

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019



**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
I-195 Redevelopment District

Report on the Financial Statements

We have audited the accompanying financial statements of the I-195 Redevelopment District, a component unit of the State of Rhode Island, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the I-195 Redevelopment District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the I-195 Redevelopment District as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the I-195 Redevelopment District is dependent upon annual appropriations by the General Assembly of the State of Rhode Island and transfers from the State of Rhode Island to fund its operating expenses and debt service on its outstanding bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the I-195 Redevelopment District's basic financial statements. The accompanying supplementary information to the financial statements, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information to the financial statements presented on pages 25-30 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **November XX, 2020** on our consideration of the I-195 Redevelopment District'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 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 I-195 Redevelopment District'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 I-195 Redevelopment District's internal control over financial reporting and compliance.

Providence, RI
November XX, 2020

Draft

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

As management of the I-195 Redevelopment District (the District), a component unit of the State of Rhode Island (the State), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2020 and 2019. The District's financial statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

INTRODUCTION

The District was created on July 9, 2011 by the Rhode Island General Assembly under Chapter 64 of Title 42 of the General Laws of Rhode Island. The District was established to oversee, plan, implement, and administer the areas within the I-195 Redevelopment District (District), including redeveloping the land reclaimed from the I-195 relocation and Washington Bridge projects. Significant improvements to the land associated with the former I-195 highway are being funded by the State to complete redevelopment of the land for sale. To the extent such costs do not meet the requirements for capitalization under accounting principles generally accepted in the United States of America, these costs will not be reflected in the carrying value of the land as reported in the District's financial statements. In April 2013, the Rhode Island Commerce Corporation, a component unit of the State, issued conduit debt obligations on behalf of the District totaling \$38,400,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements.

The District engages only in business-type activities, that is, activities that are financed in whole or in part by charges to external parties for services. As a result, the District's basic financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and the notes to the financial statements. These basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents detail on the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Changes in the District's net position serve as a useful indicator of whether the District's net position is improving or deteriorating. Readers should also consider other non-financial factors when evaluating the District's net position. The statement of revenues, expenses, and changes in net position presents information on how the District's net position changed during the year.

**I-195 REDEVELOPMENT DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

All assets, liabilities, and changes in net position are reported as soon as the underlying event affecting the asset or liability or deferred outflow or inflow, and resulting change in net position occurs, regardless of the timing of when the cash is received or paid (accrual basis of accounting for governmental entities). Consequently, certain revenues and expenses reported in the statement of revenues, expenses, and changes in net position will result in cash flows in future periods.

2020 FINANCIAL HIGHLIGHTS

Total liabilities exceeded total assets by \$25,133,572 (net deficit position) at June 30, 2020, of which \$9,956,804 is restricted for the I-195 Redevelopment Project Fund, \$677,936 is restricted for the City of Providence and \$35,489,049 is the unrestricted net deficit of the I-195 Redevelopment District Operating Fund. The current year net deficit position is primarily due to \$35,440,000 in bonded debt.

Total operating loss for 2020 was \$7,237,702, a decrease of \$2,198,435 when compared to the operating loss for 2019. The operating fund accounted for \$736,273 of the total loss whereas the remaining loss was from the project fund in the amount of \$6,501,429.

Total non-operating State appropriations revenue totaled \$1,059,718 in 2020, a decrease of \$1,216,282 when compared to 2019. The decrease is primarily due to \$1,000,000 appropriated under RIGL 42-64.24 for the I-195 Redevelopment Project Fund in 2019, for which funding was not received during 2020.

Total net non-operating revenue for 2020 totaled \$280,089 compared to net non-operating revenue of \$1,235,868 for 2019. This change results from the \$1,000,000 State appropriation relating to the I-195 Redevelopment Project Fund under R.I.G.L. 42-64.24 in 2019.

Transfers from the State for principal and interest due on the District's bonds in 2020 were \$2,456,277, an increase of \$530,139 when compared to 2019. This increase is attributed to the start of principal payments on 2013 Series A bonds.

The total net position decreased by \$4,501,336 primarily due to the Project fund contractual expenditures in fiscal year 2020 of \$6,502,429, being offset partially by \$152,370 interest income.

2019 FINANCIAL HIGHLIGHTS

Total liabilities exceeded total assets by \$20,632,233 (net deficit position) at June 30, 2019, of which \$16,305,863 is restricted for the I-195 Redevelopment Project Fund, \$212,643 is restricted for the City of Providence and \$37,150,739 is the unrestricted net deficit of the I-195 Redevelopment District Operating Fund. The prior year net deficit position is primarily due to \$36,980,000 in bonded debt.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Total operating loss for 2019 was \$9,436,137, an increase of \$5,447,840 when compared to the operating loss for 2018. The operating fund accounted for \$490,951 of the total loss whereas the remaining loss was from the project fund in the amount of \$8,945,186.

Total non-operating State appropriations revenue totaled \$2,186,000 in 2019, a decrease of \$1,495,658 when compared to 2018. The decrease is primarily due to \$1,000,000 appropriated under RIGL 42-64.24 for the I-195 Redevelopment Project Fund in 2019, \$1,000,000 less than the funding provided in 2018 for capital investment requirements or filling project financing gaps for real estate projects for development in the I-195 Redevelopment District. The remainder of the year over year decrease is due to additional RICAP funding in 2018 for the construction of a temporary parking lot for use during the construction phase of a new parking garage.

Total net non-operating revenue for 2019 totaled \$1,235,868 compared to net non-operating revenue of \$2,854,909 for 2018. This change resulted from the \$1,000,000 decrease in State appropriation relating to the I-195 Redevelopment Project Fund under R.I.G.L. 42-64.24 in 2019.

Transfers from the State for principal and interest due on the District's bonds in 2019 were \$1,926,138, an increase of \$1,048,537 when compared to 2018. This increase is attributed to the start of principal payments on Bond Series A.

The total net position decreased by \$6,274,131 due to the Project fund contractual expenditures in fiscal year 2019 of \$8,947,187, being offset partially by a \$1,000,000 appropriation and \$301,194 interest income.

CONDENSED COMPARATIVE INFORMATION

The following table reflects a summary of changes in certain balances in the statements of net position (in thousands):

	2020	2019	2018	Increase (Decrease)	
				2020 v 2019	2019 v 2018
Net Position					
Current Assets	\$ 11,126	\$ 16,819	\$ 25,522	\$ (5,693)	\$ (8,703)
Noncurrent assets	277	285	319	(8)	(34)
Total Assets	<u>11,403</u>	<u>17,104</u>	<u>25,841</u>	<u>(5,701)</u>	<u>(8,737)</u>
Current Liabilities	2,728	2,296	3,219	432	(923)
Noncurrent liabilities	33,780	35,440	36,980	(1,660)	(1,540)
Total Liabilities	<u>36,508</u>	<u>37,736</u>	<u>40,199</u>	<u>(1,228)</u>	<u>(2,463)</u>
Net Deficit Position	<u>\$ (25,105)</u>	<u>\$ (20,632)</u>	<u>\$ (14,358)</u>	<u>\$ (4,473)</u>	<u>\$ (6,274)</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

The following table reflects a summary of changes in certain balances in the statements of revenues, expenses and changes in net position (in thousands):

	2020	2019	2018	Increase (Decrease)	
				2020 v 2019	2019 v 2018
Changes in Net					
Deficit Position					
Operating revenues	\$ 480	\$ 377	\$ 412	\$ 103	\$ (35)
Operating expenses	<u>7,885</u>	<u>10,486</u>	<u>4,400</u>	<u>(2,601)</u>	<u>6,086</u>
Operating Loss	(7,405)	(10,109)	(3,988)	2,704	(6,121)
Nonoperating Revenues					
(Expenses)	280	1,236	2,855	(956)	(1,619)
Contributions and					
Transfers	<u>2,456</u>	<u>1,926</u>	<u>878</u>	<u>530</u>	<u>1,048</u>
Change in Net					
Deficit Position	<u>\$ (4,669)</u>	<u>\$ (6,947)</u>	<u>\$ (255)</u>	<u>\$ 2,278</u>	<u>\$ (6,692)</u>

2020 FINANCIAL ANALYSIS

Total assets of the District decreased \$5,778,071 during 2020. This decrease is due to development incentives of \$6,502,429 related to on-going projects.

Total liabilities decreased \$1,276,732 due to payments made on the 2013 Series A Bonds of \$1,540,000 net with an increase in accrued expenses of \$220,257 relating to deposits funds held in escrow for third parties relating to the purchase of specific parcels.

2020 OPERATING ACTIVITY

The District had operating revenues of \$451,020 for the year ended June 30, 2020, compared to \$376,654 in year ended June 30, 2019.

Total operating expenses decreased \$2,601,126 during 2020 primarily due to a decrease year over year in contractual services for project fund of \$2,584,659.

The operating loss of the District was \$7,237,702 in 2020 as compared to \$9,436,137 in 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

2019 FINANCIAL ANALYSIS

Total assets of the District decreased \$8,737,140 during 2019. This decrease is due to an increase in development expenses of \$5,931,338 related to on-going projects.

Total liabilities decreased \$2,463,009 due to principal payments made on outstanding bonds payable, a decrease in accrued expenses for payments made of \$503,094 to the City of Providence for permitting fees, and a reduction in accounts payable at year-end.

2019 OPERATING ACTIVITY

The District had operating revenues of \$376,654 for the year ended June 30, 2019, compared to \$411,959 in year ended June 30, 2018.

Total operating expenses increased \$6,085,937 during 2019 primarily due to an increase year over year in contractual services and incentive payments for project fund of \$5,931,338 offset by a decrease in other operating expenses of \$402,606.

The operating loss of the District was \$9,436,137 in 2019 as compared to \$3,988,297 in 2018. The increase year over year in project fund contractual services and incentive payments of \$5,931,338 is due to on-going land purchase and development net with gains on the sale of property of \$673,402.

On September 21, 2017, the District sold Lot 1 (formerly part of Parcels 22 and 25) to Providence Innovation District Phase 1 Owner, LLC, an entity of Wexford Science and Technology (Wexford), for \$1.00 as part of a three-phase development. Wexford broke ground on an approximately 200,000-SF commercial building on the site shortly thereafter. The development was supported by incentives from the I-195 Project Fund totaling \$18.8 million. The project was completed in summer 2019.

On July 26, 2018, the District sold Parcel 30 to Waldorf Capital Management, LLC for \$751,838 with a credit at Closing of \$45,000. The developer broke ground on an approximately 100,000-SF multifamily apartment building shortly thereafter.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

There are two factors that can potentially impact the District's future operations. This includes the real estate market and appropriations from the State budget. COVID-19 has had and will continue to have substantial negative impacts on the economy, including the real estate market. It is unknown what negative impacts will occur in the long term and how it will shape the real estate market.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

The State budget will undoubtedly also be impacted by COVID-19, which could affect State budget appropriations to the I-195 Redevelopment District. A decrease or level-funded appropriation from the State will have dire consequences for its operations as it is responsible for the operation and maintenance of a seven-acre park, which will increase operation expenditures significantly. There is an annual assessment on each property sold in the District to underwrite park operations, however the park operations budget will not be fully funded until the District is build-out is complete.

REQUESTS FOR INFORMATION

This financial report is designed as a general overview of the District's financial picture for external and internal stakeholders. Questions concerning any of the information provided in this report or public requests for information should be addressed to the Executive Director, I-195 Redevelopment District, 315 Iron Horse Way, Suite 101, Providence, Rhode Island 02908.

Draft

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Assets						
Current Assets						
Cash	\$ 102,082	\$ --	\$ 102,082	\$ 61,958	\$ --	\$ 61,958
Cash, restricted	674,211	9,959,589	10,633,800	272,633	15,357,558	15,630,191
Accounts receivable	119,700	--	119,700	43,949	--	43,949
Prepaid expenses	61,463	--	61,463	57,046	--	57,046
Interfund receivable	77,329	--	77,329	--	--	--
Due from State	131,982	--	131,982	25,572	1,000,000	1,025,572
Total Current Assets	<u>1,166,767</u>	<u>9,959,589</u>	<u>11,126,356</u>	<u>461,158</u>	<u>16,357,558</u>	<u>16,818,716</u>
Noncurrent Assets						
Land held for sale	277,012	--	277,012	285,394	--	285,394
Total Assets	<u>\$ 1,443,779</u>	<u>\$ 9,959,589</u>	<u>\$ 11,403,368</u>	<u>\$ 746,552</u>	<u>\$ 16,357,558</u>	<u>\$ 17,104,110</u>
Liabilities						
Current Liabilities						
Current portion, long term debt	\$ 1,660,000	\$ --	\$ 1,660,000	\$ 1,540,000	\$ --	\$ 1,540,000
Accounts payable	163,566	2,785	166,351	36,656	51,695	88,351
Accrued expenses	828,259	--	828,259	608,002	--	608,002
Interfund payable	--	77,329	77,329	--	--	--
Unearned revenue, restricted	(3,725)	--	(3,725)	59,990	--	59,990
Total Current Liabilities	<u>2,648,100</u>	<u>80,114</u>	<u>2,728,214</u>	<u>2,244,648</u>	<u>51,695</u>	<u>2,296,343</u>
Noncurrent Liabilities						
Bonds payable	33,780,000	--	33,780,000	35,440,000	--	35,440,000
Total Noncurrent Liabilities	<u>33,780,000</u>	<u>--</u>	<u>33,780,000</u>	<u>35,440,000</u>	<u>--</u>	<u>35,440,000</u>
Total Liabilities	<u>36,428,100</u>	<u>80,114</u>	<u>36,508,214</u>	<u>37,684,648</u>	<u>51,695</u>	<u>37,736,343</u>
Net Position						
Restricted	677,936	9,879,475	10,557,411	212,643	16,305,863	16,518,506
Unrestricted (deficit)	(35,662,257)	--	(35,662,257)	(37,150,739)	--	(37,150,739)
Net Position	<u>\$ (34,984,321)</u>	<u>\$ 9,879,475</u>	<u>\$ (25,104,846)</u>	<u>\$ (36,938,096)</u>	<u>\$ 16,305,863</u>	<u>\$ (20,632,233)</u>

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Operating Revenues	\$ 478,746	\$ 1,000	\$ 479,746	\$ 374,654	\$ 2,000	\$ 376,654
Operating Expenses						
Project development incentives	--	6,470,436	6,470,436	115,550	8,947,186	9,062,736
Contractual services	609,837	109,322	719,159	711,518	--	711,518
Personnel services	368,915	--	368,915	490,104	--	490,104
Insurance	63,505	--	63,505	57,788	--	57,788
Other	263,052	--	263,052	164,047	--	164,047
Total Operating Expenses	1,305,309	6,579,758	7,885,067	1,539,007	8,947,186	10,486,193
Gain on Sale of Property	196,345	--	196,345	673,402	--	673,402
Operating Loss	(630,218)	(6,578,758)	(7,208,976)	(490,951)	(8,945,186)	(9,436,137)
Nonoperating Revenues (Expenses)						
State appropriations - operations	1,059,718	--	1,059,718	1,186,000	1,000,000	2,186,000
Interest income	1,483	152,370	153,853	8,055	301,194	309,249
Interest expense	(933,482)	--	(933,482)	(1,259,381)	--	(1,259,381)
Total Nonoperating Revenues, Net	127,719	152,370	280,089	(65,326)	1,301,194	1,235,868
Income (Loss) Before Transfers	(502,499)	(6,426,388)	(6,928,887)	(556,277)	(7,643,992)	(8,200,269)
State Appropriation - Debt Service	2,456,277	--	2,456,277	1,926,138	--	1,926,138
Change in Net Position	1,953,778	(6,426,388)	(4,472,610)	1,369,861	(7,643,992)	(6,274,131)
Total Net Position - Beginning of Year	(36,938,099)	16,305,863	(20,632,236)	(38,307,957)	23,949,855	(14,358,102)
Total Net Position - End of Year	\$ (34,984,321)	\$ 9,879,475	\$ (25,104,846)	\$ (36,938,096)	\$ 16,305,863	\$ (20,632,233)

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Cash Flows from Operating Activities						
Receipts from customers	\$ 339,280	\$ 1,000	\$ 340,280	\$ 272,332	\$ 2,000	\$ 274,332
Payments to suppliers	(481,971)	(6,551,339)	(7,033,310)	(1,893,975)	(9,118,721)	(11,012,696)
Payments to employees	(368,915)	--	(368,915)	(487,534)	--	(487,534)
Net Cash Used in Operating Activities	<u>(511,606)</u>	<u>(6,550,339)</u>	<u>(7,061,945)</u>	<u>(2,109,177)</u>	<u>(9,116,721)</u>	<u>(11,225,898)</u>
Cash Flows from Noncapital Financing Activities						
State appropriations	953,308	1,000,000	1,953,308	2,266,808	470,677	2,737,485
Interest Income	--	152,370	152,370	--	301,194	301,194
Net Cash Provided by Noncapital Financing Activities	<u>953,308</u>	<u>1,152,370</u>	<u>2,105,678</u>	<u>2,266,808</u>	<u>771,871</u>	<u>3,038,679</u>
Net Decrease in Cash	441,702	(5,397,969)	(4,956,267)	157,631	(8,344,850)	(8,187,219)
Cash, Beginning of Year	<u>334,591</u>	<u>15,357,558</u>	<u>15,692,149</u>	<u>176,960</u>	<u>23,702,408</u>	<u>23,879,368</u>
Cash, End of Year	<u>\$ 776,293</u>	<u>\$ 9,959,589</u>	<u>\$ 10,735,882</u>	<u>\$ 334,591</u>	<u>\$ 15,357,558</u>	<u>\$ 15,692,149</u>
Cash is reported in the financial statements as follows:						
Cash	\$ 102,082	\$ --	\$ 102,082	\$ 61,958	\$ --	\$ 61,958
Cash, restricted	<u>674,211</u>	<u>9,959,589</u>	<u>10,633,800</u>	<u>272,633</u>	<u>15,357,558</u>	<u>15,630,191</u>
Total Cash	<u>\$ 776,293</u>	<u>\$ 9,959,589</u>	<u>\$ 10,735,882</u>	<u>\$ 334,591</u>	<u>\$ 15,357,558</u>	<u>\$ 15,692,149</u>

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
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STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Reconciliation of Operating Loss to Net Cash Used in Operating						
Operating loss	\$ (630,218)	\$ (6,578,758)	\$ (7,208,976)	\$ (490,951)	\$ (8,945,186)	\$ (9,436,137)
Adjustments to reconcile operating loss to net cash used in operating activities:						
Noncash gain on property	(196,345)	--	(196,345)	(673,402)	--	(673,402)
Accounts receivable	(75,751)	--	(75,751)	(28,949)	--	(28,949)
Prepaid expenses	(4,420)	--	(4,420)	(6,051)	--	(6,051)
Interfund balances	(77,329)	77,329	--	--	--	--
Accounts payable and accrued expenses	536,172	(48,910)	487,262	(836,451)	(171,535)	(1,007,986)
Unearned Revenue, Restricted	<u>(63,715)</u>	<u>--</u>	<u>(63,715)</u>	<u>(73,373)</u>	<u>--</u>	<u>(73,373)</u>
Net Cash Used in Operating Activities	<u>\$ (511,606)</u>	<u>\$ (6,550,339)</u>	<u>\$ (7,061,945)</u>	<u>\$ (2,109,177)</u>	<u>\$ (9,116,721)</u>	<u>\$ (11,225,898)</u>
Supplemental Disclosure						
Noncash capital and related financing activities:						
Transfer from State of Rhode Island for debt service payment	<u>\$ 2,456,315</u>	<u>\$ --</u>	<u>\$ 2,456,315</u>	<u>\$ 1,926,138</u>	<u>\$ --</u>	<u>\$ 1,926,138</u>

The accompanying notes are an integral part of these financial statements.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The I-195 Redevelopment District (the District) was created by the Rhode Island General Assembly under Chapter 64 of Title 42 of the General Laws of Rhode Island. The District constitutes a body corporate and politic and a public instrumentality of the State of Rhode Island (the State) having a distinct legal existence from the State. It is a component unit of the State for financial reporting purposes. As such, the financial statements of the District will be included in the State's comprehensive annual financial report.

The District was established in 2011 to oversee, plan, implement and administer the areas within the I-195 Redevelopment District, including redeveloping the land reclaimed from the I-195 relocation and Washington Bridge projects.

The District is responsible for the management and operation of a seven-acre park, which fully opened in August 2020. There is an annual assessment issued on completed development projects in the District.

The District is exempt from federal and state income taxes.

FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District engages only in business-type activities. Business-type activities are activities that are financed in whole or in part by fees charged to external users.

The District uses the economic resources measurement focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when the liability for goods and services has been incurred, regardless of the timing of the related cash flows.

The District distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. Operating expenses include the costs resulting from services provided and administrative expenses. All other revenues and expenses are reported as nonoperating revenues and expenses.

When both restricted and unrestricted amounts are available for use, it is the District's practice to use the restricted resources first.

The District reports the following major business-type funds:

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

***FINANCIAL STATEMENT PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
(CONTINUED)***

The I-195 Redevelopment District Operating Fund (Operating Fund) is the primary operating fund. It accounts for all financial resources of the District, except for those required to be accounted for in another fund.

The I-195 Redevelopment Project Fund (Project Fund) accounts for financing activities funded from \$28,000,000 State of Rhode Island appropriations for capital investment and project financing gaps for projects to be located within the I-195 Redevelopment District. As of June 30, 2020 and 2019, the District had \$9,959,589 and \$15,357,558 of restricted cash available for capital investment and project financing gaps in accordance with the criteria set forth in the I-195 Redevelopment Project Fund Act (R.I.G.L. §42-64.24-1) and the Rules and Regulations of the I-195 Redevelopment Project Fund.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECENTLY ISSUED ACCOUNTING STANDARDS

In March 2020, the Government Accounting Standards Board (GASB) issued Statement No. 93, *Replacement of Interbank Offered Rates* (GASB Statement No. 93). Many governmental entities have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions relating to the reference rate. GASB Statement No. 93 allows hedge accounting to continue when an IBOR is replaced as the reference rate of the hedging derivative instrument, as opposed to terminating hedge accounting under existing accounting principles. The new standard is effective for fiscal years beginning after June 15, 2020. The District is currently assessing the impact of GASB Statement No. 93 and has not determined the effect of the adoption of this standard on the District's net position, results of revenues, expenses and changes in net position, and cash flows.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

**NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

CASH EQUIVALENTS

The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District had no cash equivalents at June 30, 2020 and 2019.

RESTRICTED CASH, UNEARNED REVENUE, AND THIRD-PARTY EXPENSE REIMBURSEMENT

Restricted cash and unearned revenue represent advances paid to the District by potential purchasers under the terms of executed purchase and sales agreements for land parcels for which the related due diligence activities are in progress. As part of these agreements, potential purchasers are required to pay the District specified amounts to reimburse the District for the cost of predevelopment activities. Amounts incurred related to due diligence activities are reported as operating expenses when incurred since the District is the primary obligor under arrangements with vendors providing due diligence services. Amounts previously advanced to the District are recognized as operating revenue when the related expenses are incurred.

RESTRICTED NET POSITION

The Project Fund's restricted net assets have been limited to uses specified either externally by creditors, contributors, laws, or regulations of other governments or internally by enabling legislation or law; the ending restricted net position balance represents the balance of the restricted net assets that have been reduced by liabilities related to the restricted assets.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. The District had no deferred inflows or outflows of resources at June 30, 2020 and 2019.

RECLASSIFICATIONS

Certain items relating to the prior year have been reclassified to conform to the current year's financial statement presentation.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 2 - CASH

Bank balances of the District's cash, including restricted amounts, consist of the following:

	2020	2019
Bank balance in checking accounts	\$ 10,801,926	\$ 15,724,567
Insured by federal depository insurance	<u>251,152</u>	<u>250,000</u>
Bank balance uninsured	10,550,774	15,474,567
Collateralized - collateral held by third-party custodian in the Commission's name	<u>10,550,774</u>	<u>15,474,567</u>
Uninsured and Uncollateralized	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

In accordance with State of Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, are required, at a minimum, to insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators are required to insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity. The District does not have a separate deposit policy for custodial credit risk.

NOTE 3 - LAND HELD FOR SALE

During the year ended June 30, 2013, the State transferred the land associated with the former I-195 highway in Providence, Rhode Island to the District. The value of the land, which the District intends to develop, was reported as a capital contribution at the State's historical cost of \$343 per acre.

Changes in land held for sale were as follows:

Balance, June 30, 2018	\$ 318,830	
Less, sale of land (Lot 1 of Parcels 22 and 25, and Parcel 30)	<u>(33,436)</u>	
Balance, June 30, 2019	285,394	
Less, sale of land (Lot 2 of Parcels 22 and 25)	<u>(8,382)</u>	
Balance, June 30, 2020	<u><u>\$ 277,012</u></u>	

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - BONDS PAYABLE

ECONOMIC DEVELOPMENT REVENUE BONDS, 2013 SERIES A

In April 2013, Rhode Island Commerce Corporation issued Economic Development Revenue Bonds, 2013 Series A, in the aggregate principal amount of \$37,440,000, for which the District is the obligor. The 2013 Series A Bonds mature in April 2033 and bear interest at the lesser of the 30-Day LIBOR (0.16625% at June 30, 2020) plus applicable margin, or 7.75%. Applicable margin is the rate that corresponds to the lesser of the two long-term general obligation bond ratings of the State from Moody's Investors Service (Moody's) and Standard & Poor's (S&P) in the following table:

State Bond Rating - S&P / Moody's	Applicable Margin
AA/Aa2, or higher	1.00%
AA-/Aa3	1.17%
A+/A1	1.37%
A/A2	1.57%
A-/A3	1.82%

At June 30, 2020, the State's general obligation bonds were rated AA and Aa2 by S&P and Moody's, respectively. As such, at June 30, 2020, the 2013 Series A Bonds bore interest at 3.38775%. The outstanding balance as of 2013 Series A Bonds were \$35,440,000 and \$36,980,000 as of June 30, 2020 and 2019, respectively.

ECONOMIC DEVELOPMENT REVENUE BONDS, 2013 SERIES B

Concurrent with the issuance of the 2013 Series A Bonds, the Rhode Island Commerce Corporation issued Economic Development Bonds, 2013 Series B (federally taxable), in the aggregate principal amount of \$960,000, for which the District is the obligor. The 2013 Series B Bonds matured in April 2019.

USE OF PROCEEDS OF BONDS

Proceeds from the 2013 Series A and B Bonds were transferred by the District to the State. Simultaneous with the issuance of the 2013 Series A and B Bonds, the District, the Rhode Island Commerce Corporation, and Santander Bank (the Bank) entered into a bond purchase agreement under the terms of which the 2013 Series A and B Bonds were purchased by the Bank. The Bank holds a mandatory tender option to sell the bonds to the Rhode Island Commerce Corporation on either April 1, 2023 or April 1, 2028.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - BONDS PAYABLE (CONTINUED)

STATE OF RHODE ISLAND 2013 SERIES A AND B BONDS RATE CAP AGREEMENT

Concurrent with the issuance of the 2013 Series A and B Bonds, the State entered into separate rate cap transaction agreements with the Bank for each bond series (the 2013 Series A and B Rate Cap Agreements). Under the terms of the 2013 Series A Rate Cap Agreement, the State paid the Bank \$658,500. In exchange, the Bank agreed to pay the State interest on a monthly basis at 30-Day LIBOR, to the extent 30-Day LIBOR exceeds the interest rate cap, on the notional amount, which mirrors the scheduled principal balance of the 2013 Series A Bonds, through April 1, 2023. The interest rate under the 2013 Series A Rate Cap Agreement is capped at 6.75%. Under the terms of the 2013 Series B Rate Cap Agreement, the Bank agreed to pay the State interest on a monthly basis at 30-Day LIBOR (2.38775% at June 30, 2020), to the extent 30-Day LIBOR exceeds the interest rate cap, on the notional amount, which mirrors the scheduled principal balance of the 2013 Series B Bonds, through April 1, 2019. The State made no payment to the Bank under the terms of that agreement. The interest rate under the 2013 Series B Rate Cap Agreement is capped at 6.85%. At June 30, 2020 and 2019, the fair value of the 2013 Series A and B Rate Cap Agreements was \$8,676 and \$11,659, respectively, and is estimated as the amount the Bank would receive to terminate the Rate Cap Agreements at the reporting dates, taking into account current interest rates and the current credit worthiness of the counterparties.

REPAYMENT OF 2013 SERIES A BONDS

Repayment of the 2013 Series A Bonds shall be solely from i) appropriated funds, if any, made available and appropriated by the General Assembly of the State for bond payments, but not for payment of administrative expenses and ii) pledged receipts, which are the net proceeds derived from the sale, lease, transfer, conveyance, or other disposition of any interest in all or any portion of the I-195 land owned by the District.

The District has pledged and granted to the Rhode Island Commerce Corporation a security interest, which has been assigned to the bond trustee, in all pledged receipts and all deposits in the bond, project, expense and credit facility funds established with the bond trustee.

To the extent that the District has insufficient funds to meet its payment obligations under the bonds, it shall seek appropriations from the State; however, there are no assurances that the State will appropriate amounts to fund the District's payment obligations.

At June 30, 2020, aggregate scheduled principal and interest payments due on the District's bonds, based on rates in effect as of June 30, 2020 and as if the Bank waives its mandatory tender options, are as follows:

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - BONDS PAYABLE (CONTINUED)

REPAYMENT OF 2013 SERIES A BONDS (CONTINUED)

Year Ending June 30,	Principal	Interest
2021	1,660,000	1,186,814
2022	1,790,000	1,129,476
2023	1,935,000	1,067,649
2024	2,085,000	1,000,826
2025	2,250,000	928,836
2026 - 2030	14,210,000	3,348,960
2031 - 2033	11,510,000	703,890
	<u>\$ 35,440,000</u>	<u>\$ 9,366,451</u>

There were no additions to bonds during the years ended June 30, 2020 and 2019. Bond payments of \$1,540,000 and \$1,420,000 for the years ended June 30, 2020 and 2019, respectively. Bond payments were made as a result of the transfers in from the State of Rhode Island and proceeds from the sale of parcels as noted in Note 3.

NOTE 5 - NET POSITION

As of June 30, 2020, the net position was as follows:

	2020			2019		
	Operating Fund	Project Fund	Total	Operating Fund	Project Fund	Total
Net Position						
Restricted	\$ 677,936	\$ 9,879,475	\$ 10,557,411	\$ 212,643	\$ 16,305,863	\$ 16,518,506
Unrestricted	<u>(35,662,257)</u>	<u>--</u>	<u>(35,662,257)</u>	<u>(37,150,739)</u>	<u>--</u>	<u>(37,150,739)</u>
Total Net Position	<u>\$ (34,984,321)</u>	<u>\$ 9,879,475</u>	<u>\$ (25,104,846)</u>	<u>\$ (36,938,096)</u>	<u>\$ 16,305,863</u>	<u>\$ (20,632,233)</u>

The restricted net position within the Operating Fund consists of amounts limited to use by third parties. The restricted net position within the Project Fund consists of amounts limited to use under the Rules and Regulations of the I-195 Redevelopment Project Fund, of which approximately \$8,253,833 has been committed for various projects and approximately \$1,625,642 is uncommitted.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - CONTRACTUAL SERVICES

Contractual services by category for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Consulting	\$ 368,527	\$ 252,520
Professional	280,960	367,830
Maintenance	68,170	86,829
Interim use	<u>1,500</u>	<u>4,339</u>
	<u>\$ 719,157</u>	<u>\$ 711,518</u>

NOTE 7 - PROJECT DEVELOPMENT INITIATIVES

WEXFORD AND VENTURE CAFE

Included in project development expenses for the years ended June 30, 2020 and 2019 is \$6,470,436 and \$9,062,736, respectively, relating to the Project Fund of which \$6,351,946 and \$8,736,429, respectively, relate to Providence Innovation District Phase 1 Owner, LLC, an entity of Wexford Science and Technology (Wexford), and \$8,242 and \$33,656, respectively, relating to the Venture Café Foundation, Inc. (Venture Café).

To provide incentives for the development of an approximately 200,000 square foot commercial building and to support the ongoing operations of key tenants, Cambridge Innovation Center (CIC) and Venture Café, the District has entered into following agreements with Wexford and CIC:

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 7 - PROJECT DEVELOPMENT INITIATIVES (CONTINUED)

	Total Amount Awarded		
	Through June 30, 2020	Paid Through June 30, 2020	Remaining Commitment
Base Building 195 Incentive	\$ 1,565,000	\$ 1,565,000	\$ --
CIC Tenant Improvements Grant	12,775,000	12,250,284	524,716
CIC Operation Grant	1,200,000	800,000	400,000
District Hall Development & Management	1,800,000	540,000	1,260,000
District Hall Operation Grant	560,000	560,000	--
District Hall FF&E Grant	200,000	200,000	--
Venture Café Grant	700,000	700,000	--
	<u>\$ 18,800,000</u>	<u>\$ 16,615,284</u>	<u>\$ 2,184,716</u>

Because Wexford is receiving incentives under the Rebuild Rhode Island Tax Credit Act and the I-195 Redevelopment Project Fund Act, the District is requiring Wexford to provide for return to the District from cash flows and/or upon a capital event based upon higher than expected returns from the project. Such contractual provisions are intended to recoup funding to the extent the project performs above an expected level of return as determined on a case by case basis. To date, no payment has been made to the District under such contractual provisions with respect to the project.

The District awarded the Aloft Hotel a grant in the amount of \$750,000, which was subsequently reduced to \$0 in exchange for a reduction in land price.

NOTE 8 - STATE APPROPRIATIONS AND TRANSFERS FROM STATE

During the years ended June 30, 2020 and 2019, the District received \$1,059,718 and \$2,186,000, respectively, in appropriations by the General Assembly of the State to fund operating expenses. These appropriations are made relating to the State's annual budgetary process and are therefore dependent upon the State's general financial resources and factors affecting such resources. The District is dependent upon such annual appropriations to fund its operating expenses.

During the years ended June 30, 2020 and 2019, the District received \$2,456,315 and \$1,926,138, respectively, in transfers from the State to fund debt service. The District is dependent upon such transfers to fund its debt service on its outstanding bonds.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 8 - STATE APPROPRIATIONS AND TRANSFERS FROM STATE (CONTINUED)

The I-195 Redevelopment Project Fund was established through legislative action under the jurisdiction of and to be administered by the District to further the goals set forth in Chapter 42-64.14 of the Rhode Island General Laws to promote, among other purposes, the development and attraction of advanced industries and innovation on and near the I-195 land to enhance Rhode Island's economic vitality. Expenditures for the years ended June 30, 2020 and 2019 were \$6,579,756 and \$8,947,186, respectively. Interest earned for the years ended June 30, 2020 and 2019 were \$152,370 and \$301,194, respectively. Net position decreased \$6,349,059 in 2020 and \$7,643,992 in 2019.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Rhode Island Commerce Corporation provided accounting services, administrative support, and office space to the District. For the years ended June 30, 2020 and 2019, the District paid the Rhode Island Commerce Corporation \$0. The value of these services is not readily determinable.

As discussed in Note 4, the Rhode Island Commerce Corporation was the issuer for the 2013 Series A and B Bonds, for which the District is the obligor.

As discussed in Note 6, the Rhode Island Commerce Corporation and the District entered into an agreement with Wexford and Venture Café to offer incentives for development and to distribute available as noted in Note 6.

NOTE 10 - COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, errors and omissions, property casualty and liability, and workers' compensation claims for which the District carries commercial insurance. Management believes the District has access to sufficient funds for potential claims, if any, that are subject to deductibles or are more than stated coverage maximums. The District is not aware of any potential claims. Accordingly, the District has not recorded a reserve for potential claims.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 10 - COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declares the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the World. The District is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce the spread. As of the date the financial statements were available to be issued, there was considerable uncertainty around expected duration of this pandemic and the extent to which COVID-19 may impact the District's financial condition or its operations.

SUBSEQUENT EVENTS

On October 14, 2020, the District entered into a purchase and sales agreement for Parcel 28 for a selling price of \$58,820 to an unrelated third party buyer.

On October 19, 2020, the District and Wexford amended their purchase and sales agreement.

On November 17, 2020, the District entered into a purchase and sales agreement for Parcel 6 for a selling price of \$62,234 to an unrelated third party buyer.

SUPPLEMENTARY INFORMATION

Draft

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF NET POSITION (ATTACHMENT B)**

JUNE 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$	102,082
Investments		--
Receivables (net)		--
Restricted assets		
Cash and cash equivalents		10,633,800
Investments		--
Receivables (net)		--
Other assets		--
Due from primary government		131,982
Due from other component units		--
Due from other governments		119,700
Inventories		--
Other assets		61,463

Total Current Assets

11,049,027

Noncurrent Assets

Investments		--
Receivables (net)		--
Restricted assets		
Cash and cash equivalents		--
Investments		--
Receivables (net)		--
Other assets		--
Due from other component units		--
Net pension asset		--
Net OPEB asset		--
Capital assets - nondepreciable		277,012
Capital assets - depreciable (net)		--
Other assets, net of amortization		--

Total Noncurrent Assets

277,012

Total Assets

\$ 11,326,039

Deferred Outflows of Resources

Deferred pension amounts	\$	--
Deferred OPEB amounts		--
Other deferred outflows of resources		--

Deferred Outflows of Resources

\$ --

See accompanying notes and independent accountants' review report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF NET POSITION (ATTACHMENT B) (CONTINUED)**

JUNE 30, 2020

Liabilities	
Current Liabilities	
Cash overdraft	\$ --
Accounts payable	166,351
Due to primary government	--
Due to other component units	--
Due to other governments	--
Accrued expenses	
Compensated absences	
Unearned revenue	(3,725)
Other current liabilities	828,259
Current portion of long-term debt	1,660,000
	2,650,885
Total Current Liabilities	
Noncurrent Liabilities	
Due to primary government	--
Due to other component units	--
Due to other governments	--
Net pension liability	
Net OPEB liability	
Unearned revenue	--
Notes payable	--
Loans payable	--
Obligations under capital leases	--
Compensated absences	--
Bonds payable	33,780,000
Other liabilities	--
	33,780,000
Total Noncurrent Liabilities	
Total Liabilities	
	\$ 36,430,885
Deferred inflows of resources	
Deferred pension amounts	\$ --
Deferred OPEB amounts	--
Other deferred inflows of resources	--
	\$ --
Total Deferred Inflows of Resources	
Net Position	
Net investment in capital assets	\$ --
Restricted for	
Debt	--
Other	10,557,411
Nonexpendable	--
Capital projects	--
Unrestricted	(35,662,257)
	\$ (25,104,846)
Total net position	

See accompanying notes and independent accountants' review report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
STATEMENT OF ACTIVITIES (ATTACHMENT C)**

FOR THE YEAR ENDED JUNE 30, 2020

Expenses	\$ 8,818,549
Program Revenues	
Charges for services	676,091
Operating grants and contributions	3,515,995
Capital grants and contributions	<u> --</u>
Total Program Revenues	<u>4,192,086</u>
Net (Expenses) Revenues	<u>(4,626,463)</u>
General Revenues	
Interest and investment earnings	153,853
Miscellaneous revenue	<u> --</u>
Total General Revenues	<u>153,853</u>
Special items	--
Extraordinary items	<u> --</u>
Change in Net Deficit Position	(4,472,610)
Total Net Position - Beginning	<u>(20,632,236)</u>
Total Net Position - Ending	<u><u>\$ (25,104,846)</u></u>

See accompanying notes and independent accountants' review report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
BONDS PAYABLE (ATTACHMENT D)**

JUNE 30, 2020

Fiscal Year Ending June 30	Principal	Interest
2021	\$ 1,660,000	\$ 1,186,814
2022	1,790,000	1,129,476
2023	1,935,000	1,067,649
2024	2,085,000	1,000,826
2025	2,250,000	928,836
2026 - 2030	14,210,000	3,348,960
2031 - 2033	<u>11,510,000</u>	<u>703,890</u>
	<u>\$ 35,440,000</u>	<u>\$ 9,366,451</u>

Draft

See accompanying notes and independent accountants' review report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
SCHEDULE OF CHANGES IN LONG-TERM DEBT (ATTACHMENT E)**

FOR THE YEAR ENDED JUNE 30, 2020

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable	\$ 36,980,000	\$ --	\$ 1,540,000	\$ 35,440,000	\$ 1,660,000	\$ 33,780,000
Net unamortized premium/discount	--	--	--	--	--	--
Bonds Payable	<u>36,980,000</u>	<u>--</u>	<u>1,540,000</u>	<u>35,440,000</u>	<u>1,660,000</u>	<u>33,780,000</u>
Notes payable	--	--	--	--	--	--
Loans payable	--	--	--	--	--	--
Obligations under capital leases	--	--	--	--	--	--
Net pension liability	--	--	--	--	--	--
Net OPEB liability	--	--	--	--	--	--
Due to primary government	--	--	--	--	--	--
Due to component units	--	--	--	--	--	--
Due to other governments and agencies	--	--	--	--	--	--
Unearned revenue	59,990	(3,725)	(59,990)	(3,725)	(3,725)	--
Compensated absences	--	--	--	--	--	--
Arbitrage rebate	--	--	--	--	--	--
Pollution remediation	--	--	--	--	--	--
Funds held for others	--	--	--	--	--	--
Other liabilities	--	--	--	--	--	--
	<u>\$ 37,039,990</u>	<u>\$ (3,725)</u>	<u>\$ 1,480,010</u>	<u>\$ 35,436,275</u>	<u>\$ 1,656,275</u>	<u>\$ 33,780,000</u>

See accompanying notes and independent accountants' review report.

**I-195 REDEVELOPMENT DISTRICT
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**STATE OF RHODE ISLAND REQUIRED FORM
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES**

FOR THE YEAR ENDED JUNE 30, 2020

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Purpose</u>
Various	Various	\$ 1,636	Less than \$200 travel and entertainment expenses
		<u>\$ 1,636</u>	

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See accompanying notes and independent accountants' review report.

**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners
I-195 Redevelopment District

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 I-195 Redevelopment District as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated **November XX**, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the I-195 Redevelopment District's internal control over financial reporting (internal control) as a basis for designing 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 I-195 Redevelopment District's internal control. Accordingly, we do not express an opinion on the effectiveness of the I-195 Redevelopment District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 I-195 Redevelopment District'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 financial statements. 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 result 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.

Providence, RI
November XX, 2020

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