

***EAST PROVIDENCE WATERFRONT
SPECIAL DEVELOPMENT
DISTRICT COMMISSION***

**Financial Statements and
Supplementary Information
For the Fiscal Year Ended June 30, 2023**

**Including Independent Audit Report of
Certified Public Accountants**

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>PAGE</u>
<i>Introductory Section:</i>	
List of Commission Members	i
<i>Financial Section</i>	
Independent Auditors' Report	1-3
Management's Discussion & Analysis	4-11
<i>Government Wide Financial Statements</i>	
Statement of Net Position	12
Statement of Activities	13
<i>Fund Financial Statements</i>	
Balance Sheet	14
Statement of Revenue, Expenses and Changes in Fund Balances	15
Notes to Financial Statements	16-23
<i>Required Supplementary Information</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance (Non-GAAP Budgetary Basis) Budget and Actual - General Fund	24
<i>Auditors' Report as Required by Government Auditing Standards</i>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings	27

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Commission Members

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**

As of June 30, 2023

EXECUTIVE DIRECTOR

Raymond T. Lavey

VOTING MEMBERS

William J. Fazioli – Chairman

Steven Hardcastle – Treasurer

Manny Barrows

Tim Conley

Domenic Pontarelli

Jennifer Griffith

David O’Connell

Steve Amoroso

Peter Willey

Jeanne Boyle

EX-OFFICIO MEMBERS

Roberto DaSilva, Mayor

Daniel Borges, Public Works Director, City of East Providence

Keith A. Brynes, Planning Director’s Representative, City of East Providence

Michael Walker, Commerce RI (Director’s designee)

Terrence Gray, Rhode Island Department of Environmental Management (Director’s designee)

Nicole Pope, RI Department of Transportation (Director’s designee)

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information



DAMIANO & COMPANY, LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the
East Providence Waterfront Special
Development District Commission
East Providence, Rhode Island

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Providence Waterfront Special Development District Commission (Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 respective financial position of the governmental activities and each major fund of the East Providence Waterfront Special Development District Commission as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 Commission 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 opinions.

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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Commission'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 Commission'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 and budgetary comparison information on pages 4-11 and 26 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 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.

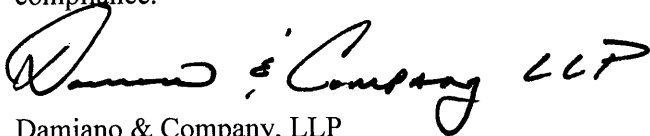
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024, on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance.



Damiano & Company, LLP
Warwick, Rhode Island
January 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

Our discussion and analysis of the East Providence Waterfront Special Development District Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Commission's financial statements that follow this section.

Financial Highlights

- The Commission's operations include both unrestricted (general operations) and restricted accounts. The Commission does not have discretion over use of \$709,261 in restricted accounts and relies on its general operations account for routine activities.
- The Commission's net position increased \$13,796 as a result of the current year's operations. On a government-wide basis, the assets of the governmental activities of the Commission exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$906,116.
- The Commission's Government-wide operating expenses were \$96,742, a \$5,718 increase from the prior year due to increased salaries and benefits in fiscal year 2023.
- The Commission's Government-wide operating revenues were \$110,538, a \$279 decrease from the prior year.
- As of the close of the fiscal year, the Commission's governmental funds reported combined ending fund balances of \$906,116; \$196,855 of this amount is unassigned in the General Operating Fund.
- In the Commission's general operating fund, the unassigned fund balance was \$196,855 or 203% of the total general fund expenditures and other uses of funds, \$96,742, for fiscal year 2023. The current fiscal year's revenues and other sources of funds exceeded expenditures and other uses of funds (net change in fund balances) by \$13,796.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

In addition to the basic financial statements, this report also contains other supplementary information.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

The Commission's basic financial statements and other supplementary financial information provide information about all of the Commission's activities. They provide both a short-term and a long-term view of the Commission's financial health.

Government-wide financial statements - are designed to provide readers with a broad overview of the Commission's finances in a manner similar to that of private-sector businesses. They are presented on the accrual basis of accounting where revenues and expenditures are recognized in the period they occur as opposed to the period in which they are collected or paid.

The *Statement of Net Position* presents information on all of the Commission's assets and liabilities with the difference between the two reported as the Commission's net position. Over time, increases or decreases in the net position of the Commission may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *Statement of Activities* presents information, which shows how the Commission's net position changed during the fiscal year. All changes in the net position of the Commission are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The *Statement of Activities* distinguishes functions of the Commission which are supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges. The Commission's governmental activities include general government and administration, personal services, materials & supplies, general obligations, and interest expenses

The government-wide financial statements are reported on pages 12 through 13.

Fund financial statements – A *fund* is a grouping and self-balancing set of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, 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 Commission are governmental 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the government-wide financial statements and the fund financial statements (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, and the EDA Grant Fund, which is considered a major fund for financial reporting.

Notes to Financial Statements - 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 are presented on pages 16 through 23.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Commission's operations. Required Supplementary information is presented on page 24.

Analysis of the Commission's Net Position

As noted earlier, the Commission's net position may serve, over time, as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the assets of the Commission exceeded its liabilities at June 30, 2023 by \$906,116.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

	<u>Governmental Activities 2023</u>	<u>Governmental Activities 2022</u>
Current and other assets	\$ 1,434,681	1,471,646
Total assets	<u>1,434,681</u>	<u>1,471,646</u>
Other liabilities	8,256	17,797
Total liabilities	<u>8,256</u>	<u>17,797</u>
Deferred inflows of resources	520,309	559,487
Net Position:		
Restricted for:		
Economic development 10 New Road	3,000	3,000
Small business development programs	66,886	66,886
Workforce or low-income housing development	639,375	639,375
Unrestricted	196,855	185,101
Total Net Position	<u>\$ 906,116</u>	<u>\$ 894,362</u>

The amount of \$66,886 of the Commission's net position consists of funds restricted for economic and small business development projects. The amount of \$639,375 is in-lieu funds dedicated to providing gap financing for affordable housing projects. Consequently, these assets are not available for future operational spending. The remaining balance of the Commission's unrestricted net position may be used to meet the entity's ongoing obligations.

As of June 30, 2023, the Commission reports positive balances in all categories of Net Position for the governmental entity as a whole.

Analysis of the Commission's Operations

The following analysis provides a summary of the Commission's operations for the year ended June 30, 2023. Governmental activities increased the Commission's net position by \$13,796, or 1.5% for the current period.

Total expenses were \$96,742 for the fiscal year 2023, an increase of \$5,718. This increase from the prior year is mainly due to an increase in salaries and benefits for Commission staff.

Total revenues were \$110,538 for the fiscal year ended June 30, 2023, a decrease of \$279. This decrease is mainly due to there being a reduction in program service fees during 2023.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

	<u>Governmental Activities 2023</u>	<u>Governmental Activities 2022</u>
Revenues:		
Program revenues:		
General operations	\$ 55,652	\$ 48,544
Grants and contributions	50,000	50,000
General revenues:		
Interest revenue	4,886	-
Miscellaneous fees	-	12,273
Total revenues	<u>110,538</u>	<u>110,817</u>
 Expenses:		
Personnel services and benefits	64,007	56,853
General operations	32,735	34,171
Total expenses	<u>96,742</u>	<u>91,024</u>
 Increase (decrease) in Net Position	13,796	19,793
 Net Position - beginning restated	892,320	874,569
 Net Position - ending	<u>\$ 906,116</u>	<u>\$ 894,362</u>

Financial Analysis of the Commission's Funds

Governmental Funds

The Commission implemented the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in fiscal year 2013. GASB 54 establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental funds. GASB 54 defines the following five categories of fund balance:

Nonspendable – items that cannot be spent because they are not in a spendable form or legally or contractually required to be maintained intact.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management’s Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

Restricted – items that are restricted by external parties or imposed by grants, laws or legislation.

Committed – items that have been committed by formal action by the entity’s highest level of decision-making authority.

Assigned – items that have been allocated by committee action where the government’s intent is to use the funds for a specific purpose.

Unassigned – items that have no restrictions placed on them.

The focus of the Commission’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the Commission’s net resources available for spending at the end of the fiscal year. The Fund Balance section of the Balance Sheet for Governmental Funds is presented in the format required by the Government Accounting Standards Board (GASB) Statement 54.

General Fund

Small business development: The restricted amount of \$66,886 is for the disbursing of funds to approved small businesses within the city to promote growth and employment. The Commission plans to hold these funds for future small business loans.

Workforce or affordable housing development: The restricted amount of \$639,375 is for the future development and construction of affordable housing within the District.

Unassigned

The General Fund Unassigned fund balance in 2023 is \$196,855.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

Financial Highlights

Fee Amendment

In October 2021, the proposed fee amendment to 885-RICR-00-00-3 Part 3, East Providence Waterfront Commission Application and Processing Fees. This allows for fees for planning as an additional professional review fee and zoning amendment changes.

East Point

The development proposal for the former Washburn Wire/ Geonova site was certified complete in June 2021 and was approved in July 2021. The proposal is for approximately 392 residential units, consisting of apartments, condos and single-family homes. The proposal will create new public access to the waterfront and will provide 10% affordable housing on-site.

Getty Terminal

The former Getty Terminal property on Massasoit and Dexter Road was sold in early 2021 and is expected to have a development proposal in late 2023, early 2024.

South Quay

The future off-shore wind port at the South Quay was awarded \$15 million in Rebuild Rhode Island tax credits toward construction and

Residences at Bold Point

Phase 1 and Phase 2 have been completed and have been fully leased out.

Ivy Place

The application for this development at 15 Ivy Street/ 164 Taunton Ave was approved in November 2020. The project will include thirteen townhomes, nine residential townhomes on Ivy Street and four live/work units along Taunton Ave. The development is designed to be mixed income with a range of household incomes from 50% to 100% AMI. Nine of the units will be deeded for purchase with incomes at or below 80% AMI. This project has been approved for \$745,500 of in-lieu funding. Ground Breaking was September 6, 2022 with an estimated completion date in late 2024.

Kettle Point

Construction advanced on condos and townhomes: 62 certificates of occupancy have been issued and the project is now complete.

Kettle Point Park was turned over to the City's control and the Kettle Point pier was dedicated on May 27th, 2021.

Actual tax revenues generated by the development continue to exceed the annual payments on the TIF bond. This favorable trend has directly benefitted the city's general fund.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2023
(Un-audited)**

Sutton Place In-Lieu Funds

One Neighborhood Builders was awarded \$200,000 in in-lieu funds to redevelop 36 affordable units and maintain them as affordable at or below 80% AMI through deed restriction.

Phillipsdale

Phillipsdale Tenancy is approaching 100% leased. New tenants include: Brands of Portugal (Portuguese wine distributor), Lidon Group (industrial equipment and construction supplies) and Enotap/ Anchor & Hope moving to a new location within Phillipsdale where they will have a wine tasting room on the river.

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the City of East Providence City Planner's Office, 145 Taunton Avenue, Room 201, East Providence RI 02914, Telephone number (401) 435-7530.

Raymond Lavey
Executive Director

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include
the Government-Wide Financial Statements,
the Fund Financial Statements and the
Notes to the Financial Statements

Government Wide Financial Statements

The Government Wide Financial Statements include
the Statement of Net Position and the
Statement of Activities

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Statement of Net Position
June 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 893,969
Accounts receivable	16,582
Leases receivable	34,820
TOTAL CURENT ASSETS	<u>945,371</u>
 LONG TERM ASSETS	
Leases receivable	489,310
 LIABILITIES	
Accounts payable	8,256
TOTAL LIABILITIES	<u>8,256</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows on Leases	520,309
 NET POSITION	
Restricted for:	
Economic development 10 New Road	3,000
Small business development programs	66,886
Workforce or low-income housing development	639,375
Unrestricted	196,855
TOTAL NET POSITION	<u>\$ 906,116</u>

See accompanying notes to these financial statements

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Statement of Activities
For the Year Fiscal Ended June 30, 2023**

Functions/Programs	Expenses	Program revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary government				
Personal services & benefits	\$ 64,007	\$ -	\$ -	\$ (64,007)
General operations	32,735	55,652	50,000	72,917
Total governmental activities	\$ 96,742	\$ 55,652	\$ 50,000	\$ 8,910
		General revenues:		
		Interest revenue		4,886
		Total general revenues		4,886
			Change in Net Position	13,796
			Net Position - beginning of the year - restated	892,320
			Net Position - end of the year	\$ 906,116

See accompanying notes to these financial statements

FUND FINANCIAL STATEMENTS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	EDA Grant Fund	Totals
ASSETS			
Cash and investments	\$ 890,969	\$ 3,000	\$ 893,969
Accounts receivable	16,582	-	16,582
Leases receivable	524,130	-	524,130
TOTAL ASSETS	\$ 1,431,681	\$ 3,000	\$ 1,434,681
LIABILITIES			
Accounts payable and accrued expenses	\$ 8,256	\$ -	\$ 8,256
TOTAL LIABILITIES	8,256	-	8,256
DEFERRED INFLOWS OF RESOURCES	520,309	-	520,309
FUND BALANCES			
<i>Restricted for:</i>			
Economic development 10 New Road	-	3,000	3,000
Small business development programs	66,886	-	66,886
Workforce or low-income housing development	639,375	-	639,375
<i>Unassigned:</i>	196,855	-	196,855
TOTAL FUND BALANCES	903,116	3,000	906,116
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,431,681	\$ 3,000	

Amounts reported for governmental activities in the statement of Net Position are different because:

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

N/A

Some liabilities, including notes and leases payable, are not due and payable in the current period and therefore are not reported in the funds.

-

Net Position of governmental activities

\$ 906,116

See accompanying notes to these financial statements

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023**

	<u>General Fund</u>	<u>EDA Grant Fund</u>	<u>Totals</u>
Revenues:			
Development fees	\$ 200	\$ -	\$ 200
Intergovernmental revenue	50,000	-	50,000
Rental income	38,354	-	38,354
Program service fees	17,098	-	17,098
Interest revenue	4,886	-	4,886
Total general revenues	<u>110,538</u>	<u>-</u>	<u>110,538</u>
Expenses:			
Personnel			
Salaries	58,316	-	58,316
Payroll taxes	5,691	-	5,691
General operations	32,735	-	32,735
Total expenses	<u>96,742</u>	<u>-</u>	<u>96,742</u>
Excess of revenues over (under) expenditures	<u>13,796</u>	<u>-</u>	<u>13,796</u>
Total fund balances - beginning	889,320	3,000	892,320
Total fund balances - end of the year	<u>\$ 903,116</u>	<u>\$ 3,000</u>	<u>\$ 906,116</u>

See accompanying notes to these financial statements

NOTES TO FINANCIAL STATEMENTS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the East Providence Waterfront Special Development District Commission, (District) (an Independent Rhode Island entity and body corporate), have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities. In certain circumstances, summaries of the District's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

The District complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Position and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Reporting Entity

The East Providence Waterfront Special Development District Commission was created by Rhode Island State Law Chapter 345 enacted on 7/17/2003. The Commission was created to oversee, plan, implement and administer the development of the areas within the District as outline in the charter established by the State of Rhode Island and the City of East Providence. The Commission functions and conducts its business and activities in a manner consistent with plans approved for the district by the City and the Commission, and as appropriate or necessary, by Commerce RI.

The Commission is made up of nineteen members as follows: five members appointed by the City Council with a 4 year term; five members appointed by the Governor, one with an expertise in the following areas: architecture, planning, labor, finance, and commercial real estate for a 4 year term; the Mayor and Governor jointly appoint one member who acts as chairperson for a 4 year term; there are six ex officio, non-voting members as follows: the City Manager, the City Planning Director, the Publics Works Director, the Executive Director of the RI Economic Development Corp., the Director of the Department of Transportation, the Director of the Department of Environmental Management or an associate director designated by the director. Appointment of members of the Senate and House has not been made in accordance with the 2004 separation of power amendment to the Rhode Island Constitution.

BASIS OF ACCOUNTING

Government – Wide Financial Statements

The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues but in the case of this entity operational revenues are also realized through developer application fees.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General:	See above for description
Special Revenue:	EDA Grant Fund – This fund accounts for the construction and maintenance of the property at 10 New Road for development of business in the Waterfront District. Revenue Sources: Federal Grant and matching funds

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (continued)

On the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus as defined in item (b) below, and utilize the accrual basis of accounting.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Substantially all revenue of the governmental funds is recognized utilizing the modified accrual method of accounting, and as such, it is recognized as earned.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Amounts reported as program revenues include charges to customers or applicants for licenses, fees, goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

Cash Equivalents

Cash and cash equivalents are carried at cost. The District's cash and cash equivalents consist of cash on hand and demand deposits. All of the District's cash and cash equivalents are held in public deposit institutions, which are available on a daily basis.

Investments are stated at fair value. Investment income is recorded in the fund which it was earned.

Revenues and Expenses

Revenues for the Commission are recorded when the application fees are earned. The Grant revenue from the RI Economic Development Corporation is recognized when expenses relating to grant income are incurred. Expenses for the Commission are recorded when the related liability is incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a) Net Investment in capital assets - Consists of capital assets (including restricted capital assets) net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted - Consists of net positions with 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.
- c) Unrestricted - All other net positions that do not meet the definition of "restricted" or "Net investment in capital assets".

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (continued)

Fund Financial Statements

The Commission has adopted and implemented the provisions and requirements of the Governmental Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the District's presentation of the elements of fund balances, a key indicator of inter-period equity. Listed below are the new fund balance categories and their definitions.

- **Non-spendable** – are balances that are not in a spendable form or are legally or contractually required to be maintained intact or are permanently precluded from conversion to cash. Examples are prepaid amounts, inventories, endowments and permanent funds.
- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions.
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action.
- **Assigned** – are balances intended for a specific purpose and are constrained by the government's management but are neither restricted nor committed.
- **Unassigned** – is the amount of fund balance in the General Fund that has not been restricted, committed, or assigned to a specific purpose within the General Fund. It includes spendable amounts not subject to any intended use or constraint. It is the residual classification for general fund and is available for any purpose. The balance is not precluded by a management decision, law or constitutional provision in the general fund.

NOTE 2 - CASH DEPOSITS

Deposits are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Cash Equivalents". A summary of bank balances and carrying amounts is as follows:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Insured (Federal depository insurance funds)	\$ 250,000	\$ 250,000
Uninsured or un-collateralized	<u>643,969</u>	<u>643,969</u>
TOTAL DEPOSITS	<u>\$ 893,969</u>	<u>\$ 893,969</u>

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 - CASH DEPOSITS (continued)

Under Rhode Island general law, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2023, \$643,969 of the Commission’s bank balance of \$893,969 was uninsured and uncollateralized.

Cash and investments of the Commission consist of the following at June 30, 2023

Cash and cash equivalents

Deposits with financial institutions	\$ 893,969
<i>Total cash and investments</i>	<u><u>\$ 893,969</u></u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents	\$ 893,969
	<u><u>\$ 893,969</u></u>

NOTE 3 - DISCLOSURE OF SIGNIFICANT COMMITMENTS & CONTINGENCIES

In the ordinary course of business, the Commission becomes involved in various commitments and contingencies. Management does not expect any of these to result in a material change to the financial position of the commission.

The Commission participates in federally assisted programs. Management believes that the amounts, if any, of expenditures, which may be disallowed, would not be material to the financial position of the Commission.

NOTE 4 – RELATED PARTIES

The Commission reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2023.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – PRESENTATION OF LEASE RECEIVABLE

The Commission implemented the Government Accounting Standards Board (GASB) Statement No. 87 – *Leases* for fiscal year ended 2022 which changed the presentation, disclosures, and recognition of the relationships between lessors and lessees.

In September of 2012 the Commission (tenant) executed a master lease for property located at 10 New Road in East Providence, Rhode Island from Ten New Road, LLC (landlord). The purpose of this lease was to create a conduit by which Eaton Corporation (sub-tenant) could sub-lease the property from the Commission for commercial purposes. The lease period for the Commission’s lease with Ten New Road, LLC is for 15 years.

The sub-lease between Eaton Corporation and the District calls for Eaton Corporation to pay the District annual lease payments totaling \$39,420 with monthly payments of \$3,285.

The Commission’s lease receivable is measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the Commission will be paid a monthly rent of \$3,285 for an initial term of fifteen years starting on October 1, 2012, with 2 options to renew for additional five years each. Management is confident the options will be picked up by the tenant.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

In fiscal year 2023, the Commission recognized \$36,688 in lease and other financing sources inflows from the current portion of the lease receivable and \$4,912 of interest revenue under the lease.

The future principal and interest figures for the lease of the property at 10 New Road is presented below.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 34,820	4,600
2025	35,135	4,285
2026	35,452	3,968
2027	35,773	3,647
2028-2032	183,772	13,328
2033-2037	192,228	4,872
2037-2042	9,840	15

NOTE 6 – PRIOR PERIOD ADJUSTMENT

The beginning net position had to be reduced by \$2,042 to adjust for GASB 87 activity erroneously recorded on the government-wide financial statements only in the previous year. That figure reflects the 2022 change in deferred inflows of resources compared to the lease receivable. Going forward, all GASB 87 activity is accounted for on the fund financials with no changes or reconciliation required to the government-wide presentation.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 2, 2024 the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

EAST PROVIDENCE WATERFRONT SPECIAL DEVELOPMENT DISTRICT COMMISSION
Budgetary Comparison Schedule
General Fund
Schedule of Revenue and Expenditures
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
General Revenues			
Development Fees	\$ -	\$ 200	\$ 200
Intergovernmental Revenue	50,000	50,000	-
Lease income	39,419	38,354	(1,065)
Program Service Fees	20,000	17,098	(2,902)
Miscellaneous income	6,500	-	(6,500)
Interest revenue	-	4,886	4,886
Total revenue	<u>115,919</u>	<u>110,538</u>	<u>(5,381)</u>
Expenditures			
<i>Personnel:</i>			
Salaries	70,856	58,316	12,540
Payroll taxes	5,869	5,691	178
Total personnel	<u>76,725</u>	<u>64,007</u>	<u>12,718</u>
Operation expenditures:			
Accounting	12,000	8,877	3,123
Advertising	500	323	177
Legal fees	12,000	10,000	2,000
Insurance	3,605	3,779	(174)
Outside services	9,764	7,600	2,164
Dues and fees	525	1,258	(733)
Supplies	400	398	2
Travel	400	500	(100)
Total operating expenses	<u>39,194</u>	<u>32,735</u>	<u>6,459</u>
Total expenditures	<u>115,919</u>	<u>96,742</u>	<u>19,177</u>
Excess of revenue over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ 13,796</u>	<u>\$ 13,796</u>

East Providence Waterfront Special Development District Commission

***AUDITORS' REPORT AS REQUIRED BY
GOVERNMENT AUDITING STANDARDS***



DAMIANO & COMPANY, LLP

Certified Public Accountants

**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 AUDITORS' REPORT

The Honorable Members of the
East Providence Waterfront Special
Development District Commission
East Providence, Rhode Island

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 East Providence Waterfront Special Development District Commission (Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Commission'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control.

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

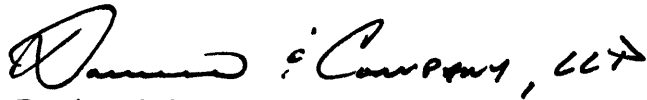
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Commission'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Damiano & Company LLP
Warwick, RI
January 2, 2024

East Providence Waterfront Special Development District Commission
Schedule of Findings
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency (ies) identified? ___ yes X no

Significant deficiency (ies) identified that are considered material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS ___ yes X none