

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

**Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

BAXTER, DANSEREAU & ASSOCIATES, LLP

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
FOR THE FISCAL YEAR ENDED June 30, 2021**

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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

List of Commission Members

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**

As of June 30, 2021

EXECUTIVE DIRECTOR

Christopher Martin

VOTING MEMBERS

William J. Fazioli – Chairman

Steven Hardcastle – Treasurer

Timothy Conley

Jennifer Griffith

Rick Lawson

Luis Torrado

Peter Wiley

David Sluter

Domenic Pontarelli

David O’Connell

Manny Barrows

EX-OFFICIO MEMBERS

Robert DaSilva, Mayor

Dan Borges, Public Works Director, 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

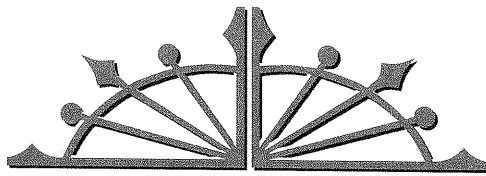
This Section Contains the Following Subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

November 12, 2021

To the Honorable Members of the
East Providence Waterfront Special
Development District Commission

We have audited the financial statements of East Providence Waterfront Special Development District Commission (Commission) for the fiscal year ended June 30, 2021, and have issued our report thereon dated November 12, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated September 7, 2021. Professional standards also require we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the East Providence Waterfront Commission are described in Note 1 to the financial statements. The financial statements have been presented using the Government Accounting Standards Boards Statement No. 34 format and accounting guidelines which are described in the significant accounting policies in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no significant disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2021.

Management Consultations with Other Independent Accountants


In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the management of the Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Baxter, Dansereau & Associates, LLP
West Warwick, Rhode Island

MANAGEMENTS' DISCUSSION AND ANALYSIS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(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, 2021. 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 decreased \$161,568 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 at June 30, 2021 by \$874,569.
- The Commission's Government-wide operating expenses were \$302,752, a \$108,008 increase from the prior year due to the disbursement of affordable housing in-lieu funds during 2021.
- The Commission's Government-wide operating revenues were \$141,184, a \$190,915 decrease from the prior year due to there being no additional receipts of in-lieu funds in fiscal year 2021.
- As of the close of the fiscal year, the Commission's governmental funds reported combined ending fund balances of \$874,569; \$165,308 of this amount is unassigned in the General Operating Fund.
- In the Commission's general operating fund, the unassigned fund balance was \$165,308 or 55% of the total general fund expenditures and other uses of funds, \$302,752, for fiscal year 2021. The current fiscal year's expenditures and other uses of funds exceeded revenues and other sources of funds (net change in fund balances) by \$161,568.

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, 2021
(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 11 through 12.

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, 2021
(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 22.

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 23.

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, 2021 by \$874,569.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Un-audited)

	Governmental Activities 2021	Governmental Activities 2020
Current and other assets	\$ 878,745	1,039,833
Total assets	<u>878,745</u>	<u>1,039,833</u>
Other liabilities	4,176	3,696
Total liabilities	<u>4,176</u>	<u>3,696</u>
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	839,375
Unrestricted	165,308	126,876
Total Net Position	<u>\$ 874,569</u>	<u>\$ 1,036,137</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, 2021, 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, 2021. Governmental activities decreased the Commission's net position by \$161,568, or -15.6% for the current period.

Total expenses were \$302,752 for the fiscal year 2021, an increase of \$108,007. This increase from the prior year is mainly due to the disbursement of \$200,000 of affordable housing in-lieu funds back to a contractor for the development of affordable housing in the District.

Total revenues were \$141,184 for the fiscal year ended June 30, 2021, a decrease of \$190,915. This decrease is mainly due to there being no in-lieu housing payments received in 2021.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Un-audited)**

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program revenues:		
Rental income	39,419	39,419
Application fees	51,736	30,440
Grants and contributions	50,000	50,000
General revenues:		
Affordable Housing in-lieu funds	-	212,225
Miscellaneous fees	29	15
Total revenues	<u>141,184</u>	<u>332,099</u>
Expenses:		
Personnel services and benefits	77,301	57,108
General operations	25,451	21,037
Non-operating expenses	200,000	116,600
Total expenses	<u>302,752</u>	<u>194,745</u>
Increase (decrease) in Net Position before	(161,568)	137,354
Net Position - beginning	1,036,137	898,783
Net Position - ending	<u>874,569</u>	<u>1,036,137</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..

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

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Un-audited)**

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 2021 is \$165,308.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(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 382 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 2021, early 2022.

South Quay

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

Residences at Bold Point

Phase 1 was completed and has been fully leased out. Phase 2 began in 2021 and will add an additional 12 units once complete.

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.

Kettle Point

Construction advanced on condos and townhomes: To-date, 51 of 62 certificates of occupancy have been issued.

Kettle Point Townhomes, approved in April 2019, have commenced construction and are expected to be complete in 2022.

The last condos in Kettle Point (units 1-6) had modifications that were approved in November 2020 and construction began in January 2021. Once these and the townhomes are complete, Kettle Point construction will be done.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(Un-audited)**

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.

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.

COVID Remote Meetings

Due to the COVID-19 Pandemic, the Waterfront Commission staff worked remotely beginning in Mid-March, 2020. They were able to conduct Waterfront Commission meetings and hearings via zoom because of public meetings and public records request executive orders issued and extended by Governor Raimondo.

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.

Christopher Martin
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, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 849,433
Accounts receivable	29,312
TOTAL ASSETS	878,745
 LIABILITIES	
Accounts payable	4,176
TOTAL LIABILITIES	4,176
 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	165,308
TOTAL Net Position	\$ 874,569

**See auditor's report and
accompanying notes to these financial statements**

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**
Statement of Activities
For the Year Fiscal Ended June 30, 2021

<u>Functions/Programs</u>	<u>Program revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Primary government</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Personal services & benefits	\$ 77,301	\$ -	\$ -	\$ (77,301)
General operations	25,451	51,736	50,000	76,285
Rental income	-	39,419	-	39,419
Non-operating expenses	200,000	-	-	(200,000)
Total governmental activities	\$ 302,752	\$ 91,155	\$ 50,000	\$ (161,597)
 General revenues:				
		Affordable housing in-lieu payment		-
		Miscellaneous		29
		Total general revenues		29
 Change in Net Position				
				(161,568)
				1,036,137
				\$ 874,569

See auditor's report and accompanying notes to these financial statements

FUND FINANCIAL STATEMENTS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION**

**Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	EDA Grant Fund	Totals
ASSETS			
Cash and investments	\$ 846,433	\$ 3,000	\$ 849,433
Accounts receivable	29,312	-	29,312
TOTAL ASSETS	\$ 875,745	\$ 3,000	\$ 878,745
 LIABILITIES			
Accounts payable and accrued expenses	\$ 4,176	-	\$ 4,176
TOTAL LIABILITIES	4,176	-	4,176
 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>	165,308	-	165,308
TOTAL FUND BALANCES	871,569	3,000	874,569
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 875,745	 \$ 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.

N/A

Net Position of governmental activities

\$ 874,569

**See auditor's report and
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, 2021

	<u>General Fund</u>	<u>EDA Grant Fund</u>	<u>Totals</u>
Revenues:			
Development fees	\$ 18,246	\$ -	\$ 18,246
Intergovernmental revenue	50,000	-	50,000
Rental income	39,419	-	39,419
Program service fees	33,490	-	33,490
Other revenue	29	-	29
Total general revenues	<u>141,184</u>	<u>-</u>	<u>141,184</u>
Expenses:			
Personnel			
Salaries	68,351	-	68,351
Payroll taxes	8,950	-	8,950
General operations	25,451	-	25,451
Total expenses	<u>102,752</u>	<u>-</u>	<u>102,752</u>
Non-operating Expenses:			
Affordable housing municipal subsidy	200,000	-	200,000
Total non-operating expenses	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess of revenues over (under) expenditures	<u>(161,568)</u>	<u>-</u>	<u>(161,568)</u>
Total fund balances - beginning restated	1,033,137	3,000	1,036,137
Total fund balances - end of the year	<u>\$ 871,569</u>	<u>\$ 3,000</u>	<u>\$ 874,569</u>

See auditor's report and accompanying notes to these financial statements

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2021**

Net change in fund balances-total governmental funds \$ (161,568)

Per the Government Accounting Standards Board (GASB) issuance of GASB Statement 34 - *Basic Financial Statements - and Managements Discussion* would be presented to reflect the differences of financial statement presentations between the "Government - Wide Financial Statements" and the "Fund Financial Statements which are both discussed in the notes to the financial statements under "Basis of Accounting". For this years financial presentation there are no reconciling items to be recognized so there is no difference in the "Net Change in Fund Balances - Total Governmental Funds" and the "Change in Net Position of Governmental Activities"

Change in Net Position of governmental activities. \$ (161,568)

**See auditor's report and
accompanying notes to these financial statements**

NOTES TO FINANCIAL STATEMENTS

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

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>
-------------	--------------------------

Major:

General:	See above for description
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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
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**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

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, 2021**

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	599,433	612,578
TOTAL DEPOSITS	<u>\$ 849,433</u>	<u>\$ 862,578</u>

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, \$612,578 of the Commission's bank balance of \$862,578 was uninsured and uncollateralized.

Cash and investments of the Commission consist of the following at June 30, 2021

Cash and cash equivalents

Deposits with financial institutions	\$ 849,433
<i>Total cash and investments</i>	<u><u>\$ 849,433</u></u>

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

Statement of Net Position

Cash and cash equivalents	\$ 849,433
	<u><u>\$ 849,433</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, 2021.

**EAST PROVIDENCE WATERFRONT SPECIAL
DEVELOPMENT DISTRICT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – OPERATING LEASES

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.

NOTE 6 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2021, the date the financial statements were available to be issued.

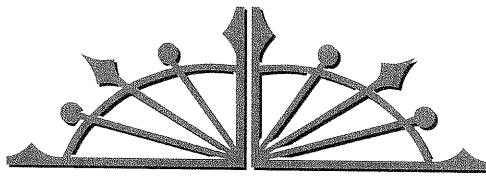
REQUIRED SUPPLEMENTARY INFORMATION

EAST PROVIDENCE WATERFRONT SPECIAL DEVELOPMENT DISTRICT COMMISSION
Budgetary Comparison Schedule
General Fund
Schedule of Revenue and Expenditures
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
General Revenues			
Development Fees	\$ 23,000	\$ 18,246	\$ (4,754)
Intergovernmental Revenue	50,000	50,000	-
Rental income	39,419	39,419	-
Program Service Fees	6,500	33,490	26,990
Miscellaneous income	-	29	29
Total revenue	<u>\$ 118,919</u>	<u>\$ 141,184</u>	<u>\$ 22,265</u>
Expenditures			
<i>Personnel:</i>			
Salaries	\$ 68,903	\$ 68,351	\$ 552
Payroll taxes	7,862	8,950	(1,088)
Total personnel	<u>\$ 76,765</u>	<u>\$ 77,301</u>	<u>\$ (536)</u>
Operation expenditures:			
Accounting	\$ 9,500	\$ 8,299	\$ 1,201
Advertising	750	1,039	(289)
Legal fees	20,000	10,535	9,465
Insurance	3,605	3,658	(53)
Outside services	5,000	1,528	3,472
Dues and fees	525	392	133
Supplies	400	-	400
Travel	400	-	400
Total operating expenses	<u>\$ 40,180</u>	<u>\$ 25,451</u>	<u>\$ 14,729</u>
Non-operating expenditures:			
Affordable Housing Municipal Subsidy	\$ -	\$ 200,000	(200,000)
	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ (200,000)</u>
Total expenditures	116,945	302,752	(185,807)
Excess of revenue over (under) expenditures and other financing sources	<u>\$ 1,974</u>	<u>\$ (161,568)</u>	<u>\$ (163,542)</u>

East Providence Waterfront Special Development District Commission

***AUDITOR'S REPORT AS REQUIRED BY
GOVERNMENT AUDITING STANDARDS***



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

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

INDEPENDENT AUDITOR'S REPORT

To the 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 and each major fund of the East Providence Waterfront Special Development District Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control over Financial Reporting

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

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

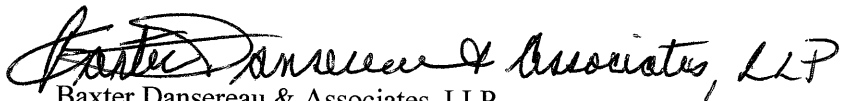
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.



Baxter Dansereau & Associates, LLP

West Warwick, Rhode Island

November 12, 2021

