

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



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**WORCESTER REDEVELOPMENT AUTHORITY
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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board Members
Worcester Redevelopment Authority
Worcester, Massachusetts

Report on the Audit of the Financial Statements

Opinion

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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
February 6, 2024

**WORCESTER REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the current fiscal year by \$6,506,314 (net position).
- The Authority's total net position decreased \$2,126,652 in the current fiscal year.
- The Authority's total debt increased by \$4,973,185 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
2. Notes 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 **statement of net position** presents 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 **statement of revenues, expenses, and changes in net position**, presents 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 **statement of cash flows** is 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.

The following pages present condensed financial information derived from the financial statements comparing fiscal years 2023 and 2022.

**WORCESTER REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 \$6,506,314 at the close of the current fiscal year and are summarized as follows:

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets	\$ 3,437,584	\$ 3,721,553
Noncurrent Assets (Excluding Capital Assets)	5,189,500	2,922,031
Capital Assets (Net)	<u>31,412,324</u>	<u>28,603,054</u>
Total Assets	40,039,408	35,246,638
LIABILITIES		
Current Liabilities (Excluding Debt)	6,541,102	6,819,103
Current Debt	16,401,712	15,545,209
Noncurrent Debt	<u>5,024,736</u>	<u>908,054</u>
Total Liabilities	27,967,550	23,272,366
DEFERRED INFLOWS OF RESOURCES	5,565,544	3,341,306
NET POSITION		
Net Investment in Capital Assets	19,102,097	20,737,707
Unrestricted	<u>(12,595,783)</u>	<u>(12,104,741)</u>
Total Net Position	<u>\$ 6,506,314</u>	<u>\$ 8,632,966</u>

At June 30, 2023, 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, 2023, represents a deficit in unrestricted net position (\$12,595,783).

**WORCESTER REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Changes in Net Position

For the fiscal year ended June 30, 2023, the Authority's total net position decreased by \$2,126,652, compared to a decrease of \$2,696,744 in the prior fiscal year. These amounts are summarized as follows:

	<u>2023</u>	<u>2022</u>
REVENUES		
Operating Revenues:		
Leases and Other Tenant Income	\$ 934,382	\$ 576,741
Other Operating Revenues	<u>5,175</u>	<u>15,000</u>
Total Operating Revenues	<u>939,557</u>	<u>591,741</u>
EXPENSES		
Operating Expenses:		
Office Operations	913,473	755,993
Property Management	129,201	67,557
General Insurance	33,857	24,027
Property Maintenance	1,171,038	608,955
Utilities	548,338	482,720
Depreciation	1,262,669	1,266,816
Parking Expense	3,300	3,900
Other	<u>688</u>	<u>2,049</u>
Total Operating Expenses	<u>4,062,564</u>	<u>3,212,017</u>
OPERATING LOSS	(3,123,007)	(2,620,276)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	3,851	3,445
Interest (Leases)	244,531	141,210
Interest Expense	<u>(435,424)</u>	<u>(683,711)</u>
Total Nonoperating Expenses	<u>(187,042)</u>	<u>(539,056)</u>
LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS	(3,310,049)	(3,159,332)
Capital Grants and Contributions	<u>1,183,397</u>	<u>462,588</u>
CHANGE IN NET POSITION	(2,126,652)	(2,696,744)
Net Position - Beginning of Year	<u>8,632,966</u>	<u>11,329,710</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,506,314</u></u>	<u><u>\$ 8,632,966</u></u>

The Authority's net position decreased \$2,126,652, consistent with the prior year decrease of \$2,696,744.

**WORCESTER REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets at the end of the current fiscal year totaled \$31,412,324 (net of accumulated depreciation). Capital assets include land, construction in progress, land improvements, buildings and improvements, and equipment. The total increase in capital assets for the current fiscal year totaled \$2,809,270 or 9.8%.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 5,007,407	\$ 1,081,369
Land Improvements	5,440	10,656
Buildings and Improvements	26,137,700	27,393,827
Equipment	42,631	43,957
Construction in Progress	<u>219,146</u>	<u>73,245</u>
Total Capital Assets	<u>\$ 31,412,324</u>	<u>\$ 28,603,054</u>

Additional information on the Authority's capital assets can be found in Note 5 of this report.

Debt

At the end of the current fiscal year, total debt outstanding was \$21,426,448, consisting of notes payable to the City. In fiscal year 2022, total debt outstanding was \$16,453,263, also consisting of notes payable to the City.

The Authority's total debt increased by \$4,973,185 during the current fiscal year for new debt issued.

Additional information on the Authority's long-term debt can be found in Note 6 of this report.

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
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 499,610
Receivables, Net of Allowance for Uncollectible Amounts:	
Grants, Contracts, and Other	503,778
Due from City of Worcester - Ballpark	1,537,387
Lease Receivables	607,898
Prepaid Expenses	288,911
Total Current Assets	<u>3,437,584</u>

Noncurrent Assets:

Lease Receivables	5,189,500
Capital Assets not Being Depreciated	5,226,553
Capital Assets, Net of Accumulated Depreciation	26,185,771
Total Noncurrent Assets	<u>36,601,824</u>

Total Assets	40,039,408
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LIABILITIES

Current Liabilities:

Accounts Payable	633,515
Other Liabilities	181,035
Accrued Interest	5,726,552
Notes Payable to the City of Worcester	16,401,712
Total Current Liabilities	<u>22,942,814</u>

Noncurrent Liabilities:

Notes Payable to the City of Worcester	<u>5,024,736</u>
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Total Liabilities	27,967,550
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DEFERRED INFLOWS OF RESOURCES

Lease Related	<u>5,565,544</u>
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NET POSITION

Net Investment in Capital Assets	19,102,097
Unrestricted	<u>(12,595,783)</u>
Total Net Position	<u><u>\$ 6,506,314</u></u>

See accompanying Notes to Basic Financial Statements.

WORCESTER REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

OPERATING REVENUES

Leases and Other Tenant Income	\$ 934,382
Other	5,175
Total Operating Revenues	<u>939,557</u>

OPERATING EXPENSES

Office Operations	913,473
Property Management	129,201
General Insurance	33,857
Property Maintenance	1,171,038
Utilities	548,338
Depreciation	1,262,669
Parking Expense	3,300
Other	688
Total Operating Expenses	<u>4,062,564</u>

OPERATING LOSS (3,123,007)

NONOPERATING REVENUES (EXPENSES)

Investment Income	3,851
Interest (Leases)	244,531
Interest Expense	<u>(435,424)</u>
Total Nonoperating Expenses, Net	<u>(187,042)</u>

LOSS BEFORE CAPITAL GRANTS AND CONTRIBUTIONS (3,310,049)

Capital Grants and Contributions	<u>1,183,397</u>
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CHANGE IN NET POSITION (2,126,652)

Net Position - Beginning of Year	<u>8,632,966</u>
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NET POSITION - END OF YEAR	<u><u>\$ 6,506,314</u></u>
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See accompanying Notes to Basic Financial Statements.

**WORCESTER REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers and Users	\$ 226,052
Payments to Vendors	(3,513,320)
Net Cash Used by Operating Activities	<u>(3,287,268)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Proceeds from the Issuance of Notes - Operating	528,305
Ballpark - Advances and Payments	(498,588)
Net Cash Provided (Used) by Financing Activities	<u>29,717</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Lease Payments Received	822,688
Capital Grants and Contributions	2,242,571
Proceeds from the Issuance of Notes - Capital	4,444,880
Acquisition and Construction of Capital Assets	(4,071,939)
Net Cash Provided by Capital and Related Financing Activities	<u>3,438,200</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>3,851</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS

184,500

Cash and Cash Equivalents - Beginning of Year

315,110

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 499,610

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET

CASH FROM OPERATING ACTIVITIES

Operating Loss	\$ (3,123,007)
Adjustments to Reconcile Operating Loss to Net	
Cash Used by Operating Activities:	
Adjustments not Requiring Current Cash Flows:	
Depreciation	1,262,669
Adjustments Requiring Current Cash Flows:	
Changes in Assets and Liabilities:	
Accounts Payable	(713,425)
Deferred Inflows of Resources - Leases	(713,505)
Total Adjustments	<u>(164,261)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (3,287,268)</u></u>

NONCASH CAPITAL AND FINANCING ACTIVITIES

Lease Receivable	\$ 2,937,741
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See accompanying Notes to Basic Financial Statements.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

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.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Leases

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, 2023, none of the Authority's bank balance of \$871,593 was uninsured and uncollateralized.

NOTE 3 ACCOUNTS RECEIVABLE (OTHER THAN LEASES)

At June 30, 2023, grants, contracts and other receivables totaled \$503,778. At June 30, 2023, due from City – ballpark receivables totaled \$1,537,387. All amounts are considered 100% collectible.

NOTE 4 LEASE RECEIVABLES

The Authority, acting as lessor, leases office space at Union Station and a parking garage under long-term noncancellable lease agreements. The leases expire at various dates through 2042. During the year ended June 30, 2023, the Authority recognized approximately \$710,000 and approximately \$245,000 in lease revenue and interest revenue, respectively, pursuant to these contracts.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 LEASE RECEIVABLES (CONTINUED)

Principal and interest requirements to maturity under lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 607,898	\$ 220,865	\$ 828,763
2025	642,081	195,928	838,009
2026	561,027	171,721	732,748
2027	509,700	150,215	659,915
2028	554,782	129,008	683,790
2029-2033	1,270,984	412,873	1,683,857
2034-2038	799,933	255,853	1,055,786
2039-2042	850,993	72,221	923,214
Totals	<u>\$ 5,797,398</u>	<u>\$ 1,608,684</u>	<u>\$ 7,406,082</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 1,081,369	\$ 3,926,038	\$ -	\$ 5,007,407
Construction in Progress	73,245	145,901	-	219,146
Total Capital Assets not being Depreciated	<u>1,154,614</u>	<u>4,071,939</u>	<u>-</u>	<u>5,226,553</u>
<u>Capital Assets being Depreciated:</u>				
Land Improvements	108,871	-	-	108,871
Buildings and Improvements	48,988,901	-	-	48,988,901
Equipment	119,561	-	-	119,561
Total Capital Assets being Depreciated	<u>49,217,333</u>	<u>-</u>	<u>-</u>	<u>49,217,333</u>
<u>Less Accumulated Depreciation for:</u>				
Land Improvements	(98,215)	(5,216)	-	(103,431)
Buildings and Improvements	(21,595,074)	(1,256,127)	-	(22,851,201)
Equipment	(75,604)	(1,326)	-	(76,930)
Total Accumulated Depreciation	<u>(21,768,893)</u>	<u>(1,262,669)</u>	<u>-</u>	<u>(23,031,562)</u>
Total Capital Assets being Depreciated, Net	<u>27,448,440</u>	<u>(1,262,669)</u>	<u>-</u>	<u>26,185,771</u>
Total Capital Assets, Net	<u>\$ 28,603,054</u>	<u>\$ 2,809,270</u>	<u>\$ -</u>	<u>\$ 31,412,324</u>

NOTE 6 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.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 NOTES PAYABLE (CONTINUED)

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 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.

Details related to notes payable to the City at June 30, 2023 are as follows:

Project	Outstanding at June 30, 2022	Issued	Redeemed	Outstanding at June 30, 2023	Due in One Year
Union Station - Building Fit Out	\$ 7,020,086	\$ -	\$ -	\$ 7,020,086	\$ 7,020,086
Union Station - Operating	8,509,019	528,305	-	9,037,324	8,509,019
Union Station - Bus Ports	483,944	-	-	483,944	483,944
General and Administrative	78,897	-	-	78,897	78,897
Urban Renewal	361,317	4,444,880	-	4,806,197	309,766
Total	<u>\$ 16,453,263</u>	<u>\$ 4,973,185</u>	<u>\$ -</u>	<u>\$ 21,426,448</u>	<u>\$ 16,401,712</u>

As of June 30, 2023, debt service requirements in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 16,401,712	\$ 2,635,310	\$ 19,037,022
2025	5,024,736	2,389,426	7,414,162
Total	<u>\$ 21,426,448</u>	<u>\$ 5,024,736</u>	<u>\$ 26,451,184</u>

At June 30, 2023, notes payable to the City totaling \$15,545,209 had matured but were not liquidated by the Authority.

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 RELATED-PARTY TRANSACTIONS

The primary transactions between the Authority and the City during the fiscal year ended June 30, 2023 consisted of loans from the City to the Authority in the amount of \$4,973,185 (\$528,305 of operating loans and \$4,444,880 of capital loans). The Authority has outstanding notes payable to the City totaling \$21,426,448 at June 30, 2023.

WORCESTER REDEVELOPMENT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 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 60.1% (\$4,973,185) of the Authority's cash inflows for the fiscal year ended June 30, 2023 were from the issuance of notes by the City.