

**WORCESTER REDEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE  
CITY OF WORCESTER, MASSACHUSETTS)**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board Members  
Worcester Redevelopment Authority  
Worcester, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Worcester Redevelopment Authority (Authority), a component unit of the City of Worcester (City), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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 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 audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021 and 2020, and the changes in financial position and its cash flows for the years 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 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the financial statements.

The statements of net position by program, and the statements of revenues, expenses, and changes in net position by program are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the additional information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 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 Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 14, 2021

**WORCESTER REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

As management of the Worcester Redevelopment Authority (the Authority), we offer readers of these financial statements this narrative overview and analysis of the Authority's financial activities for the fiscal years ended June 30, 2021 and 2020.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities at the close of the current fiscal year by \$11,329,710 (net position).
- The Authority's total net position increased \$574,607 in the current fiscal year.
- The Authority's total debt increased by \$625,886 during the current fiscal year for new debt issued.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the basic financial statements, which consists of the following two components:

1. Financial statements (pages 8-10)
2. Notes to the basic financial statements (pages 11-18)

This report also contains additional information (pages 19-20) in addition to the basic financial statements.

The Authority reports its activity as a business-type activity using the full accrual basis of accounting. While established as an independent body politic managed by its members, for financial reporting purposes the Authority is considered as a component unit of the City of Worcester, Massachusetts (City). Therefore, the results of the Authority's operations, its net position and cash flows are also summarized in the City's Annual Comprehensive Financial Report in its government-wide financial statements.

The **statements of net position** present information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. 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 **statements of revenues, expenses, and changes in net position**, present information showing how the Authority's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal years.

The **statements of cash flows** are reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts and disbursements.

The **notes to basic financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements are presented separately.

The following pages present condensed financial information derived from the financial statements comparing fiscal years 2021, 2020, and 2019.

**WORCESTER REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$11,329,710 at the close of the current fiscal year and are summarized as follows:

	2021	2020	2019
<b>ASSETS</b>			
Current Assets	\$ 7,710,358	\$ 7,128,862	\$ 2,325,999
Assets Held for City - Ballpark	-	60,096,647	13,460,117
Capital Assets (Net)	29,769,825	30,733,302	28,094,898
Total Assets	37,480,183	97,958,811	43,881,014
<b>LIABILITIES</b>			
Current Liabilities (Excluding Debt)	10,624,618	12,206,612	6,221,266
Noncurrent Liabilities (Excluding Debt)	7,447	60,104,574	13,537,847
Current Debt	15,115,103	14,194,406	10,819,167
Noncurrent Debt	403,305	698,116	1,375,239
Total Liabilities	26,150,473	87,203,708	31,953,519
<b>NET POSITION</b>			
Net Investment in Capital Assets	22,436,028	23,622,086	23,185,727
Unrestricted	(11,106,318)	(12,866,983)	(11,258,232)
Total Net Position	\$ 11,329,710	\$ 10,755,103	\$ 11,927,495

**2021**

At June 30, 2021, the majority of the Authority's net position reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements and equipment), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported 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 remaining balance of net position at June 30, 2021, represents a deficit in unrestricted net position (\$11,106,318).

**2020**

At June 30, 2020, the majority of the Authority's net position reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements and equipment), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported 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 remaining balance of net position at June 30, 2020, represents a deficit in unrestricted net position (\$12,866,983).

**WORCESTER REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Changes in Net Position**

For the fiscal year ended June 30, 2021, the Authority's total net position increased by \$574,607, compared to a decrease of \$1,172,392 in the prior fiscal year and a decrease of \$98,803 in fiscal year 2019. These amounts are summarized as follows:

	2021	2020	2019
<b>REVENUES</b>			
Operating Revenues:			
Tenant Income	\$ 649,542	\$ 568,859	\$ 223,296
Other Operating Revenues	-	7,252	3,400
Total Operating Revenues	<u>649,542</u>	<u>576,111</u>	<u>226,696</u>
<b>EXPENSES</b>			
Operating Expenses:			
Office Operations	678,181	662,643	1,090,391
Property Management	59,256	59,214	43,012
Consulting and Other Contracted Services	-	-	103,885
General Insurance	22,666	13,835	16,056
Property Maintenance	568,382	626,431	402,401
Utilities	262,908	255,800	206,399
Depreciation	1,161,063	1,059,460	1,059,460
Parking Expense	3,600	3,880	14,360
Other	2,365	2,119	1,473
Total Operating Expenses	<u>2,758,421</u>	<u>2,683,382</u>	<u>2,937,437</u>
<b>OPERATING LOSS</b>	(2,108,879)	(2,107,271)	(2,710,741)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	8,873	24,378	1,656
Interest Expense	(398,384)	(481,332)	(594,017)
Total Nonoperating Expenses	<u>(389,511)</u>	<u>(456,954)</u>	<u>(592,361)</u>
<b>LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	(2,498,390)	(2,564,225)	(3,303,102)
Capital Grants and Contributions	<u>3,072,997</u>	<u>1,391,833</u>	<u>3,204,299</u>
<b>CHANGE IN NET POSITION</b>	574,607	(1,172,392)	(98,803)
Net Position - Beginning of Year	<u>10,755,103</u>	<u>11,927,495</u>	<u>12,026,298</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 11,329,710</u></u>	<u><u>\$ 10,755,103</u></u>	<u><u>\$ 11,927,495</u></u>

**2021**

The Authority's net position increased \$574,607. In the prior year, the Authority's net position decreased \$1,172,392. The key element of this change relates to an increase in capital grants and contributions.

**WORCESTER REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Changes in Net Position (Continued)**

2020

The Authority's net position decreased \$1,172,392. In the prior year, the Authority's net position decreased \$98,803. The key element of this change relates to a decrease in capital grants and contributions.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Authority's capital assets at the end of the current fiscal year totaled \$29,769,825 (net of accumulated depreciation). Capital assets include land, construction in progress, land improvements, buildings and improvements, and equipment. The total decrease in capital assets for the current fiscal year totaled \$963,477 or 3.1%.

The following table summarizes the Authority's capital assets (net of accumulated depreciation):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,054,569	\$ 1,054,569	\$ 1,054,569
Land Improvements	20,428	25,644	30,860
Buildings and Improvements	28,649,545	21,878,995	22,931,913
Equipment	45,283	46,609	47,935
Construction in Progress	<u>-</u>	<u>7,727,485</u>	<u>4,029,621</u>
Total Capital Assets	<u>\$ 29,769,825</u>	<u>\$ 30,733,302</u>	<u>\$ 28,094,898</u>

Additional information on the Authority's capital assets can be found in Note 4 of this report.

**Debt**

At the end of the current fiscal year, total debt outstanding was \$15,518,408, consisting of notes payable to the City. In fiscal years' 2020 and 2019, total debt outstanding was \$14,892,522 and \$12,194,406, respectively, also consisting of notes payable to the City.

The Authority's total debt increased \$625,886 during the current fiscal year for new debt issued.

Additional information on the Authority's long-term debt can be found in Note 5 of this report.



**WORCESTER REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Administration & Finance, Budget Division, Chief Financial Officer, Worcester Redevelopment Authority, 455 Main Street, Worcester, Massachusetts 01608.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 5,120,522	\$ 2,510,542
Restricted Cash and Cash Equivalents	449,104	3,808,306
Receivables, Net of Allowance for Uncollectible Amounts:		
Grants, Contracts, and Other	1,869,028	538,310
Prepaid Expenses	271,704	271,704
Total Current Assets	<u>7,710,358</u>	<u>7,128,862</u>
Noncurrent Assets:		
Assets Held for City of Worcester - Ballpark	-	60,096,647
Capital Assets not Being Depreciated	1,054,569	8,782,054
Capital Assets, Net of Accumulated Depreciation	28,715,256	21,951,248
Total Noncurrent Assets	<u>29,769,825</u>	<u>90,829,949</u>
Total Assets	37,480,183	97,958,811
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	5,562,758	4,181,350
Other Liabilities	181,035	31,035
Accrued Interest	4,599,970	4,201,106
Advances from City of Worcester - Ballpark	280,855	3,793,121
Notes Payable to the City of Worcester	15,115,103	14,194,406
Total Current Liabilities	<u>25,739,721</u>	<u>26,401,018</u>
Noncurrent Liabilities:		
Accrued Interest	7,447	7,927
Due to City of Worcester - Ballpark Assets	-	60,096,647
Notes Payable to the City of Worcester	403,305	698,116
Total Noncurrent Liabilities	<u>410,752</u>	<u>60,802,690</u>
Total Liabilities	<u>26,150,473</u>	<u>87,203,708</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	22,436,028	23,622,086
Unrestricted	(11,106,318)	(12,866,983)
Total Net Position	<u>\$ 11,329,710</u>	<u>\$ 10,755,103</u>

See accompanying Notes to Basic Financial Statements.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Tenant Income	\$ 649,542	\$ 568,859
Other	<u>-</u>	<u>7,252</u>
Total Operating Revenues	649,542	576,111
<b>OPERATING EXPENSES</b>		
Office Operations	678,181	662,643
Property Management	59,256	59,214
General Insurance	22,666	13,835
Property Maintenance	568,382	626,431
Utilities	262,908	255,800
Depreciation	1,161,063	1,059,460
Parking Expense	3,600	3,880
Other	<u>2,365</u>	<u>2,119</u>
Total Operating Expenses	<u>2,758,421</u>	<u>2,683,382</u>
<b>OPERATING LOSS</b>	(2,108,879)	(2,107,271)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	8,873	24,378
Interest Expense	<u>(398,384)</u>	<u>(481,332)</u>
Total Nonoperating Expenses, Net	<u>(389,511)</u>	<u>(456,954)</u>
<b>LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	(2,498,390)	(2,564,225)
Capital Grants and Contributions	<u>3,072,997</u>	<u>1,391,833</u>
<b>CHANGE IN NET POSITION</b>	574,607	(1,172,392)
Net Position - Beginning of Year	<u>10,755,103</u>	<u>11,927,495</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 11,329,710</u></u>	<u><u>\$ 10,755,103</u></u>

See accompanying Notes to Basic Financial Statements.

**WORCESTER REDEVELOPMENT AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 649,542	\$ 576,111
Payments to Vendors	(1,597,358)	(933,131)
Net Cash Used by Operating Activities	<u>(947,816)</u>	<u>(357,020)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from the Issuance of Notes - Operating	403,305	496,071
Advances from City of Worcester - Ballpark	97,413,363	49,696,628
Acquisition and Construction of Assets Held for City of Worcester - Ballpark	(100,724,939)	(45,222,797)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,908,271)</u>	<u>4,969,902</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Grants and Contributions	3,072,997	1,429,948
Proceeds from the Issuance of Notes - Capital	222,581	2,202,045
Acquisition and Construction of Capital Assets	(197,586)	(3,697,864)
Net Cash Provided (Used) by Capital and Related Activities	<u>3,097,992</u>	<u>(65,871)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	<u>8,873</u>	<u>24,378</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(749,222)	4,571,389
Cash and Cash Equivalents - Beginning of Year (Includes \$3,808,306 Reported as Restricted)	<u>6,318,848</u>	<u>1,747,459</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b> (Includes \$449,104 Reported as Restricted)	<u><u>\$ 5,569,626</u></u>	<u><u>\$ 6,318,848</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (2,108,879)	\$ (2,107,271)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Adjustments not Requiring Current Cash Flows:		
Depreciation	1,161,063	1,059,460
Adjustments Requiring Current Cash Flows:		
Changes in Assets and Liabilities:		
Prepaid Expenses	-	(269,589)
Accounts Payable	-	965,326
Other Liabilities	-	(4,946)
Total Adjustments	<u>1,161,063</u>	<u>1,750,251</u>
Net Cash Used by Operating Activities	<u><u>\$ (947,816)</u></u>	<u><u>\$ (357,020)</u></u>

See accompanying Notes to Basic Financial Statements.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**Reporting Entity**

The Worcester Redevelopment Authority (Authority), a component unit of the City of Worcester, Massachusetts (City), was established in 1957 pursuant to Chapter 121B of the Massachusetts General Laws (MGL). The Authority's mission is to identify and implement Urban Renewal Area Plans within the City. The Authority has a five-member volunteer board of directors, four of whom are appointed by the City's Manager and confirmed by the City's Council. The Governor of the Commonwealth of Massachusetts (Commonwealth) appoints the fifth member of the board. Members serve five-year terms.

On December 14, 2000, the Authority amended its by-laws to establish the Chief Development Officer of the City as its Chief Executive Officer, the City Solicitor as its Chief Legal Officer, and the City Budget Director as its Chief Financial Officer. Under the by-law amendment, the officers of the Authority include a Chair, Vice-Chair and Secretary. The duties and responsibilities previously vested in the board's Treasurer and Vice-Treasurer were transferred to the Chief Financial Officer. The amendment also authorizes the City's Manager to assign additional City personnel to administer the programs and operations of the Authority and it provides that all City officers and employees engaged in the service of the Authority shall serve ex-officio and without direct compensation.

The Authority owns Union Station, a 65,000 square foot two-story building, which serves as the train station terminal for Amtrak intercity passenger rail and MBTA commuter rail service to and from Boston. In August 2006, the bus port terminal commenced operations with Greyhound Bus lines acting as the lead tenant offering interstate transit service. Adjacent to Union Station is a 500-space parking facility that includes 7,000 square feet of retail space.

**Implementation of New Accounting Principles**

For the year ended June 30, 2021, the Authority implemented GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The implementation of these GASB Statements had no reporting impact.

**Measurement Focus, Basis of Accounting, and Basis of Presentation**

The Authority's financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Operating revenues and expenses are segregated from nonoperating items. Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist primarily of tenant rental revenues and parking fees charged to users of Union Station.

Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

**Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**Capital Assets**

The Authority's capital assets consist of land, construction in progress, land improvements, buildings and improvements and equipment. Capital assets are recorded at historical cost. Donated capital assets are recorded at the estimated acquisition value at the date of donation. All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in Years)</u>
Land Improvements	10 to 20
Buildings and Improvements	39
Equipment	3 to 5

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits — Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. The Authority does not have a policy for custodial credit risk of deposits. As of June 30, 2021, none of the Authority's bank balance of \$5,829,601 was uninsured and uncollateralized. As of June 30, 2020, none of the Authority's bank balance of \$6,332,521 was uninsured and uncollateralized.

**NOTE 3 ACCOUNTS RECEIVABLE**

At June 30, 2021 and 2020, grants, contracts and other receivables totaled \$1,869,028 and \$538,310, respectively. All amounts are considered 100% collectible.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 1,054,569	\$ -	\$ -	\$ 1,054,569
Construction in Progress	7,727,485	197,586	(7,925,071)	-
Total Capital Assets not being Depreciated	8,782,054	197,586	(7,925,071)	1,054,569
<u>Capital Assets being Depreciated:</u>				
Land Improvements	108,871	-	-	108,871
Buildings and Improvements	41,063,830	7,925,071	-	48,988,901
Equipment	119,561	-	-	119,561
Total Capital Assets being Depreciated	41,292,262	7,925,071	-	49,217,333
<u>Less Accumulated Depreciation for:</u>				
Land Improvements	(83,227)	(5,216)	-	(88,443)
Buildings and Improvements	(19,184,835)	(1,154,521)	-	(20,339,356)
Equipment	(72,952)	(1,326)	-	(74,278)
Total Accumulated Depreciation	(19,341,014)	(1,161,063)	-	(20,502,077)
Total Capital Assets being Depreciated, Net	21,951,248	6,764,008	-	28,715,256
Total Capital Assets, Net	\$ 30,733,302	\$ 6,961,594	\$ (7,925,071)	\$ 29,769,825

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 1,054,569	\$ -	\$ -	\$ 1,054,569
Construction in Progress	4,029,621	3,697,864	-	7,727,485
Total Capital Assets not being Depreciated	5,084,190	3,697,864	-	8,782,054
<u>Capital Assets being Depreciated:</u>				
Land Improvements	108,871	-	-	108,871
Buildings and Improvements	41,063,830	-	-	41,063,830
Equipment	119,561	-	-	119,561
Total Capital Assets being Depreciated	41,292,262	-	-	41,292,262
<u>Less Accumulated Depreciation for:</u>				
Land Improvements	(78,011)	(5,216)	-	(83,227)
Buildings and Improvements	(18,131,917)	(1,052,918)	-	(19,184,835)
Equipment	(71,626)	(1,326)	-	(72,952)
Total Accumulated Depreciation	(18,281,554)	(1,059,460)	-	(19,341,014)
Total Capital Assets being Depreciated, Net	23,010,708	(1,059,460)	-	21,951,248
Total Capital Assets, Net	<u>\$ 28,094,898</u>	<u>\$ 2,638,404</u>	<u>\$ -</u>	<u>\$ 30,733,302</u>

**NOTE 5 NOTES PAYABLE**

On March 24, 1997, the Authority and City entered into a Cooperation Agreement (Agreement) concerning funding initiatives of the Authority.

On December 14, 2000, the Authority voted to authorize the execution of any legal document in any effort to secure the repayment to the City of any funds the City may provide to finance the Authority's initiatives.

Pursuant to the Agreement and the vote of the Authority on December 14, 2000, the Authority and City have executed several amendments to the Agreement whereby the City has agreed to loan the Authority various amounts at varying interest rates (ranging from 2.83% to 5.15%) and maturity dates.

The loans are reflected as notes payable to the City of Worcester on the financial statements. The loans classified as current liabilities include notes payable that, by their terms, are due within one year from the balance sheet date, even though liquidation may not be expected within that period.



**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 NOTES PAYABLE (CONTINUED)**

Details related to notes payable to the City at June 30, 2021 are as follows:

Project	Outstanding at June 30, 2020	Issued	Redeemed	Outstanding at June 30, 2021
Union Station - Building Fit Out	\$ 6,292,755	\$ 222,581	\$ -	\$ 6,515,336
Union Station - Operating	7,702,409	403,305	-	8,105,714
Union Station - Bus Ports	483,944	-	-	483,944
General and Administrative	78,897	-	-	78,897
Urban Renewal	334,517	-	-	334,517
Total	<u>\$ 14,892,522</u>	<u>\$ 625,886</u>	<u>\$ -</u>	<u>\$ 15,518,408</u>

Details related to notes payable to the City at June 30, 2020 are as follows:

Project	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
Union Station - Building Fit Out	\$ 4,090,710	\$ 2,202,045	\$ -	\$ 6,292,755
Union Station - Operating	7,206,338	496,071	-	7,702,409
Union Station - Bus Ports	483,944	-	-	483,944
General and Administrative	78,897	-	-	78,897
Urban Renewal	334,517	-	-	334,517
Total	<u>\$ 12,194,406</u>	<u>\$ 2,698,116</u>	<u>\$ -</u>	<u>\$ 14,892,522</u>

As of June 30, 2021, debt service requirements in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 15,115,103	\$ 4,599,970	\$ 19,715,073
2023	403,305	37,235	440,540
Total	<u>\$ 15,518,408</u>	<u>\$ 4,637,205</u>	<u>\$ 20,155,613</u>

As of June 30, 2020, debt service requirements in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 14,194,406	\$ 4,201,106	\$ 18,395,512
2022	698,116	37,299	735,415
Total	<u>\$ 14,892,522</u>	<u>\$ 4,238,405</u>	<u>\$ 19,130,927</u>

At June 30, 2021 and 2020, notes payable to the City totaling \$14,194,406 and \$10,819,167, respectively, had matured but were not liquidated by the Authority.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 MINOR LEAGUE BALLPARK**

On December 12, 2014, the Authority and City entered into a Cooperation Agreement (Agreement) concerning an urban renewal/downtown urban revitalization plan. Pursuant to the Agreement and vote of the Authority on December 21, 2018, the Authority and City executed an amendment to the Agreement whereby the City has agreed to provide the Authority \$131,589,005 for the purpose of implementing and financing the construction of a multi-purpose, publicly owned, Triple-A professional baseball ballpark (ballpark) to serve as the home ballpark of the Triple-A affiliated professional baseball franchise operated by the Pawtucket Red Sox Baseball Club, LLC. Various amendments to the Agreement have increased the amount the City has agreed to provide to the Authority to a total of approximately \$183,800,000.

During fiscal year 2021, the City provided the Authority approximately \$98,800,000 to finance costs associated with the ballpark. At June 30, 2021, the ballpark was in-service and is reported as a capital asset in the City's financial statements.

**NOTE 7 RISK FINANCING**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

**NOTE 8 OPERATING LEASES**

The Authority leases property under various operating leases. Total revenues from such leases were \$649,542 and \$568,859 for the fiscal years ended June 30, 2021 and 2020, respectively, and are reported as tenant income in the statements of revenues, expenses, and changes in net position.

Future minimum lease payments as of June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 618,483
2023	627,182
2024	534,656
2025	543,885
2026	553,391
Thereafter	1,714,644
Total	<u><u>\$ 4,592,241</u></u>

**WORCESTER REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 OPERATING LEASES (CONTINUED)**

Future minimum lease payments as of June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 619,718
2022	615,804
2023	624,504
2024	534,656
2025	543,885
Thereafter	2,268,035
Total	<u>\$ 5,206,602</u>

**NOTE 9 RELATED-PARTY TRANSACTIONS**

The transactions between the Authority and the City during the fiscal years ended June 30, 2021 and 2020 consisted of loans from the City to the Authority in the amount of \$625,886 (\$403,305 of operating loans and \$222,581 of capital loans) and \$2,698,116 (\$496,071 of operating loans and \$2,202,045 of capital loans), respectively. The Authority has outstanding notes payable to the City totaling \$15,518,408 and \$14,892,522 at June 30, 2021 and 2020, respectively.

The transactions between the Authority and the City during the fiscal years ended June 30, 2021 and 2020 also consisted of advances from the City to the Authority in the amount of approximately \$98,800,000 and \$49,700,000, respectively, to finance costs associated with the ballpark (see Note 6).

**NOTE 10 IN-KIND ASSISTANCE AND ECONOMIC DEPENDENCY**

The City has made available to the Authority the services of the agencies, offices, and employees of the City, including administrative, accounting, environmental, planning, legal and intergovernmental coordination services. The Authority is not able to reasonably estimate the value of these services. As such, no amounts for in-kind assistance have been recorded in the financial statements.

Approximately 96.3% (\$98,039,249) and 96.3% (\$52,394,744) of the Authority's cash inflows for the fiscal years ended June 30, 2021 and 2020, respectively, were from the issuance of notes and ballpark financing by the City.

**WORCESTER REDEVELOPMENT AUTHORITY**  
**STATEMENTS OF NET POSITION BY PROGRAM**  
**JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Program				Totals	
	Union Station Operating	Urban Renewal Operating	General Operating	Ballpark	2021	2020
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 5,120,522	\$ -	\$ -	\$ -	\$ 5,120,522	\$ 2,510,542
Restricted Cash and Cash Equivalents	168,249	-	-	280,855	449,104	3,808,306
Receivables, Net of Allowance for Uncollectible Amounts:						
Grants, Contracts, and Other	1,869,028	-	-	-	1,869,028	538,310
Prepaid Expenses	271,704	-	-	-	271,704	271,704
Total Current Assets	7,429,503	-	-	280,855	7,710,358	7,128,862
Noncurrent Assets:						
Due from (to) Other Programs	763,574	-	(763,574)	-	-	-
Assets Held for City of Worcester - Ballpark	-	-	-	-	-	60,096,647
Capital Assets not being Depreciated	539,769	-	514,800	-	1,054,569	8,782,054
Capital Assets, Net of Accumulated Depreciation	28,715,256	-	-	-	28,715,256	21,951,248
Total Noncurrent Assets	30,018,599	-	(248,774)	-	29,769,825	90,829,949
Total Assets	37,448,102	-	(248,774)	280,855	37,480,183	97,958,811
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	5,562,758	-	-	-	5,562,758	4,181,350
Other Liabilities	181,035	-	-	-	181,035	31,035
Accrued Interest	4,599,970	-	-	-	4,599,970	4,201,106
Advances from City of Worcester - Ballpark	-	-	-	280,855	280,855	3,793,121
Notes Payable to the City of Worcester	15,036,206	-	78,897	-	15,115,103	14,194,406
Total Current Liabilities	25,379,969	-	78,897	280,855	25,739,721	26,401,018
Noncurrent Liabilities:						
Accrued Interest	7,447	-	-	-	7,447	7,927
Due to City of Worcester - Ballpark Assets	-	-	-	-	-	60,096,647
Notes Payable to the City of Worcester	68,788	334,517	-	-	403,305	698,116
Total Noncurrent Liabilities	76,235	334,517	-	-	410,752	60,802,690
Total Liabilities	25,456,204	334,517	78,897	280,855	26,150,473	87,203,708
<b>NET POSITION</b>						
Net Investment in Capital Assets	21,921,228	-	514,800	-	22,436,028	23,622,086
Unrestricted	(9,929,330)	(334,517)	(842,471)	-	(11,106,318)	(12,866,983)
Total Net Position	\$ 11,991,898	\$ (334,517)	\$ (327,671)	\$ -	\$ 11,329,710	\$ 10,755,103

**WORCESTER REDEVELOPMENT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM**  
**YEARS ENDED JUNE 30, 2021 AND 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Program				Totals	
	Union Station Operating	Urban Renewal Operating	General Operating	Ballpark	2021	2020
<b>OPERATING REVENUES</b>						
Tenant Income	\$ 649,542	\$ -	\$ -	\$ -	\$ 649,542	\$ 568,859
Other Operating Revenues	-	-	-	-	-	7,252
Total Operating Revenues	649,542	-	-	-	649,542	576,111
<b>OPERATING EXPENSES</b>						
Office Operations	678,181	-	-	-	678,181	662,643
Property Management	59,256	-	-	-	59,256	59,214
General Insurance	22,666	-	-	-	22,666	13,835
Property Maintenance	568,382	-	-	-	568,382	626,431
Utilities	262,908	-	-	-	262,908	255,800
Depreciation	1,161,063	-	-	-	1,161,063	1,059,460
Parking Expense	3,600	-	-	-	3,600	3,880
Other	2,365	-	-	-	2,365	2,119
Total Operating Expenses	2,758,421	-	-	-	2,758,421	2,683,382
<b>OPERATING LOSS</b>	(2,108,879)	-	-	-	(2,108,879)	(2,107,271)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	-	-	8,873	-	8,873	24,378
Interest Expense	(398,384)	-	-	-	(398,384)	(481,332)
Total Nonoperating Revenues (Expenses), Net	(398,384)	-	8,873	-	(389,511)	(456,954)
<b>INCOME (LOSS) BEFORE CAPITAL GRANTS AND CONTRIBUTIONS</b>	(2,507,263)	-	8,873	-	(2,498,390)	(2,564,225)
Capital Grants and Contributions	3,072,997	-	-	-	3,072,997	1,391,833
<b>CHANGE IN NET POSITION</b>	565,734	-	8,873	-	574,607	(1,172,392)
Net Position - Beginning of Year	11,426,164	(334,517)	(336,544)	-	10,755,103	11,927,495
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,991,898</u>	<u>\$ (334,517)</u>	<u>\$ (327,671)</u>	<u>\$ -</u>	<u>\$ 11,329,710</u>	<u>\$ 10,755,103</u>