reserve fund, and the aggregate remaining fund information of the Southfield Redevelopment Authority, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv to xv, and Schedule of the Authority's Proportionate Share of Net Pension Liabilities and Pension Contributions, Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios – Other Postemployment Benefits (OPEB) Plan, Schedule of the Authority's Contributions – Other Postemployment Benefits (OPEB) Plan, Schedule of Investment Returns – Other Postemployment Benefits (OPEB) Plan, and General Fund Budgetary Comparison information and related notes, on pages 40 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2021, on our consideration of the Southfield Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southfield Redevelopment Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Southfield Redevelopment Authority's internal control over financial reporting and compliance.



Norwell, Massachusetts
July 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

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, 2020. We encourage readers to consider the information presented in this report.

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

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

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

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

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

Overview of the Financial Statements

This discussion and analysis is 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.

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Government-Wide Financial Statements: The government-wide financial statements provide both long-term and short-term information about the Authority as a whole. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Authority's assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources resulting in the aggregate net position of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

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

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

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

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

The Authority maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Reserve Fund, Parkway Maintenance 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.

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

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

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

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

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

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

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

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

General Government

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

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 are listed below.

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Management's Discussion and Analysis

June 30, 2020

<u>Class</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>
Residential	\$ 340,982,288	\$ 266,073,938	\$ 209,622,064	\$ 113,701,211	\$ 98,583,690
Open Space					
Commercial	61,229,612	56,250,572	51,267,106	52,209,879	52,066,010
Personal Property	1,890,270	1,803,550	1,648,020	1,724,900	1,527,580
Total Valuation	<u>\$ 404,102,170</u>	<u>\$ 324,128,060</u>	<u>\$ 262,537,190</u>	<u>\$ 167,635,990</u>	<u>\$ 152,177,280</u>

<u>Class</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Residential	\$ 91,868,600	\$ 64,167,400	\$ 47,720,900	\$ 20,330,300	\$ 13,131,835
Open Space	6,070,500	2,542,500	2,542,500	500,800	1,809,800
Commercial	60,718,700	57,923,700	60,268,800	35,467,300	35,938,865
Personal Property	1,975,853	1,776,905	3,363	53,000	19,000
Total Valuation	<u>\$ 160,633,653</u>	<u>\$ 126,410,505</u>	<u>\$ 110,535,563</u>	<u>\$ 56,351,400</u>	<u>\$ 50,899,500</u>

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 2020 Certified Values equaling \$404,102,170 resulting in a \$202,051, compared to \$162,064 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 2020 general fund operating budget was approved at \$2.7 million, of which the debt service associated with the 2010A Infrastructure bonds was approximately \$1.4 million or approximately 50%. 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. Pursuant to the latest Distribution and Development Agreement (DDA), fund balance reserves, which are certified by the Massachusetts Department of Revenue as free cash, are pledged to the greater of 20% of the prior year's certification or \$350,000 until the certified Free Cash reaches \$500,000 or less, at which point it is no longer used. The Master Developer fees are the final component utilized for the shortfall between those budgeted revenues and the appropriated expenditures. The Master Developer was removed in fiscal year 2019 and during fiscal year 2020 the SRA solicited a new Master Developer through a Request for Proposals process. On June 30, 2020, the into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, a Delaware limited liability company (Brookfield) regarding the remaining master planning and redevelopment of Union Point.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

Tax Rate

Tax rates are set for the SRA in a manner consistent with all other Cities and Towns within the Commonwealth of Massachusetts. Tax rates are approved by the Massachusetts Department of Revenue based upon all revenues including tax receivables. The tax rate recapitulation (RECAP) requires reporting of all anticipated income and all authorized expenditures for a given year. This calculation yields a tax rate. With the 2014 Legislation (effective for Fiscal 2016) there was a major shift in the governmental costs directly to the Towns, which resulted in the correlated reduction in the levy. The historic tax rates for the SRA, demonstrative of this shift, are listed below:

<u>Class</u>	<u>Tax Rate as approved by the Massachusetts Department of Revenue</u>									
	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2013</u>	<u>FY2012</u>	<u>FY2011</u>
Residential	\$0.50	\$0.50	\$0.50	\$0.50	\$0.54	\$11.39	\$13.47	\$13.26	\$12.89	\$11.90
Open Space						\$22.12	\$13.47	\$13.26	\$12.89	\$11.90
Commercial	\$0.50	\$0.50	\$0.50	\$0.50	\$0.54	\$22.12	\$30.73	\$26.35	\$23.89	\$17.70
Personal Property	\$0.50	\$0.50	\$0.50	\$0.50	\$0.54	\$22.12	\$30.73	\$26.35	\$23.89	\$17.70

In 2010, the Board of Assessors recommended, and the Board of Directors approved a tax shift whereby the commercial taxpayers bear more of property tax burden than does the residential taxpayer. By so doing, the tax rate for the SRA is more in line with that of the Town of Weymouth. It was determined that since the property being sold was located in Weymouth that this approach to the tax shift was reasonable.

By way of comparison, the following is a listing of the 2020 tax rates for the Union Point communities:

- a. Abington: Residential and Commercial rate: \$17.00
- b. Rockland: Residential and Commercial rate: \$17.50
- c. Weymouth: Residential Rate: \$11.92
Commercial Rate: \$18.70

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

FINANCIAL HIGHLIGHTS

The following table illustrates summary financial activity associated with the Authority's governmental activities and business-type activities. Certain current year net position amounts have been reclassified to correspond with the current year presentation. Details associated with these restatements have been made in the Notes to the financial statements. Prior year amounts have not been restated for the purposes of these summarized schedules. During fiscal year 2019, the Authority had an actuarial valuation performed to calculate amounts associated with other postemployment benefit (OPEB) obligations, using a valuation date of July 1, 2018. The beginning balance associated with the estimated net OPEB liability was restated in accordance with this valuation. Accordingly, beginning net position, as of July 1, 2018, has been restated. Additional information can be found in the accompanying notes to the financial statements. Other amounts have been reclassified to correspond with the current year presentation. Previous years amounts have been reflected for fiscal years back to fiscal year 2016.

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Management's Discussion and Analysis

June 30, 2020

Governmental activities

Net Position

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 \$4.6 million is primarily a function of the required reporting of noncurrent liabilities associated with estimated liabilities for the Authority's net pension liability of \$1.1 million and the amount due to the Commonwealth for Parkway deficiency amounts of \$4.5 million.

Deferred inflows of resources of \$2.8 million (deferred revenue) consisted primarily of amounts associated with amounts due from the former master developer and landowners for developer fees and others for Parkway maintenance reimbursements. These amounts have been reported as deferred for financial reporting purposes as final resolution of these issues are determined.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:					
Current assets	\$ 1,830,607	\$ 1,843,668	\$ 2,668,407	\$ 3,260,819	\$ 10,721,979
Noncurrent assets:					
Restricted cash	272,055				
Accounts receivable	2,309,818	2,080,780			
Capital assets	<u>36,605,050</u>	<u>38,237,256</u>	<u>39,869,462</u>	<u>49,244,757</u>	<u>44,516,287</u>
Total assets	41,017,530	42,161,704	42,537,869	52,505,576	55,238,266
Deferred outflows of resources:					
Deferred outflows of resources related to OPEB	25,571	21,058			
Deferred outflows of resources related to pensions	<u>277,931</u>	<u>500,025</u>	<u>193,787</u>	<u>367,929</u>	<u>100,360</u>
Total deferred outflows	303,502	521,083	193,787	367,929	100,360
Liabilities:					
Current liabilities	383,596	1,765,546	1,960,402	1,804,142	2,474,509
Noncurrent liabilities	5,680,759	1,239,748	1,255,092	1,350,935	955,401
Current debt	250,000	250,000	200,000	150,000	100,000
Noncurrent debt	<u>11,200,000</u>	<u>11,450,000</u>	<u>11,700,000</u>	<u>12,250,000</u>	<u>12,400,000</u>
Total liabilities	17,514,355	14,705,294	15,115,494	15,555,077	15,929,910
Deferred inflows of resources:					
Deferred revenue	2,659,685	2,309,818			
Deferred outflows of resources related to OPEB	12,654	16,050			
Deferred outflows of resources related to pensions	<u>103,640</u>	<u>142,135</u>	<u>223,831</u>	<u>28,540</u>	
Total deferred inflows	2,775,979	2,468,003	223,831	28,540	
Net Position:					
Net investment in capital assets	25,431,268	26,814,915	28,240,876	36,844,757	32,016,287
Restricted	224,719	113,678	58,194	621,414	621,414
Unrestricted	<u>(4,625,289)</u>	<u>(1,419,103)</u>	<u>(906,739)</u>	<u>(176,283)</u>	<u>6,771,015</u>
Total net position	\$ 21,030,698	\$ 25,509,490	\$ 27,392,331	\$ 37,289,888	\$ 39,408,716

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Revenues and Expenses

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Program revenues:					
Charges for services	\$	\$	\$	\$ 55,741	\$ 2,012
Operating grants and contributions		101,726	476,870		
Capital grants and contributions				131,364	7,000,884
General revenues:					
Real estate and personal property taxes	202,052	252,243	101,922	52,862	87,544
Developer/Entitlement fees	573,687	237,779	239,729	226,954	17,658
Pledged revenues/special assessments	1,178,267	1,198,170	1,153,441	1,125,000	997,625
Other revenue	212,294	24,182	25,807	447,425	98,610
Total revenues	2,166,300	1,814,100	1,997,769	2,039,346	8,204,333
Expenses:					
Board of Directors	63,100	66,509	68,462	89,373	74,972
Chief Executive Officer	54,570	189,937	148,379	165,039	134,643
Finance	150,674	135,024	91,521	170,495	111,749
Solicitor	38,326	11,575	62,605	152,983	240,171
Information systems	17,083	39,499	49,521	47,538	49,053
Planning board	141,310	137,439	186,963	322,024	170,524
Pension, benefits, and insurance	332,447	338,011	198,507	189,120	174,702
Maintenance of buildings and public works	46,610	25,944	12,685	132,093	304,712
Police and fire inspections					11,873
Parkway maintenance and related		281,392	329,724		
Route 18 improvements	19,862	184,311	138,846	22,868	129,285
Parkway deficiency amounts	3,151,498				
Interest on debt service	897,406	911,375	922,717	963,553	969,898
Depreciation	1,632,206	1,632,206	1,632,206	1,903,088	1,690,705
Total expenses	6,545,092	3,953,222	3,842,136	4,158,174	4,062,287
Transfers	(100,000)				
Change in net position	(4,478,792)	(2,139,122)	(1,844,367)	(2,118,828)	4,142,046
Net position - beginning	25,509,490	27,648,612	29,236,698	40,784,041	36,641,995
Net position - ending	\$ 21,030,698	\$ 25,509,490	\$27,392,331	\$38,665,213	\$ 40,784,041

Business-type activities:

Enterprise Fund: Water & Sewer

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

As of June 30, 2020, the SRA retains all legal responsibility of providing safe potable water to Union Point, however all new billing/revenues and maintenance are being handled by the Town of Weymouth until a formal comprehensive agreement is reached. The SRA is responsible for maintenance of established infrastructure, and accordingly, all activity associated with the fund during fiscal year 2020 was associated with emergency repairs to pumping station owned by the former Master Developer. During fiscal year 2020, the governmental activities transferred \$100,000 to the fund for this purpose.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:					
Current assets	\$ 261,443	\$ 398,980	\$ 832,543	\$ 885,219	\$ 670,399
Capital assets	<u>21,368</u>	<u>22,354</u>	<u>23,340</u>	<u>24,326</u>	<u>25,312</u>
Total assets	282,811	421,334	855,883	909,545	695,711
Deferred outflows of resources:					
Deferred outflows of resources pensions				14,918	5,226
Liabilities:					
Current liabilities	454		525		18,951
Noncurrent liabilities				<u>70,590</u>	<u>60,696</u>
Total liabilities	454		525	70,590	79,647
Deferred inflows of resources:					
Deferred outflows of resources pensions				1,157	
Net Position:					
Net investment in capital assets	21,368	22,354	23,340	24,326	25,312
Unrestricted	<u>260,989</u>	<u>398,980</u>	<u>831,785</u>	<u>828,390</u>	<u>595,978</u>
Total net position	<u>\$ 282,357</u>	<u>\$ 421,334</u>	<u>\$ 855,125</u>	<u>\$ 852,716</u>	<u>\$ 621,290</u>
Program revenues:					
Charges for services	\$	\$	\$ 417,831	\$ 589,082	\$ 583,883
Connection fees/other		267	24,725	319,613	64,371
General revenues:					
Unrestricted investment income				<u>3,725</u>	<u>2,671</u>
Total revenues		267	442,556	912,420	650,925
Expenses:					
Water and sewer	<u>239,977</u>	<u>434,058</u>	<u>496,976</u>	<u>680,994</u>	<u>595,421</u>
Transfers:	<u>100,000</u>				
Change in net position	(139,977)	(433,791)	(54,420)	231,426	55,504
Net position - beginning	<u>421,334</u>	<u>855,125</u>	<u>909,545</u>	<u>621,290</u>	<u>565,786</u>
Net position - ending	<u>\$ 281,357</u>	<u>\$ 421,334</u>	<u>\$ 855,125</u>	<u>\$ 852,716</u>	<u>\$ 621,290</u>

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

Financial Analysis of the SRA's Major Governmental Funds

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

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

As of the end of the current year, governmental funds reported combined fund balances of a deficit of \$2.9 million, a decrease of approximately \$2.9 million from the prior year. The decrease was due primarily to the recognition of Parkway deficiency amounts certified by the Commonwealth of Massachusetts through June 30, 2020. 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 \$3.3 million. The General fund decreased approximately \$3.1 million during the fiscal year, primarily due to the recognition of Parkway deficiency amounts certified by the Commonwealth of Massachusetts through June 30, 2020.

Reserve Fund

The reserve fund established pursuant to trust agreement which was established upon issuance of 2010A infrastructure development bonds issued in 2010. Remaining \$250,000 balance in this fund is required to be maintained in reserve for security to bondholders.

Parkway Maintenance Fund

The Parkway maintenance fund is a fund established to account for resources and activity associated with the maintenance (i.e. snow removal, landscaping, lighting) associated with the East-West Parkway, the portion of which is owned by the Authority. Maintenance costs were being reimbursed to the Authority from the Landowners Association within the Union Point community. Currently, snow removal is being maintained by the host communities; landscaping directly by certain landowners; lighting and repairs are performed by the Authority. See the accompanying notes to the financial statements for additional information.

General Fund Budgetary Highlights

Actual revenues were less than the final budget by approximately \$566,000, primarily related to the vacancy of a Master Developer and the termination of costs being reimbursed by current landowners who foreclosed on certain parcels owned by the former master developer. During 2020, the Board of Directors approved a transfer of \$228,000 from the stabilization fund to cover budget shortfalls.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management’s Discussion and Analysis

June 30, 2020

Stabilization fund

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

General Stabilization

The Board of Directors maintains a General Stabilization Account to begin addressing the reserve concerns within the State Auditor’s Audit Report. Since the fund does not have a specific, ongoing, dedicated revenue source, in accordance with generally accepted accounting principles, the fund is included in unassigned fund balance of the General Fund. The account maintains a balance of \$174,331 at June 30, 2020. Historical information related to this account is presented below.

	General Stabilization Account						
	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2014</u>
Beginning balance	\$ 402,331	\$ 401,703	\$ 1,691	\$ 1,683	\$ 1,671	\$ 324,154	\$ 790,030
Transfers In			400,000				
Transfers (Out)	(228,000)					(322,999)	(469,618)
Interest income		628	12	8	12	516	3,742
Ending balance	<u>\$ 174,331</u>	<u>\$ 402,331</u>	<u>\$ 401,703</u>	<u>\$ 1,691</u>	<u>\$ 1,683</u>	<u>\$ 1,671</u>	<u>\$ 324,154</u>

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). In addition, the SRA authorized a note in the amount of \$10 million (assigned to the Developer) for the purpose of purchasing the remaining Navy Land. Under a contractual agreement with the Developer, the Developer assumed the debt obligation and the SRA secured a 6-acre parcel of land that abuts the parkway; however, this security agreement and mortgage were nullified in Section 3.2.1 of the most recent DDA.

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 1 and 2 (June 2006). The Assessments are equal to the interest and principal on the Bonds and bonds expected to be issued in the future and estimated administrative expenses related to the bonds. The Assessment Roll is updated each Tax Year. There was no Assessment for 2011. This was the first such bond authorized in the Commonwealth of Massachusetts.

The first payment for which assessments were to be collected under the bond was due and paid on August 1, 2012 (fiscal year 2013) as reserves were held by a third party for the semi-annual debt service for 2011 and for 2012. The SRA collects assessments and pledged revenues through the tax levy and collection process of each town for properties included in FOST 1 and 2 for this debt service. The first special assessment was raised on property owners within FOST 1 and FOST 2 in 2013. Furthermore, the assessment, in accord with the Bond Agreements, was assessed on only those owners of unimproved land. The Special Assessment, on the undeveloped parcels, was \$197,000 in 2020. 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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

At June 30, 2020, the outstanding balance of these bonds was \$11.5 million, this is compared to \$11.7 million the prior year. In December 2020, the SRA issued \$13.3 million of refunding bonds, series 2020A. 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.

Capital assets

The Authority reported capital assets net of accumulated depreciation of \$36.6 million for its governmental activities and \$21,000 for its business-type activities at June 30, 2019. This is compared to \$38.2 million for the governmental activities and \$22,000 for the business-type activities the prior year. The only change represents current year depreciation expense. Additional information can be found in the accompanying notes to the financial statements.

CONTINGENT LIABILITY

East West Parkway Bond

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

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

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Management's Discussion and Analysis

June 30, 2020

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

Next year's budget

- The Board of Directors has adopted an operating budget for fiscal year 2021 of \$2.0 million, compared to the operating budget for fiscal year 2020 of \$2.7 million.
- The District tax for fiscal year 2021 was \$.49 per \$1,000 of valuation, resulting in an aggregate tax levy of \$217,517.

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current:			
Cash	\$ 1,207,722	\$ 261,443	\$ 1,469,165
Accounts receivable, net of uncollectible amounts	622,885		622,885
Total current assets	1,830,607	261,443	2,092,050
Noncurrent:			
Restricted cash	272,055		272,055
Accounts receivable, net of uncollectible amounts	2,309,818		2,309,818
Capital assets, net of accumulated depreciation	36,605,050	21,368	36,626,418
Total noncurrent assets	39,186,923	21,368	39,208,291
Total assets	41,017,530	282,811	41,300,341
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Associated with other postemployment benefits	25,571		25,571
Associated with pensions	277,931		277,931
Total deferred outflows of resources	303,502		303,502
<u>LIABILITIES</u>			
Current:			
Accounts payable	8,596	454	9,050
Due to the OPEB Trust fund	10,000		10,000
Accrued interest expense	365,000		365,000
Bonds payable	250,000		250,000
Total current liabilities	633,596	454	634,050
Noncurrent:			
Compensated absences	12,800		12,800
Other postemployment benefits liability	11,016		11,016
Due to Commonwealth of Massachusetts	4,526,823		4,526,823
Bonds payable	11,200,000		11,200,000
Net pension liability	1,130,120		1,130,120
Total noncurrent liabilities	16,880,759		16,880,759
Total liabilities	17,514,355	454	17,514,809
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue	2,659,685		2,659,685
Associated with other postemployment benefits	12,654		12,654
Associated with pensions	103,640		103,640
Total deferred inflows of resources	2,775,979		2,775,979
<u>NET POSITION</u>			
Net investment in capital assets	25,431,268	21,368	25,452,636
Restricted	224,719		224,719
Unrestricted	(4,625,289)	260,989	(4,364,300)
Total net position	\$ 21,030,698	\$ 282,357	\$ 21,313,055

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, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	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	\$ 40,000	\$	\$	\$	\$ (40,000)	\$	\$ (40,000)
Expenses	23,100				(23,100)		(23,100)
Chief Executive Officer:							
Expenses	54,570				(54,570)		(54,570)
Finance:							
Salaries	115,000				(115,000)		(115,000)
Expenses	35,674				(35,674)		(35,674)
Solicitor	38,326				(38,326)		(38,326)
Information systems expenses	17,083				(17,083)		(17,083)
Planning Board:							
Salaries	111,120				(111,120)		(111,120)
Expenses	30,190				(30,190)		(30,190)
Pension, benefits and insurance	332,447				(332,447)		(332,447)
Public works and maintenance expenses	46,610				(46,610)		(46,610)
Route 18 improvements	19,862				(19,862)		(19,862)
Parkway deficiency amounts	3,151,498				(3,151,498)		(3,151,498)
Interest on debt service	897,406				(897,406)		(897,406)
Unallocated depreciation	1,632,206				(1,632,206)		(1,632,206)
Total governmental activities	<u>6,545,092</u>				<u>(6,545,092)</u>		<u>(6,545,092)</u>
<i>Business-type activities:</i>							
Water/Sewer	238,977					(238,977)	
Total business-type activities	<u>238,977</u>					<u>(238,977)</u>	
Total primary government	<u>\$ 6,784,069</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>(6,545,092)</u>	<u>(238,977)</u>	<u>(6,545,092)</u>
General revenues, pledged revenues and assessments and other:							
					1,178,267		1,178,267
					573,687		573,687
					202,052		202,052
					212,294		212,294
					<u>2,166,300</u>		<u>2,166,300</u>
					(100,000)	100,000	
					<u>(4,478,792)</u>	<u>(138,977)</u>	<u>(4,617,769)</u>
					<u>25,509,490</u>	<u>421,334</u>	<u>25,930,824</u>
					<u>\$ 21,030,698</u>	<u>\$ 282,357</u>	<u>\$ 21,313,055</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, 2020

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Parkway Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current:					
Cash	\$ 1,088,559	\$	\$	\$ 119,163	\$ 1,207,722
Interfund receivable	64,504				64,504
Accounts receivables	273,019				273,019
Total current assets	<u>1,426,082</u>			119,163	<u>1,545,245</u>
Noncurrent:					
Restricted cash		250,000		22,055	272,055
Accounts receivables	2,430,646		229,038		2,659,684
Total noncurrent assets	<u>2,430,646</u>	<u>250,000</u>	<u>229,038</u>	<u>22,055</u>	<u>2,931,739</u>
Total assets	<u>\$ 3,856,728</u>	<u>\$ 250,000</u>	<u>\$ 229,038</u>	<u>\$ 141,218</u>	<u>\$ 4,476,984</u>
LIABILITIES					
Current:					
Accounts and other payables	\$ 8,596	\$	\$	\$	\$ 8,596
Interfund payable			37,357	27,147	64,504
Due to OPEB Trust fund	10,000				10,000
Total current liabilities	<u>18,596</u>		<u>37,357</u>	<u>27,147</u>	<u>83,100</u>
Noncurrent:					
Due to the Commonwealth of Massachusetts	4,526,823				4,526,823
Total noncurrent liabilities	<u>4,526,823</u>				<u>4,526,823</u>
Total liabilities	<u>4,545,419</u>		<u>37,357</u>	<u>27,147</u>	<u>4,609,923</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	2,506,665		229,038		2,735,703
Total deferred inflows of resources	<u>2,506,665</u>		<u>229,038</u>		<u>2,735,703</u>
FUND BALANCES					
Restricted	109,719	250,000		141,218	500,937
Assigned	12,609				12,609
Unassigned	(3,317,684)		(37,357)	(27,147)	(3,382,188)
Total fund balances	<u>(3,195,356)</u>	<u>250,000</u>	<u>(37,357)</u>	<u>114,071</u>	<u>(2,868,642)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,856,728</u>	<u>\$ 250,000</u>	<u>\$ 229,038</u>	<u>\$ 141,218</u>	<u>\$ 4,476,984</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, 2020

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Parkway Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Pledged revenue and assessments	\$ 1,170,233	\$	\$	\$	\$ 1,170,233
Real estate and personal property tax	181,538				181,538
Developer fees	573,687				573,687
Intergovernmental				51,767	51,767
Other revenue	33,890			178,404	212,294
Total revenues	<u>1,959,348</u>			<u>230,171</u>	<u>2,189,519</u>
Expenditures:					
Board of Directors:					
Salaries	40,000				40,000
Expenses	23,100				23,100
Chief Executive Officer:					
Expenses	54,570				54,570
Finance:					
Salaries	115,000				115,000
Expenses	35,674				35,674
Solicitor	38,326				38,326
Information systems expenses	17,083				17,083
Planning Board:					
Salaries	111,120				111,120
Expenses	30,190				30,190
Pensions, benefits, and insurance	242,569				242,569
Public works and maintenance expenses	46,610				46,610
Route 18 improvements			19,862		19,862
Parkway deficiency amounts	3,151,498				3,151,498
Debt service costs	1,155,406				1,155,406
Total expenditures	<u>5,061,146</u>		<u>19,862</u>		<u>5,081,008</u>
Other Financing Sources (Uses):					
Transfers in	9,009				9,009
Transfers (out)	(40,000)			(69,009)	(109,009)
Total other financing sources (uses)	<u>(30,991)</u>			<u>(69,009)</u>	<u>(100,000)</u>
Net change in fund balance	(3,132,789)		(19,862)	161,162	(2,991,489)
Fund balances - beginning of year	(62,567)	250,000	(17,495)	(47,091)	122,847
Fund balances - end of year	<u>\$ (3,195,356)</u>	<u>\$ 250,000</u>	<u>\$ (37,357)</u>	<u>\$ 114,071</u>	<u>\$ (2,868,642)</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, 2020

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

Total fund balances of governmental funds	\$ (2,868,642)
Capital assets used in governmental activities are not resources and therefore are not reported in the funds	36,605,050
Net deferred outflows and deferred inflows associated with net pension liability are not recognized on the modified accrual basis.	174,291
Net deferred outflows and deferred inflows associated with OPEB liability are not recognized on the modified accrual basis.	12,917
Full accrual of interest is not recorded in governmental fund statements.	(365,000)
Long-term bonds are not due and payable in the current period and therefore are not reported in the funds	(11,450,000)
Net other postemployment benefit liability is not due and payable in the current period and therefore is not reported in the funds	(11,016)
Net pension liability is not due and payable in the current period and therefore it is not reported in the funds	(1,130,120)
Compensated absences are not due and payable in the current period therefore are not reported in the funds	(12,800)
Certain deferred revenue is recognized as earned/available on the full accrual basis.	76,018
Net position of governmental activities	\$ 21,030,698

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, 2020

Net change in fund balances - total governmental funds	\$ (2,991,489)
<p>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.</p>	
Depreciation expense	(1,632,206)
<p>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.</p>	
Bond principal payments	250,000
<p>Certain deferred outflows and deferred inflows of resources are reported on the government-wide financial statements.</p>	
Net change in deferred outflows/(inflows) of resources related to pensions	(183,599)
Net change in deferred outflows/(inflows) of resources related to OPEB	7,909
Net change in deferred revenues recognized on the full accrual basis	(23,219)
<p>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.</p>	
Net change in compensated absences accrual	(7,800)
Net change in accrued interest on long-term debt	8,000
Net change in other postemployment benefits accrual	28,470
Net change in net pension liability	65,142
Change in net position of governmental activities	\$ (4,478,792)

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Statement of Net Position - Proprietary Funds

June 30, 2020

	Business-type Activities Enterprise Funds
	<u>Water/Sewer Fund</u>
ASSETS	
Current:	
Cash	\$ 261,443
Total current assets	<u>261,443</u>
Noncurrent:	
Capital assets, net of accumulated depreciation	21,368
Total assets	<u>282,811</u>
LIABILITIES	
Current:	
Accounts payable	454
Total liabilities	<u>454</u>
NET POSITION	
Net investment in capital assets	21,368
Unrestricted	260,989
Total net position	<u><u>\$ 282,357</u></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, 2020

	Business-type Activities
	Enterprise Funds
	Water/Sewer Fund
OPERATING EXPENSES:	
Repair and maintenance expenses	\$ 237,991
Depreciation expense	986
Total operating expenses	<u>238,977</u>
Operating (loss)	<u>(238,977)</u>
NONOPERATING ACTIVITY:	
Transfer from General fund	40,000
Transfer from other funds	60,000
Total transfers	<u>100,000</u>
Change in net position	(138,977)
Net position - beginning of year	421,334
Net position - end of year	<u><u>\$ 282,357</u></u>

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, 2020

	Business-type Activities Enterprise Funds
	<u>Water/Sewer Fund</u>
Cash flows from operating activities:	
Payments to other vendors	\$ (237,537)
Net cash from operating activities	<u>(237,537)</u>
Cash flows from financing activities:	
Transfer from the General fund	40,000
Transfer from other funds	60,000
Net cash from financing activities	<u>100,000</u>
Net change in cash and cash equivalents	(137,537)
Cash and cash equivalents at beginning of year	398,980
Cash and cash equivalents at end of year	<u><u>\$ 261,443</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating (loss)	\$ (238,977)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Change in accounts payable	454
Depreciation	986
Total adjustments	<u>1,440</u>
Net cash from operating activities	<u><u>\$ (237,537)</u></u>

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, 2020

		Other Postemployment Benefits Trust Fund
ADDITIONS		
Employer contributions	\$	53,465
Net investment income		7,510
Total additions		60,975
 DEDUCTIONS		
Employee benefit payments		23,465
Total deductions		23,465
 Change in net position		 37,510
 Net position, beginning		 303,876
Net position, ending	\$	341,386

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, 2020

Note 1 – Organization and Reporting Entity

A. Organization

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

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

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

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

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

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

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

On September 25, 2019, the Authority issued a "Request For Proposal" for a new experienced real estate "master developer" to collaborate on completion of the Union Point project. On June 30, 2020, the Authority entered into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, a Delaware limited liability company (Brookfield) regarding the remaining master planning and redevelopment of Union Point. See the additional notes accompanying these financial statements.

B. Reporting Entity

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Statements

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

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

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

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

Fund Financial Statements

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

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

The Authority's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose, other post-employment benefit trust funds, and agency funds). Since these assets are being held for the benefit of a third party (developers, others) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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:

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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 issued in 2010. The balance in this fund is required to be maintained in reserve for security to bondholders.
- Parkway Maintenance fund is a fund established to account for resources and activity associated with the maintenance (i.e. snow removal, landscaping, lighting) associated with the East West Parkway, which is owned by the Authority. Maintenance costs are to be reimbursed to the Authority from the Landowners Association within the Union Point community.

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

Proprietary Funds:

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

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

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

In October 2017, the Town of Weymouth took over the billing and collections for all existing water and sewer customers at Union Point. As of June 30, 2020, 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.

During fiscal year 2020, the Authority transferred funds into the enterprise fund to perform certain repair and replacement expenses associated with sewer pumping stations owned by the previous master developer.

Fiduciary Funds:

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

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

- Agency funds are used to hold funds on behalf of parties other than the Authority. The Authority maintains funds for developers and others. Agency funds are custodial in nature and do not involve measurement of results of operations. The most significant amounts maintained represent deposits and performance bonds associated with certain ongoing development projects.

B. Measurement Focus and Basis of Accounting

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

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

In the current year, the Authority accrued special assessments of \$197,000 which were received in September of 2020.

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.

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 2010A Infrastructure Bond issuance and Trust document. These investments of the Authority have been reported as restricted cash. Additional disclosures are presented in these Notes.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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 former master developer and others , have been reported as a deferred inflow of resources on the government-wide financial statements pending the outcome of legal proceedings against the former developer and resolutions with others.

G. Capital Assets

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

Government-wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, donated works of art, historical 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 as assets with an initial, individual cost of more the \$1,000 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority had no capital additions during fiscal year 2020.

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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

H. Deferred Outflows and Deferred Inflows

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

I. Liabilities

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

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

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

J. Equity Classifications

Government-wide Statements

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

- **Net investment in capital assets** — This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings and other amounts that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- **Restricted** — This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

- 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.

K. 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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

L. 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.

M. 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.

N. 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 2010 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 2020 this tax was \$.50. Additionally, pursuant to the most recent Disposition and Development Agreement (DDA) dated June 2017, the Developer is required to provide annual fees to support any budgetary deficiencies pursuant to the agreement (DDA). Pursuant to the enabling legislation, the Authority has the ability to raise any amount of taxes to meet its financial obligations. During fiscal year 2020, the Authority and Washington Capital Management entered into an agreement to provide partial funding of the Authority's operational expenditures in the absence of a master developer. See also the accompanying notes.

B. Budgetary Basis of Accounting

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

C. Fund Equities

Operations of the Authority for the fiscal 2020 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, 2020, the classification of the Authority's fund balances can be detailed as follows:

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

	General	Reserve	Parkway Maintenance	Other Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Restricted:				
Debt service	\$ 109,719	\$ 250,000	\$	\$ 22,055
Other	<u>109,719</u>	<u>250,000</u>	<u>0</u>	<u>119,163</u>
subtotal	109,719	250,000		141,218
Assigned:				
Other	<u>12,609</u>	<u>0</u>	<u>0</u>	<u>0</u>
subtotal	12,609			
Unassigned				
	<u>(3,317,684)</u>	<u>0</u>	<u>(37,357)</u>	<u>(27,147)</u>
Total fund balance	<u><u>\$ (3,195,356)</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ (37,357)</u></u>	<u><u>\$ 114,071</u></u>

The Authority maintains a stabilization fund in accordance with the provisions of Massachusetts General Laws, subject to the discretion of the Board of Directors. Since the stabilization fund has not specific revenue source, for financial reporting purposes it is included in the General fund unassigned fund balance. The balance in the fund at June 30, 2020 was \$174,331. Deficit balances are reported in the parkway maintenance fund and traffic study fund at year end.

D. Net Position

The following tables illustrate the components of the Authority's governmental activities' net investment in capital assets of \$25.4 million at June 30, 2020.

Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	36,605,050
Outstanding balance of 2010A Infrastructure bonds		(11,450,000)
Reserve fund		250,000
Redemption fund		22,055
Parkway extension fund		<u>4,163</u>
Net investment in capital assets	<u>\$</u>	<u><u>25,431,268</u></u>

Restricted net position of \$225,000 represents approximately \$136,000 of amounts restricted for debt service costs associated with the 2010A infrastructure bond and \$89,000 for other uses. The residual unrestricted net position is a deficit of \$4.6 million.

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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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, or establishes any restrictions outside of Massachusetts General Laws. The Authority monitors institutions through third party ratings. The Authority's only investment as of June 30, 2020 consisted of government money market accounts maintained at Wells Fargo Bank, N.A., which have been classified as restricted cash for financial reporting purposes.

At June 30, 2020, cash and cash equivalent deposits totaled \$2.6 million and had a carrying amount of \$2.5 million. The difference between deposit amounts and carrying amounts represents primarily outstanding checks. Of the bank balance, \$272,000 was exposed to custodial credit risk, because it was uninsured. The Authority maintains \$272,055 of restricted cash associated with governmental activities on deposit with Wells Fargo Bank, N.A., in government money market funds (unrated), pursuant to the Trust Indenture dated August 1, 2010, associated with the Series 2010 Infrastructure Development Revenue Bonds, Series 2010A. These amounts are included in uninsured amounts.

Note 5 – Receivables

General Fund

The Authority reports accounts receivables in the accompanying Balance Sheet. The District tax (ad valorem tax) is assessed by each host town to be remitted on a quarterly basis to the Authority. Pledged revenues and special assessments associated with the infrastructure debt is assessed annually to each host town to be paid annually. The Authority reports outstanding receivables associated with these amounts of \$273,019 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. Of this amount \$197,000 has been accrued on the fund basis financial statements, having been received in September 2020. The remaining amounts have been accrued as revenue in the government-wide financial statements.

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

The Authority has reported an outstanding receivable with Washington Capital (landowner) for certain unreimbursed operational costs for fiscal year 2020 in the amount of approximately \$349,000. The Authority deems these amounts fully collectible and has not recorded a provision for uncollectible amounts. The Authority expects resolution of these amounts in conjunction with legal action detailed above or thereafter. These amounts have been reported as deferred/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.

Parkway Maintenance Fund

The Authority reports \$229,038 of accounts receivable in the Parkway Maintenance fund which represents reimbursements due from the Landowners Association for maintenance costs pursuant to previous agreement as of June 30, 2020. The Authority deems these amounts fully collectible and has not recorded a provision for uncollectible amounts. The Authority expects resolution of these amounts in conjunction with legal action detailed above or thereafter. This amount has been reported as deferred/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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

Note 6 – Capital assets

Capital assets activity for the year ending June 30, 2020, is illustrated in the tables below.

<u>Governmental Activities:</u>	<u>Beginning</u>		<u>Increases</u>	<u>(Decreases)</u>	<u>Ending</u>
	<u>Balances</u>				<u>Balances</u>
Capital assets not being depreciated:					
Land	\$ 225,300	\$		\$	\$ 225,300
Capital assets being depreciated:					
Leasehold improvements	34,213				34,213
Machinery and equipment	200,966				200,966
Vehicles	24,570				24,570
Infrastructure:					
East-West Parkway-Nonparticipating Agreement	992,640				992,640
Shea Drive/MGA-Series 2010A Infrastructure Bond	11,381,859				11,381,859
East West Parkway - Rockland to Trotter	36,591,679				36,591,679
subtotal	<u>49,225,927</u>				<u>49,225,927</u>
Total capital assets being depreciated	49,451,227				49,451,227
Accumulated depreciation:					
Leasehold improvements	(34,213)				(34,213)
Machinery and equipment	(200,966)				(200,966)
Vehicles	(24,570)				(24,570)
Infrastructure	<u>(10,954,222)</u>		<u>(1,632,206)</u>		<u>(12,586,428)</u>
Total accumulated depreciation	<u>(11,213,971)</u>		<u>(1,632,206)</u>		<u>(12,846,177)</u>
Total governmental activities capital assets, net	<u>\$ 38,237,256</u>		<u>\$ (1,632,206)</u>	<u>\$</u>	<u>\$ 36,605,050</u>

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>Increases</u>	<u>(Decreases)</u>	<u>Ending</u>
	<u>Balances</u>				<u>Balances</u>
Capital assets being depreciated:					
Infrastructure	\$ 29,594	\$		\$	\$ 29,594
Accumulated depreciation:					
Infrastructure	<u>(7,240)</u>		<u>(986)</u>		<u>(8,226)</u>
Total business-type activities capital assets, net	<u>\$ 22,354</u>	<u>\$</u>	<u>(986)</u>	<u>\$</u>	<u>\$ 21,368</u>

Note 7 – Deferred Outflows of Resources 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, 2020.

Governmental funds:

Deferred inflows of resources:

Deferred revenue:

Amounts due from developer	\$ 2,080,780
Amounts due from landowners	349,867
Property taxes and pledged revenues	<u>76,018</u>
Total General fund	2,506,665
Amounts due for parkway expenses	<u>229,038</u>
Total deferred inflows of resources	<u>\$ 2,735,703</u>

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

Governmental activities:

Deferred outflows of resources:

Associated with OPEB plan:

Differences between expected and actual experience	\$	14,788
Changes in assumptions		6,470
Net difference between projected & actual earnings on OPEB plan investments		4,313
Total		<u>25,571</u>

Associated with pension plan:

Differences between expected and actual experience		128,009
Changes in assumptions		17,627
Changes in proportion and differences between employer contributions and proportionate share of contributions		132,295
Total		<u>277,931</u>
Total deferred outflows of resources	\$	<u>303,502</u>

Deferred inflows of resources:

Deferred revenue:

Amounts due from developer	\$	2,080,780
Amounts due from landowners		349,867
Amounts due for Parkway expenses		229,038
Total		<u>2,659,685</u>

Associated with OPEB plan:

Changes in assumptions		12,038
Differences between expected and actual experience		616
Total		<u>12,654</u>

Associated with pension plan:

Changes in assumptions		3,674
Net difference between projected & actual earnings on pension plan investments		23,724
Changes in proportion and differences between employer contributions and proportionate share of contributions		76,242
Total		<u>103,640</u>
Total deferred inflows of resources	\$	<u>2,775,979</u>

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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

NOTE 8 Conveyance of Land and Property to the Authority from the US Navy

May 15, 2003 Conveyance

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

December 15, 2011 Purchase and Assignment to Developer and Amendments

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

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

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

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

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

In April 2020, the Navy also agreed to a restricting of the EDC Note. The outstanding balance of the note is \$7,055,356. The Navy has agreed for annual installment payments due under the EDC agreement (promissory note) have been 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. Installments for the scheduled two years have not yet been determined.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

Summary of land transfers

A total of approximately 924 acres of the land has been transferred from the Navy and approximately 232 acres of land has been transferred from the National Park Service (Public Benefit Conveyance -PBC) to the Authority as of June 30, 2020. Approximately 81 acres of EDC property and 148 acres of PBC property remain to be transferred to the Authority.

Note 9 – Due to the Commonwealth of Massachusetts – East West Parkway Financing Agreement

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>
2021	\$ 715,000	\$ 975,850	\$ 1,690,850
2022	755,000	940,100	1,695,100
2023	785,000	902,350	1,687,350
2024	825,000	863,100	1,688,100
2025	870,000	821,850	1,691,850
2026-2030	5,035,000	3,422,600	8,457,600
2031-2035	6,180,000	2,266,200	8,446,200
2036-2040	7,525,000	926,600	8,451,600
Total	<u>\$ 22,690,000</u>	<u>\$ 11,118,650</u>	<u>\$ 33,808,650</u>

Subsequent event

The Authority contracted with a consultant 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. The latest submission to the Commonwealth was made in December 2020. As of June 9, 2021, the Commonwealth certified additional deficiency payments for the fiscal years 2014 through fiscal year 2020 in the amount of \$3,151,498. These amounts have been reported by the Authority as Parkway deficiency payments in the financial statements for the year ending June 30, 2020. Amounts reported as due to the Commonwealth pursuant to the agreement are as follows. These amounts have been reported as noncurrent liabilities.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

<u>Fiscal years</u> <u>certified by the Commonwealth</u>	<u>Deficiency</u> <u>Amounts</u>
FY 2013	\$ 1,375,325
FY2014-FY2018	2,036,409
FY2019	691,630
FY2020	423,459
Total due to the Commonwealth	<u>\$ 4,526,823</u>

Note 10 – Noncurrent Liabilities

The following table illustrates the Authority's balances associated with noncurrent (long-term) liabilities of its governmental activities at June 30, 2020. The portion due in the next year has been reported as current within the financial statements. Additional disclosures related to each liability have been detailed in the Notes.

<u>Description</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u>
2010A Infrastructure Development Bonds, 5.5%-7.75%, due 8/1/2040	\$ 11,700,000	\$	\$ (250,000)	\$ 11,450,000	\$ 250,000
Compensated absences	5,000	7,800		12,800	
Net other postemployment liability	39,486		(28,470)	11,016	
Net pension liability	1,195,262		(65,142)	1,130,120	
Due to Commonwealth of Massachusetts (Note 9)	<u>1,375,000</u>	<u>3,151,823</u>	<u>-</u>	<u>4,526,823</u>	
Total long-term liabilities -governmental activities	<u>\$ 14,314,748</u>	<u>\$ 3,159,623</u>	<u>\$ (343,612)</u>	<u>\$ 17,130,759</u>	<u>\$ 250,000</u>

Note 11 – 2010A 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. For fiscal year 2020 the amount of pledged revenues was \$981,267 and special assessments were \$197,000, totaling \$1,178,267 toward this debt service. Principal of \$250,000 and interest of \$901,906 was paid during fiscal year 2020.

Subsequent event

In December of 2020, the Authority issued Infrastructure Development Revenue Refunding Bonds, Series 2020A, in part to refund the outstanding 2010A bonds as of that date. The Authority paid debt service of \$568,000 related to the 2010A bonds until the date of refunding. Refer to Note 18 for information related to the subsequent refunding of these bonds, including aggregate future debt service related thereto.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

Authorized and Unissued Debt

Pursuant to the Act, the Authority may issue up to \$175,000,000 of bonds. The Authority may issue bonds secured in whole or in part by betterments, assessments, special assessments, fees and other charges, notes, debentures, long term capital leases, grants, and governmental assistance and long- term contracts, under restrictions of the Act. Bonds shall not have maturity dates exceeding 35 years from date of initial issuance. As of June 30, 2020, no additional bonds have been issued against this authorization. See Note 18 for additional information.

Note 12 – 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.

Note 13 – Interfund Balances and Activity

The General fund is owed \$64,504 from several governmental funds as of June 30, 2020 for deficit spending.

Interfund transfers, for the fiscal year ended June 30, 2020 consisted of the Board of Directors appropriating \$40,000 from the General fund and an additional \$60,000 from other governmental funds (from performance bond settlement) to the water/sewer enterprise fund to fund certain repair and maintenance costs associated with sewer pumping station owned by the former developer on the property.

The General fund owes the OPEB Trust fund \$10,000 as of June 30, 2020. The Authority contributed \$30,000 to the trust during fiscal year 2020. These transfers are reported as Employer contributions for financial reporting purposes.

Note 14 – 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, 2019, the Association had 54 participating employers.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

Benefits Provided

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

Contributions

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

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

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

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

Governmental employers are required to pay an annual appropriation established by PERAC. The total appropriation includes the amount to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the Association's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. The pension fund appropriations are allocated among employers based on covered payroll. The Authority's statutorily required contribution for the year was \$122,242.

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, 2020, applied to all periods in the measurement date of December 31, 2019.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

Components of the net pension liability as of December 31, 2019 were as follows:

		<u>2019</u>
Total pension liability	\$	1,777,175,519
Less: plan fiduciary net position		1,094,928,104
Net pension liability	\$	<u>682,247,415</u>
Plan's fiduciary net position as a percentage of total pension liability		61.11%
Total employer pension expense	\$	107,443,103
The Authority's proportionate share of the collective net pension liability	\$	1,130,120
The Authority's percentage share of the collective net pension liability		0.1656%
Authority covered payroll	\$	307,269
The Authority's statutory required contribution	\$	122,242
The Authority's proportionate share of pension expense recognized	\$	240,699

The Authority's aggregate proportionate share of collective deferred outflows of resources was \$277,931. The Authority's aggregate proportionate share of deferred inflows of resources was \$103,640. The net of \$174,291 is to be recognized in future pension expense for the fiscal years ending June 30, as follows:

	<u>Net</u>
<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 65,536
June 30, 2022	65,104
June 30, 2023	66,716
June 30, 2024	<u>(23,065)</u>
Net total	<u>\$ 174,291</u>

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

Valuation date:	January 1, 2020
Actuarial cost method:	Individual Entry Age Normal Cost Method.
Investment rate of return:	7.875% nominal rate, net of investment expense
Asset valuation method:	Market value as reported by PERAC value with a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases:	3.75% per year.
Cost-of-living adjustments:	3.00% of the first \$16,000 of retirement income (previously \$14,000).
Rates of retirement:	Varies based upon age for general employees, police, and fire employees.
Rates of disability:	General employees – 45% ordinary (55% service connected). Police & Fire – 10% ordinary (90% 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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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	7.40%	26.00%
International developed equity	7.90%	6.00%
Emerging markets bonds	9.10%	10.00%
Global equity	7.80%	10.00%
Core bonds	3.00%	9.00%
Value-added fixed income	4.90%	6.00%
Hedge funds	4.00%	4.00%
Real estate	7.50%	10.00%
Private equity	9.40%	13.00%
Real assets	7.50%	6.00%
Total		100.00%

Discount Rate

The discount rate used to measure the total pension liability was 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.

	1% Decrease 6.875%	Current 7.875%	1% Increase 8.875%
PCRA Total net pension liability			
December 31, 2019	\$ 866,436,543	\$ 682,247,415	\$ 525,265,208
Authority's proportionate share	\$ 1,431,354	\$ 1,130,120	\$ 867,738

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

At June 30, 2020, the Plan's membership consisted of 2 current active members and 4 separated members/beneficiaries entitled to receive future benefits. Eligibility is based upon the Authority's personnel policies. The Plan provides benefits through the Mayflower Municipal Health Group (Group), a joint purchasing group established pursuant to Massachusetts General Laws (MGL) The Group administers, assumes, and pays all claims of the Plan. Contribution rates are established by MGL and personnel policies and practices.

Contributions – Contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributes 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For the period ending June 30, 2020 measurement date, total Authority premiums plus implicit costs for the retiree medical program were \$23,465. The Authority also made a contribution to the OPEB Trust fund of \$30,000 for a total contribution during the measurement period of \$53,465.

Investment Policy – The Authority does not maintain a formalized investment policy regarding these funds. The Authority maintains a significant portion of these funds in certificates of deposit.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Fixed Income	100.00%	1.40%
Real rate of return	1.40%	
Inflation assumption	2.50%	
Total nominal return	3.90%	
Investment expense	0.25%	
Net investment return	3.65%	

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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, 2018
For the Reporting Period and Fiscal Year ending on:	June 30, 2020
Total OPEB Liability	
Service cost	\$ 9,816
Interest on Total OPEB liability, service costs, benefit payments	15,371
Difference between expected and actual experience	(770)
Changes in assumptions	8,088
Benefit payments, excluding implicit cost	(15,749)
Implicit cost amount	(7,716)
Total benefit payments including implicit cost	(23,465)
Net change in OPEB liability	9,040
Total OPEB liability - beginning of period	343,362
Total OPEB liability - end of period	352,402
Plan Fiduciary Net Position	
Earnings from Plan investments	7,326
Employer contributions to the Trust	53,649
Benefit payments from the Trust, including refunds	(23,465)
Net change in Plan fiduciary net position	37,510
Plan fiduciary net position - beginning of period	303,876
Plan fiduciary net position - end of period	341,386
Net OPEB liability	\$ 11,016
Plan fiduciary net position as % of Total OPEB liability	96.87%
Covered employee payroll (approximate)	\$ 226,000
Contributions as % of employee covered payroll	23.12%
Plan net OPEB liability as % of employee covered payroll	4.87%
Discount Rate to calculate Plan liabilities	3.75%

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, 2018
Actuarial cost method:	Individual Entry Age Normal
Asset valuation method:	Market value as of the measurement date.
Investment rate of return:	3.65% (previously 4.50%).
Municipal bond rate:	2.66% as of June 30, 2020; 2.79% as of June 30, 2019 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Discount Rate:	3.75%, net of OPEB plan investment expense, including inflation. (previously 4.50%).

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

Salary increases:	3.00% annually as of June 30, 2020 and future periods.
Inflation Rate:	2.50% per year (previously 2.75%).
Compensation increases:	3.00% per year.
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
Mortality experience study:	The mortality assumptions reflect experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.
Medical Trend Rate:	All medical and dental plans: Initial Trend of 4.50% for 2019 grading down 0.00% per year for an ultimate trend rate of 4.50%.

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

As previously detailed (Note 7), as of the measurement date, the Authority reported aggregate deferred outflows of resources of approximately \$25,571 associated with the OPEB plan and aggregate deferred inflows of resources associated with the OPEB plan of \$12,654. The remaining balance of these deferred outflows and deferred inflows are netted and amortized over 4 years, as a component of OPEB expense. The following table illustrates the projected future amortization of these deferred outflows and deferred inflows of resources.

Total deferred outflows of resources	\$	25,571
Total deferred inflows of resources		<u>(12,654)</u>
Net to be amortized in future years		12,917

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

Year ending June 30:		
2021	\$	3,544
2022		3,544
2023		3,540
2024		<u>2,289</u>
	<u>\$</u>	<u>12,917</u>

Discount Rate:

The discount rate used to measure the total OPEB liability was 3.75 % as of June 30, 2020, (previously 4.50%).

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

The following presents the net OPEB liability as of June 30, 2020, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.75%) or one-percentage-point higher (4.75%) than the current discount rate (3.75%):

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 374,684	\$ 352,402	\$ 314,165
Fiduciary Net Position	<u>341,386</u>	<u>341,386</u>	<u>341,386</u>
Net OPEB Liability	<u>\$ 33,298</u>	<u>\$ 11,016</u>	<u>\$ (27,221)</u>

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

The following presents the net OPEB liability as of June 30, 2020, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.50% to 0.00%) or one-percentage-point higher (5.50% to 0.00%) than the current healthcare trend rate (4.50% to 0.00%):

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 317,098	\$ 352,402	\$ 396,416
Fiduciary Net Position	341,386	341,386	341,386
Net OPEB Liability	<u>\$ (24,288)</u>	<u>\$ 11,016</u>	<u>\$ 55,030</u>

C. Compensated Absences

The Authority's personnel policy permit employees to accumulate earned but unused vacation and sick leave. The liability for the estimated vacation time carryover and sick time payout per provisions for the Authority's employees pursuant to the policy and individual agreement has been recorded as a long-term obligation in the government-wide statements.

Note 15 – 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 2020 the Authority paid approximately \$60,000 for premiums. The Group reported net position of \$34.7 million (audited) as of June 30, 2020. Additional information can be obtained by contacting the Group directly at Mayflower Municipal Health Group, PO Box 3390, Plymouth, MA 02361.

Performance bonds and prepaid deposits

The Authority requires certain performance bonds or performance deposits from the various developers to ensure completion of certain infrastructure (public ways) associated with a project. Any reduction in deposits held or performance bond amounts must be approved by the Board of Directors. As of June 30, 2020, the Authority maintains aggregate performance deposits and performance bonds of approximately \$1.0 million. This consists of cash performance deposits of approximately \$383,000 and noncash performance bonds (prepaid deposits) of approximately \$542,000.

Note 16 – Commitments and Contingencies

Litigation

The Authority and management are unaware of any unasserted claims against the Authority that would materially affect the financial position of the Authority. The Authority has filed claim against the former master developer. Refer to Note 5 for additional information.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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. No liability has been reported in the financial statement of the Authority. Refer to Note 6 for additional information.

Other Agreements

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

Note 17 – Implementation of GASB pronouncements

The following are pronouncements issued by the Governmental Accounting Standards Board (GASB), which are applicable to the District's financial statements:

Current pronouncements

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective implementation dates of certain pronouncements as a result of the COVID-19 pandemic, as follows:

- The effective dates of certain provisions contained in the following pronouncements are postponed by one year: GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, No. 92, and No. 93 and Implementation Guides No. 2018-1, No. 2019-1, and No. 2019-2.
- The effective dates of the following pronouncements are postponed by eighteen months: GASB Statement No. 87 and Implementation Guide No. 2019-3.

Future pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Authority expects to implement the pronouncement as applicable.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

The GASB issued Statement No. 87, *Leases*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Authority expects to implement the pronouncement as applicable.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which is required to be implemented in fiscal year 2022, as amended by GASB Statement No. 95. This pronouncement improves financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. Additionally, it will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period. The Authority will evaluate the applicability of this pronouncement upon implementation.

The GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which is required to be implemented in fiscal year 2021, as amended by GASB Statement No. 95. This pronouncement improves the consistency and comparability of reporting a government's majority interest in a legally separate organization and improves the relevance of financial statement reporting for certain component units. The Authority will evaluate the applicability of this pronouncement upon implementation.

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

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

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is generally required to be implemented in fiscal year 2022 or thereafter, as amended by GASB Statement No. 95. This pronouncement addresses the accounting and reporting implications resulting from interbank offered rates (IBOR). The Authority will evaluate the applicability of this pronouncement upon implementation.

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

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

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

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

Note 18 – Subsequent Events

Management of the Southfield Redevelopment Authority has evaluated subsequent events through July 8, 2021, the date of which the financial statements were available to be issued. The following significant and material events have been identified.

- Exclusive Negotiation Agreement (ENA)

As previously indicated, on June 30, 2020, the Authority entered into an Exclusive Negotiation Agreement (ENA) with BPD Union Point LLC, a Delaware limited liability company (Brookfield) regarding the remaining master planning and redevelopment of Union Point. Pursuant to this agreement, and subsequent amendments thereto, during fiscal year 2021 the Authority received \$40,000 monthly toward operational expenditures. As of June 22, 2021, the SRA and Brookfield amended and restated the ENA through June 30, 2022, or upon the approval and execution of a DDA. Brookfield has agreed to provide the SRA monthly operating budget reimbursements of \$80,000 (Developer fees) and Parkway maintenance reimbursements of \$15,000. The ENA has provisions for potential extension through December 31, 2023.

- Bond refunding

In December of 2020, the Authority signed an Amended and Restated Trust Indenture with Wells Fargo Bank, N.A. (Trustee) and issued \$13,295,000 of Infrastructure Development Refunding Revenue Bonds, Series 2020A. 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. Pursuant to the amended Trust Indenture, \$662,000 was deposited in cost of issuance fund, \$900,000 into the reserve fund, and \$21,000 into the debt service. The remaining \$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.

SOUTHFIELD REDEVELOPMENT AUTHORITY

Notes to Financial Statements

June 30, 2020

The future debt service associated with the 2020A refunding bonds is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
FY2021	\$ 435,000	\$ 126,303	\$ 561,303
FY2022	350,000	761,100	1,111,100
FY2023	400,000	738,600	1,138,600
FY2024	400,000	714,600	1,114,600
FY2025	455,000	688,950	1,143,950
FY2026	455,000	661,650	1,116,650
FY2027	505,000	632,850	1,137,850
FY2028	530,000	601,800	1,131,800
FY2029	555,000	569,250	1,124,250
FY2030	600,000	534,600	1,134,600
FY2031	625,000	497,850	1,122,850
FY2032	670,000	459,000	1,129,000
FY2033	720,000	417,300	1,137,300
FY2034	765,000	372,750	1,137,750
FY2035	810,000	325,500	1,135,500
FY2036	850,000	275,700	1,125,700
FY2037		250,200	250,200
FY2038		250,200	250,200
FY2039		250,200	250,200
FY2040		250,200	250,200
FY2041	4,170,000	125,100	4,295,100
Total	<u>\$ 13,295,000</u>	<u>\$ 9,503,703</u>	<u>\$ 22,798,703</u>

- COVID-19 pandemic

The effects of the pandemic upon the national, state, and local economies, and the ultimate impact upon the Authority cannot be fully determined as of the date of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHFIELD REDEVELOPMENT AUTHORITY
 Required Supplementary Information
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2020
 [UNAUDITED]

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Pledged revenue and assessments	\$ 1,178,267	\$ 1,178,267	\$ 1,172,198	\$ (6,069)
Real estate and personal property taxes	202,051	202,051	179,573	(22,478)
Developer fees	1,334,235	1,106,235	573,687	(532,548)
Other	15,000	15,000	9,990	(5,010)
Total revenues	<u>2,729,553</u>	<u>2,501,553</u>	<u>1,935,448</u>	<u>(566,105)</u>
Expenditures				
Board of Directors:				
Salaries	45,000	45,000	40,000	5,000
Expenses	27,500	27,500	23,100	4,400
Chief Executive Officer:				
Salaries	170,000	170,000		170,000
Expenses	87,950	115,338	54,570	60,768
Reserve Fund:	50,000	13,612		13,612
Finance:				
Salaries	135,000	135,000	115,000	20,000
Expenses	68,650	68,650	35,674	32,976
Solicitor	100,000	90,500	38,326	52,174
Information systems expenses	34,000	34,000	17,083	16,917
Planning Board:				
Salaries	170,000	170,000	111,120	58,880
Expenses	59,800	51,420	30,190	21,230
Pension, benefits, and insurance	361,825	321,825	242,569	79,256
Public works and maintenance expense	52,001	78,881	46,610	32,271
Debt service	1,379,031	1,379,031	1,155,406	223,625
Total expenditures	<u>2,740,757</u>	<u>2,700,757</u>	<u>1,909,648</u>	<u>791,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,204)</u>	<u>(199,204)</u>	<u>25,800</u>	<u>225,004</u>
Other financing sources (uses)				
Transfers in	11,204	239,204	237,009	2,195
Transfers (out)		(40,000)	(40,000)	
Total other financing sources (uses)	<u>11,204</u>	<u>199,204</u>	<u>197,009</u>	<u>2,195</u>
Net Budget	<u>\$</u>	<u>\$</u>	<u>\$ 222,809</u>	<u>\$ 227,199</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 Required Supplementary Information – Budgetary Comparison
June 30, 2020

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) between the Southfield Redevelopment Authority and the Developer.

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, 2020, is presented below:

	Revenues	Expenditures	Other Financing Sources (Uses)
As reported on a budgetary basis	\$ 1,935,448	\$ 1,909,648	\$ 197,009
Transfer from stabilization fund			(228,000)
Parkway deficiency amounts		3,151,498	
GAAP reporting other funds	23,900		
As reported on a GAAP basis	\$ 1,959,348	\$ 5,061,146	\$ (30,991)

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. At June 30, 2020, the general stabilization fund maintained a balance of \$174,331. During fiscal year 2020, the Board of Directors transferred \$228,000 to the General fund.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.17%	0.16%	0.12%	0.16%	0.10%	0.10%
System's proportionate share of the net pension liability associated with the Authority	\$ 1,130,120	\$ 1,195,262	\$ 646,526	\$ 1,042,010	\$ 663,053	\$ 609,402
Authority's covered payroll (approximate)	\$ 307,269	\$ 375,662	\$ 268,731	\$ 258,395	\$ 377,512	\$ 363,867
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	367.79%	318.17%	240.58%	403.26%	175.64%	167.48%
Plan fiduciary net position as a percentage of the total pension liability	56.11%	56.11%	65.56%	58.32%	56.76%	58.88%
Actuarially determined contribution	\$ 122,242	\$ 118,161	\$ 83,720	\$ 79,442	\$ 106,615	\$ 98,935
Contributions in relation to the actuarial determined contribution	(122,242)	(118,161)	(83,720)	(79,442)	(106,615)	(98,935)
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Contributions as a percentage of covered payroll	39.78%	31.45%	31.15%	30.74%	28.24%	27.19%

Notes to Schedule:

Changes of Assumptions:

Effective December 31, 2018:

- Discount rate is 7.875%; previously 8.0%

** 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.

Valuation Date:**For the Reporting Period and Fiscal Year ending on:**

	July 1, 2018 June 30, 2020	July 1, 2018 June 30, 2019	July 1, 2017* June 30, 2018
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	(23,465)	(22,699)	
Net change in Plan fiduciary net position	<u>37,510</u>	<u>303,876</u>	
Plan fiduciary net position - beginning of period	303,876		
Plan fiduciary net position - end of period	341,386	303,876	
Net OPEB liability	<u>\$ 11,016</u>	<u>\$ 39,486</u>	<u>\$ 336,885</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%

See the accompany Notes to OPEB Required Supplementary Information.

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

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

See Independent Auditor's Report.

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

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

Actuarial Determined Contribution (ADC)

	Actuarial Determined Contribution	Actuarial Determined Contribution
For the Fiscal Year Ending:	<u>Deficiency/(Excess)</u>	<u>Deficiency/(Excess)</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Service cost	\$ 9,507	\$ 9,507
Amortization of NOL	777	2,320
Actuarial Determined Contribution	10,284	11,827
Contributions in relation to the Actuarially determined Contribution	(53,649)	(321,599)
Contribution deficiency / (excess)	<u>\$ (43,365)</u>	<u>\$ (309,772)</u>
Covered payroll	\$ 226,000	\$ 226,000
Contributions as a % of covered employee payroll	23.74%	142.30%
Discount rate	3.75%	4.50%
Money weighted rate of return	2.41%	1.82%

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

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

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

	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return (approx.)	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 District will present information for those years which information is available.

SOUTHFIELD REDEVELOPMENT AUTHORITY

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

Significant Actuarial assumptions:

Valuation date:	July 1, 2018
Actuarial cost method:	Individual Entry Age Normal
Asset valuation method:	Market value as of the measurement date.
Investment rate of return:	3.65%; previously 4.50%.
Municipal bond rate:	2.66% as of June 30, 2020. 2.79% as of June 30, 2019 (source: S&P Municipal Bond 20-Year High Grade Index-SAPIHG)
Discount Rate:	3.75%, net of OPEB plan investment expense, including inflation. (previously 4.50%).
Salary increases:	3.00% annually as of June 30, 2020 and future periods.
Inflation Rate:	2.50% per year. (previously 2.75%).
Compensation increases:	3.00% per year.
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
Mortality experience study:	The mortality assumptions reflect experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.
Medical Trend Rate:	All medical and dental plans: Initial Trend of 4.50% for 2019 grading down 0.00% per year for an ultimate trend rate of 4.50%.
Participation Rate:	It was assumed that 80% of the males and 70% of female employees who elect retiree health care coverage for themselves would also elect coverage for a spouse upon retirement.
Demographics:	It was assumed that a male is three years older than a female spouse and same sex spouses are assumed to be the same age. For current retirees the actual census data was used.

Changes in assumptions:

From June 30, 2019 to June 30, 2020 – Discount rate is 3.75%

From June 30, 2018 to June 30, 2019 – Discount rate is 4.50%, previously was 4.00%

Other:

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

See Independent Auditor's Report.

REPORT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Southfield Redevelopment Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Southfield Redevelopment Authority's basic financial statements and have issued our report thereon dated July 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Southfield Redevelopment Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southfield Redevelopment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southfield Redevelopment Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Southfield Redevelopment Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2019-002.

Southfield Redevelopment Authority's Responses to Findings

The Southfield Redevelopment Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Southfield Redevelopment Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this report

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

Lynch Marini + ASSOCIATES, INC

Norwell, Massachusetts
July 8, 2021

**SOUTHFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS & RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

We noted during the current year audit the Authority has implemented certain corrective actions based upon prior year recommendations inclusive of the following:

- Addressing requirements of the East-West Parkway Financing Agreement with the Commonwealth of Massachusetts.
- Filing legal action against the former master developer for breach of contractual arrangements.

The following findings noted below associated with the financial activities of the Authority, highlight deficiencies, which are considered to be significant deficiencies in internal control over financial reporting, compliance and other matters for the year ended June 30, 2020.

2020-001 Lack of segregation of duties over financial reporting

Criteria:

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

Condition:

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

Cause:

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

Effect or potential effect:

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

Auditor's recommendations:

While ideal internal controls are often not achievable with limited personnel, it is important that management and those charged with governance continually evaluate and document risks involved. The Authority should continue to evaluate personnel levels (inclusive of Executive Director), as well as monitoring and oversight by individuals on the Board. This could include read-only access to financial activity (inclusive of bank statements), consideration of dual signatures on checks over an established limit; formal review of monthly financial statement and bank account reconciliations (balances, receipts and withdrawals) in conjunction with each other. The Authority should continue to work on performing all preparation and review/monitoring activities in a timely manner.

**SOUTHFIELD REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS & RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020**

Auditee response:

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

2020-002 Noncompliance and other matters and associated recommendations

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

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

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

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

Auditee response:

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