



BOSTON REDEVELOPMENT AUTHORITY
D/B/A

BOSTON PLANNING & DEVELOPMENT AGENCY
(A Component Unit of the City of Boston)

Financial Statements and Required
Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

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Independent Auditors' Report

The Board of Directors
Boston Redevelopment Authority:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2(m) to the basic financial statements, in 2022, the Authority adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our



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

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

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of employer contributions – Boston Retirement System, schedule of proportionate share of the net pension liability – Boston Retirement System, schedule of employer contributions – OPEB Plan, schedule of investment returns – OPEB Plan, and schedule of changes in net OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of



that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 2, 2022

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2022 and 2021

Introduction

The following discussion and analysis of the financial performance and activity of the Boston Redevelopment Authority (the Authority), d/b/a the Boston Planning & Development Agency (BPDA), is intended to provide an introduction to and an overview and analysis of the basic financial statements of the Authority for the fiscal year ended June 30, 2022, with selective comparison information for the fiscal years ended June 30, 2021 and 2020. Please read in conjunction with the Authority's financial statements and the notes thereto, which follow this section.

Overview of the Financial Statements

This report consists of the following parts: management's discussion and analysis (this section), the financial statements, including the notes to the financial statements, and the required supplementary information.

The financial statements provide information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Proprietary Fund Financial Statements

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's requirements for a special purpose governments engaged in business type activities.

Revenue is recorded when earned and expense are recorded when incurred. The financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows for each fiscal year. These are followed by notes to the financial statements. In addition to the financial statements, this report contains required supplementary information pertaining to the retirement and other postemployment benefit plans (OPEB) of the Authority.

The statement of net position presents information on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or weakening.

The statement of revenue, expenses and changes in net position reports the operating revenues and expenses and the nonoperating revenue and expenses of the Authority for the fiscal year. The difference – increase or decrease in net position – determines the net change in net position for the fiscal year. That change combined with the net position from the end of the previous fiscal year equals the net position at the end of the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, noncapital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year balance of cash and cash equivalents total to the cash and cash equivalent balance at the end of the fiscal year.

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Proprietary Fund Condensed Financial Information and Analysis

The Authority's Condensed Schedules of Net Position as of June 30, 2022, 2021 and 2020 are as follows:

Condensed Statements of Net Position

	2022*	June 30	2020	Percentage Change	
		As Restated		2022-2021	2021-2020
		2021*			
Assets:					
Current and other assets	\$ 410,591,271	402,235,723	196,539,007	2.08 %	104.66 %
Capital assets, net	26,329,680	26,223,933	21,394,181	0.4	22.6
Total assets	436,920,951	428,459,656	217,933,188	2.0	96.6
Deferred outflows of resources	5,181,093	8,393,529	7,298,606	(38.3)	15.0
Liabilities:					
Current liabilities	13,625,682	4,106,769	5,670,829	231.8	(27.6)
Noncurrent liabilities	187,962,645	199,784,794	202,123,329	(5.9)	(1.2)
Total liabilities	201,588,327	203,891,563	207,794,158	(1.1)	(1.9)
Deferred inflows of resources	205,856,791	212,159,684	11,657,067	(3.0)	1,720.0
Net position:					
Net investment in capital assets	17,330,297	17,410,877	18,387,879	(0.5)	(5.3)
Unrestricted	17,326,629	3,391,061	(12,607,310)	411.0	(126.9)
Total net position	\$ 34,656,926	20,801,938	5,780,569	66.6 %	259.9 %

* Adoption of GASB Statement No. 87, *Leases*, reflected in 2022 and 2021 only.

Fiscal Year Ended June 30, 2022 Compared to Fiscal Year Ended June 30, 2021

The Authority's net position at June 30, 2022 was \$34.7 million, an increase of \$13.9 million from the June 30, 2021 net position totaling \$20.8 million. This increase was primarily the result of excess operating income in fiscal year 2022 totaling \$13.9 million.

Current and other assets at June 30, 2022 was \$410.6 million, an increase of \$8.4 million from the June 30, 2021 current assets and other assets totaling \$402.2 million. This increase was primarily the net result of an increase in cash and cash equivalents totaling \$1.3 million, an increase in intergovernmental receivable totaling \$12.9 million, an increase in other receivables totaling \$2.8 million, a decrease in lease receivables totaling \$7.8 million, a decrease in notes receivable totaling \$3.6 million, a increase in other postemployment benefits

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totaling \$4.7 million, and a decrease in disposition receivables totaling \$2.0 million. Explanations for these fluctuations are as follows:

- The increase in cash and cash equivalents was the result of the sources and uses of cash and cash equivalents as identified in the statement of cash flows for each fiscal year.
- The increase in intergovernmental and other receivables was primarily the result of the following:
 - Intergovernmental receivable totaling \$10 million resulting from a grant from Economic Development Industrial Corporation/Boston (EDIC) in fiscal year 2022 to help fund a portion of the Authority's Capital Reserve Fund, the funding of which will occur in fiscal year 2023.
 - An increase in intergovernmental receivable of \$.4 million for EDIC's Office of Workforce Development's fiscal year 2022 administration cost billed from the Authority.
 - The net increase in intergovernmental receivable was due to Massworks grant for the Mattapan Station project is to be received in fiscal year 2023.
- The net decrease in lease receivable was primarily due to collections from tenants as required by the lease agreements during fiscal year 2022, offset somewhat by new and amended leases during the fiscal year.
- The decrease in notes receivable was primarily the result of note collections in fiscal year 2022. Collections from notes receivable revert to either the City of Boston for designated projects or to another designated entities; therefore, the loan receivable amounts are offset by related liabilities.
- The increase in other postemployment benefits was the result of the other postemployment benefit liability becoming an asset during fiscal year 2022 due to the fiduciary net position of the plan exceeding the total OPEB liability.
- Amounts due to the Authority related to certain land disposition transactions are recorded as disposition receivables. These transactions are also recorded as unearned revenue liability accounts until such time as the transactions progress to the point that the Authority has earned the revenue based upon due dates specified in the agreements or upon the achievement of certain milestones. The decrease in disposition receivables was primarily the result of collections in fiscal year 2022.

The Authority's capital assets (inclusive of right to lease assets totaling \$6 million) at June 30, 2022 were \$38.5 million, while capital assets (inclusive of right to lease assets totaling \$6 million) at June 30, 2021 totaling \$37.0 million, representing a total increase of \$1.5 million. Capital asset acquisitions and dispositions in fiscal year 2022 are detailed in Note 8 to the financial statements. Accumulated depreciation on capital assets at June 30, 2022 was \$12.2 million, an increase of \$1.4 million from prior year accumulated depreciation totaling \$10.8 million. This increase represents fiscal year 2022 depreciation of capital assets.

Deferred outflows of resources at June 30, 2022 was \$5.2 million, a decrease of \$3.2 million from the June 30, 2021 deferred outflows of resources totaling \$8.4 million. This decrease was due to a decrease of deferred outflows of resources related to the pension liability totaling \$.6 million and a decrease of deferred outflows of resources related to the OPEB liability totaling \$2.6 million. Explanations for these fluctuations are as follows:

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- The decrease in deferred outflows related to the pension liability was due to annual amortization of this account to pension expense, as well as changes in both assumptions and employer proportions within the current actuarial valuation.
- The decrease in deferred outflows related to the OPEB liability was due to annual amortization of this account to OPEB expense, as well as a \$2 million reduction of current year plan contributions made after the measurement date as compared to the prior year.

Current and noncurrent liabilities at June 30, 2022 was \$201.6 million, a decrease of \$2.3 million from the June 30, 2021 current and noncurrent liabilities totaling \$203.9 million. This decrease was the net result of an increase in the pollution remediation liability totaling \$5.1 million, a decrease in the net pension liability totaling \$4.2 million, a decrease in net OPEB liability totaling \$0.8 million, a decrease in unearned revenue totaling \$2.0 million, and a decrease in due to City of Boston totaling \$2.1 million. Explanations for these fluctuations are as follows:

- The increase in the pollution remediation liability was due to contracting for environmental remediation and demolition of Building 108, the former central power plant located in the Authority's Charlestown Navy Yard.
- The decrease in the net pension liability was primarily due to contributions, net of pension expense totaling \$2.2 million made to Boston Retirement System in fiscal year 2022, in addition to a decrease in related deferred outflows of resources totaling \$.6 million and an increase in related deferred inflows of resources totaling \$1.4 million.
- The decrease in other postemployment benefits was the result of the other postemployment benefit liability becoming an asset during fiscal year 2022 due to the fiduciary net position of the plan exceeding the total OPEB liability.
- The decrease in unearned revenue was the result of the collection of a land disposition agreement notes receivable totaling \$2.0 million in fiscal year 2022 as described above in the explanation for the decrease in disposition receivables.
- The decrease in due to City of Boston was primarily the net result of collections on notes receivable in fiscal year 2022 totaling \$4.6 million that was paid to the City of Boston for designated projects, offset by accrued interest on notes receivable totaling \$2.2 million.

Deferred inflows of resources at June 30, 2022 was \$205.9 million, a decrease of \$6.3 million from the June 30, 2021 deferred outflows of resources totaling \$212.2 million. This decrease was due to a decrease in deferred inflows of resources relating to leases totaling \$7.6 million, and an increase in deferred inflows of resources relating to pensions totaling \$1.4 million. Explanations for these fluctuations are as follows:

- The decrease in deferred inflows of resources relating to leases was due to the annual amortization of this account into lease income.

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- The increase in deferred inflows of resources related to pensions was due to a favorable difference between actual investment earnings as compared to what was expected in the prior year actuarial valuation.

Fiscal Year Ended June 30, 2021 Compared to Fiscal Year Ended June 30, 2020

The Authority's net position at June 30, 2021 was \$20.8 million, an increase of \$15.0 million from the June 30, 2020 net position totaling \$5.8 million. This increase was the result of excess operating income in fiscal year 2021 totaling \$14.9 million.

Current and other assets at June 30, 2021 was \$402.2 million, an increase of \$205.7 million from the June 30, 2020 current assets and other assets totaling \$196.5 million. This increase was primarily the net result of an increase in cash and cash equivalents totaling \$17.4 million, a decrease in intergovernmental receivables totaling \$0.9 million, a decrease in notes receivable totaling \$12.3 million, a decrease in disposition receivables totaling \$2.0 million and an increase in lease receivables totaling \$202.7 million. Explanations for these fluctuations are as follows:

- The increase in cash and cash equivalents was primarily the result of an increase in net position in fiscal year 2021 totaling \$15.5 million. The statement of cash flows identifies the sources and uses of cash and cash equivalents for each fiscal year.
- The decrease in intergovernmental receivables was primarily the result of the write-off of old uncollectable intergovernmental accounts.
- The decrease in notes receivable was primarily the result of note collections in fiscal year 2021. Collections from notes receivable revert to either the City of Boston for designated projects or to another designated entities; therefore, the loan receivable amounts are offset by related liabilities.
- Amounts due to the Authority related to certain land disposition transactions are recorded as disposition receivables. These transactions are also recorded as unearned revenue liability accounts until such time as the transactions progress to the point that the Authority has earned the revenue based upon due dates specified in the agreements or upon the achievement of certain milestones. The decrease in disposition receivables was primarily the result of collections in fiscal year 2021.
- In 2022, the Authority implemented GASB Statement No. 87, *Leases* (GASB 87). For lessors, this statement requires the recognition of a receivable for leases that previously were classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract. The increase in lease receivable was the result of implementing this new standard as of July 1, 2020.

The Authority's capital assets at June 30, 2021 were \$36.9 million, an increase of \$6.1 million from the June 30, 2020 capital assets totaling \$30.8 million. For lessees, the implementation of GASB 87 requires the recognition of a right-to-use lease asset for leases that previously were classified as operating leases and recognized as outflows of resources based on the payment provisions of the contract. The increase in capital assets was primarily the result of implementing this new standard as of July 1, 2020.

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Capital asset acquisitions and dispositions in fiscal year 2021 are detailed in Note 8 to the financial statements. Accumulated depreciation on capital assets at June 30, 2021 was \$10.7 million, an increase of \$1.3 million from prior year accumulated depreciation totaling \$9.4 million. This increase represents fiscal year 2021 depreciation of capital assets.

Deferred outflows of resources at June 30, 2021 was \$8.4 million, an increase of \$1.1 million from the June 30, 2020 deferred outflows of resources totaling \$7.3 million. This increase was primarily due to a difference between actual OPEB health care experience compared to what was expected in the prior year actuarial evaluation.

Current and noncurrent liabilities at June 30, 2021 was \$203.9 million, a decrease of \$3.9 million from the June 30, 2020 current and noncurrent liabilities totaling \$207.8 million. This decrease was the net result of a decrease in accounts payable and accrued expenses totaling \$1.6 million, a decrease in developer and security deposits totaling \$3.1 million, a decrease in pension and OPEB liabilities totaling \$4.3 million, a decrease in unearned revenue totaling \$9.4 million, an increase in due to designated projects/City of Boston totaling \$8.7 million, and an increase in lease liability totaling \$6 million. Explanations for these fluctuations are as follows:

- The decrease in accounts payable was primarily due to the timing of an annual payment to the City of Boston for the collections on a note receivable. This payment was made in July 2020 for fiscal year 2020 collections, while the payment was made in April 2021 for fiscal year 2021 collections.
- The decrease in developer and security deposits was the net result of the release of a \$6 million developer's deposit for a designated project, and a net increase of \$3.1 million for the community benefits/escrow fund.
- The decrease in pension liability was primarily due to a \$1.8 million contribution, net of pension expense, made to Boston Retirement System in fiscal year 2021. The decrease in the OPEB liability was primarily due to a \$2.0 million contribution made to the OPEB Trust, in addition to net investment income earned by the Trust in fiscal year 2021.
- The decrease in unearned revenue was primarily the result of the collection of a land disposition agreement note receivable totaling \$7.3 million that was paid off before the due date. This notes receivable was recorded as offset to unearned revenue in a previous year. This decrease was also the result of other sales of development sites in fiscal year 2021 totaling \$2.1 million that was recorded as a land disposition receivable and offsetting unearned income in a previous year.
- The increase in due to designated projects/City of Boston was the net result of a \$15.0 million deposit received in fiscal year 2021 by a developer for a new housing project. This increase was offset by collections on notes receivable in fiscal year 2021 totaling \$5.0 million that that was paid to the City of Boston for designated projects.
- For lessees, GASB 87 requires the recognition of a lease liability measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The increase in lease liability was the result of implementing this new standard as of July 1, 2020.

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Deferred inflows of resources at June 30, 2021 was \$212.2 million, an increase of \$200.5 million from the June 30, 2020 deferred inflows of resources at June 30, 2020 totaling \$11.7 million. For lessors, GASB 87 requires the recognition of a deferred inflow of resources, which is recognized into lease revenue in a systematic and rational manner over the term of the leases. The increase in deferred inflows of resources was the result of implementing this new standard as of July 1, 2020.

The Authority's Condensed Schedules of Revenues, Expenses and Changes in Net Position as of June 30, 2022, 2021 and 2020 are as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30			Percentage Change	
	2022*	As Restated 2021*	2020	2022-2021	2021-2020
Operating revenues:					
Intergovernmental and other	\$ 15,834,597	7,019,929	7,860,288	125.6 %	(10.7)%
Gain on sale of property	2,392,147	10,582,058	8,072,879	(77.4)	31.1
Rent and other property payments	20,680,030	17,184,365	12,144,939	20.3	41.5
Total operating revenues	<u>38,906,774</u>	<u>34,786,352</u>	<u>28,078,106</u>	<u>11.8</u>	<u>23.9</u>
Operating expenses:					
Personnel and fringe benefits	7,813,832	10,125,472	10,761,398	(22.8)	(5.9)
Contractual services, supplies and other	15,884,301	8,452,497	10,502,696	87.9	(19.5)
Depreciation	1,365,017	1,301,892	1,211,636	4.8	7.4
Total operating expenses	<u>25,063,150</u>	<u>19,879,861</u>	<u>22,475,730</u>	<u>26.1</u>	<u>(11.5)</u>
Operating income	<u>13,843,624</u>	<u>14,906,491</u>	<u>5,602,376</u>	<u>(7.1)</u>	<u>166.1</u>
Nonoperating revenues:					
Interest income	<u>11,364</u>	<u>114,878</u>	<u>438,967</u>	<u>(90.1)</u>	<u>(73.8)</u>
Total nonoperating revenues	<u>11,364</u>	<u>114,878</u>	<u>438,967</u>	<u>(90.1)</u>	<u>(73.8)</u>
Increase in net position	13,854,988	15,021,369	6,041,343	(7.8)	148.6
Net position, beginning of year, as restated	<u>20,801,938</u>	<u>5,780,569</u>	<u>(260,774)</u>	<u>259.9</u>	<u>(2,316.7)</u>
Net position, end of year	<u>\$ 34,656,926</u>	<u>20,801,938</u>	<u>5,780,569</u>	<u>66.6 %</u>	<u>259.9 %</u>

* Adoption of GASB Statement No. 87, *Leases*, reflected in 2022 and 2021 only

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Fiscal Year Ended June 30, 2022 Compared to Fiscal Year Ended June 30, 2021

The Authority's operating revenues in fiscal year 2022 were \$38.9 million, an increase of \$4.1 million from fiscal year 2021 operating revenues totaling \$34.8 million. This increase was the net result of an increase in intergovernmental revenue totaling \$12.2 million, a decrease in gain from sale of property totaling \$8.2 million, an increase in rent and other property payments totaling \$3.5 million, and a decrease in notes receivable interest income totaling \$3.1 million. Explanations for these fluctuations are as follows:

- The increase in intergovernmental and other revenue was primarily the result of a \$10 million grant from Economic Development Industrial Corporation/Boston (EDIC) to help fund a portion of the Authority's Capital Reserve Fund, and \$1.8M million grant from the Massworks.
- The decrease in gains from sales of property was primarily the result of the collection of a land disposition agreement note totaling \$7.3 million in fiscal year 2021 that was paid off before the due date. Property sales are generally one-time events that vary from year to year.
- The increase in rent and other property payments was primarily the net result of the following:
 - The implementation of a new Government Accounting Standards Board pronouncement in regards to leases that resulted in an additional \$2.4 million in revenue recognition in fiscal year 2022 as compared to the prior year;
 - Additional parking revenue totaling \$1.9 million as a result of the workforce returning to their office after working at home during the prior year due to the global pandemic;
 - Additional equity participation revenue totaling \$0.6 million from the resale of condominium units at the Charleston Navy Yard. As required by Land Disposition Agreements (LDA's) that outline control over Authority owned parcels of land that developers had built condominiums on, the Authority receives 4% of the sales proceeds for first time condominium sales and an additional 2% or 1% of the sales proceeds for future resales of each respective unit.
 - The above increases were offset by an additional \$2.5 million reconciliation agreement with a tenant that was finalized and recorded as revenue in fiscal year 2021. The agreement acknowledged certain billing discrepancies in prior years.
- The decrease in notes receivable interest income was primarily the result of the one-time collection of a land disposition agreement note receivable totaling \$7.3 million in fiscal year 2021 that was paid off before the due date, inclusive of interest income from inception of the loan. This note was considered to be a non-performing note, and as such, annual interest income was not recorded on this note in prior years due to the uncertainty of collection.

The Authority's personnel and fringe benefit costs in fiscal year 2022 were \$7.8 million, decrease of \$2.3 million from fiscal year 2021's personnel and fringe benefit costs totaling \$10.1 million. This decrease was the combined result of a decrease in personnel costs totaling \$1.1 million and a decrease in fringe benefit costs totaling \$1.2 million. Explanations for this fluctuation is as follows:

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- This decrease in personnel costs was primarily the result of a number of employees who retired in both fiscal years 2022 and 2021 whose positions are either still vacant or were filled through EDIC's payroll.
- The decrease in fringe benefit costs was due to both a higher actuarial gain in the current year OPEB valuation as compared to the prior year valuation, as well as less employees in fiscal year 2022 as compared to fiscal year 2021.

The Authority's contracted services, supplies and other costs in fiscal year 2022 were \$15.9 million, an increase of \$7.4 million from fiscal year 2021's contracted services, supplies and other costs totaling \$8.5 million. This decrease was primarily the result of an increase in building repair and maintenance expenditures totaling \$4 million, and an increase in engineering and construction expenditures totaling \$2.7 million. Explanations for this fluctuation is as follows:

- The increase in building repair and maintenance expenditures was due to environmental remediation and demolition of Building 108, the former central power plant located in the Authority's Charlestown Navy Yard.
- City of Boston property developers apply for Massworks grants from the MA Executive Office of Housing and Economic Development. When awarded, these grants require BRA engineers to oversee the development projects. The increase in engineering and construction expenditures was due to postponing fiscal year 2021 Massworks development projects into fiscal year 2022 as a result of the global pandemic.

Fiscal Year Ended June 30, 2021 Compared to Fiscal Year Ended June 30, 2020

The Authority's operating revenues in fiscal year 2021 were \$34.8 million, an increase of \$6.7 million from fiscal year 2020 operating revenues totaling \$28.1 million. This increase was primarily the net result of a decrease in intergovernmental revenue totaling \$5.6 million, an increase in gains from sales of property totaling \$3.6 million, an increase in rent and other property payments totaling \$5.1 million, and an increase in notes receivable interest income totaling \$3.0 million. Explanations for these fluctuations are as follows:

- The decrease in intergovernmental revenue was the combined result of a decrease in state grants totaling \$3.0 million and a decrease in EDIC grant income totaling \$2.6 million.
- The increase in gains from sales of property was the net result of the collection of a land disposition agreement note totaling \$7.3 million that was paid off before the due date, and a \$3.5 million decrease of other land disposition agreement sales. Property sales are generally one-time events that are inconsistent from year to year.
- The increase in rent and other property payments was the combined result of a reconciliation agreement with a tenant that was finalized in fiscal year 2021 and the implementation of GASB 87 as of July 1, 2020. The reconciliation agreement acknowledged certain billing discrepancies in prior years that resulted in an additional \$2.5 million of agreed upon unpaid fixed rents receivable from the tenant. GASB 87 requires lessors to recognize interest income on the lease receivable, and lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2022 and 2021

- The increase in notes receivable interest income was primarily the result of the collection of a land disposition agreement note receivable totaling \$7.3 million that was paid off before the due date, inclusive of interest income from inception of the loan. This note was considered to be a non-performing note, and as such, annual interest income was not recorded on this note in prior years due to the uncertainty of collection.

The Authority's contracted services, supplies and other costs in fiscal year 2021 were \$8.4 million, a decrease of \$2.1 million from fiscal year 2020's contracted services, supplies and other costs totaling \$10.5 million. This decrease was primarily the net result of a decrease in planning and economic development expenditures totaling \$.7 million, a decrease in engineering and construction expenditures totaling \$3.2 million, and an increase in building repair and maintenance expenditures totaling \$1.9 million. Explanations for these fluctuations are as follows:

- The decrease in planning and economic development expenditures was the result of the pandemic, which put on hold external outreach activities for ongoing planning initiatives.
- The decrease in engineering and construction expenditures was primarily due to the postponement of state Massworks grants in fiscal year 2021 that funded development projects as a result of the global pandemic.
- The increase in building repair and maintenance expenditures was primarily the result of significant repairs made to two maritime assets beginning in fiscal year 2021.

Currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

In fiscal year 2023, the Authority will be implementing Government Accounting Standards Board Statement No. 96 (GASB 96) *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this Statement, a government recognizes an intangible right-to-use subscription asset and a corresponding subscription liability. The implementation of this Standard may have a significant effect on the Authority's financial position and/or results of operations.

Requests for Information

This financial report is intended to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any information in this report may be directed to the BPDA Secretary's Office, 9th Floor, Boston City Hall.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Proprietary Fund - Statements of Net Position

June 30, 2022 and 2021

	2022	As Restated 2021
Assets:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 67,464,739	66,156,971
Accounts receivable:		
Intergovernmental	13,592,945	1,164,339
Other accounts receivable	3,320,014	2,815,032
Lease receivable, current (note 7)	6,121,477	5,232,087
Prepaid assets	210,948	196,793
Notes receivable, net, current portion (note 4)	3,012,252	2,959,752
Disposition receivables – development sites, current portion (note 6)	1,903,972	1,903,972
Total current assets	95,626,347	80,428,946
Noncurrent assets:		
Lease receivable, net (note 7)	191,577,037	197,496,181
Notes receivable, net (note 4)	85,743,974	89,318,823
Notes receivable – Rows Wharf, net (note 5)	348,815	403,322
Disposition receivables – development sites (note 6)	32,562,504	34,588,451
Other postemployment benefits (note 14)	4,732,594	—
Capital assets (note 8):		
Nondepreciable	6,294,189	6,036,425
Depreciable	26,166,485	24,900,953
Less accumulated depreciation	(11,960,829)	(10,646,463)
Right of use lease	6,036,201	6,036,201
Less accumulated amortization	(206,366)	(103,183)
Total capital assets, net	26,329,680	26,223,933
Total noncurrent assets	341,294,604	348,030,710
Total assets	436,920,951	428,459,656
Deferred outflows of resources:		
Pensions (note 13)	3,798,202	4,404,982
Other postemployment benefits (note 14)	1,382,891	3,988,547
Total deferred outflows of resources	5,181,093	8,393,529
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	3,881,542	2,061,639
Vacation and sick leave, current portion (note 11)	126,122	141,158
Due to City of Boston (note 4)	2,614,046	—
Pollution remediation	5,100,000	—
Unearned revenue, current portion (notes 6 and 11)	1,903,972	1,903,972
Total current liabilities	13,625,682	4,106,769
Noncurrent liabilities (note 11):		
Notes payable (note 9)	1,475,000	1,475,000
Deposits	28,511,618	27,803,458
Net pension liability (note 13)	10,305,716	14,527,580
Vacation and sick leave	1,146,326	1,490,104
Other postemployment benefits (note 14)	—	751,449
Due to designated projects (note 4)	28,021,414	28,759,683
Due to City of Boston (note 4)	79,423,536	84,171,575
Lease liability (note 10)	6,029,238	6,029,238
Unearned revenue (note 6)	32,562,503	34,588,451
Other	487,294	188,256
Total noncurrent liabilities	187,962,645	199,784,794
Total liabilities	201,588,327	203,891,563
Deferred inflows of resources:		
Pensions (note 13)	5,980,497	4,601,429
Other postemployment benefits (note 14)	6,337,418	6,429,517
Leases (note 7)	193,538,876	201,128,738
Total deferred inflows of resources	205,856,791	212,159,684
Net position:		
Net investment in capital assets	17,330,297	17,410,877
Unrestricted	17,326,629	3,391,061
Commitments and contingencies (note 12)		
Total net position	\$ 34,656,926	20,801,938

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Proprietary Fund - Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>As Restated 2021</u>
Operating revenues:		
Intergovernmental	\$ 13,688,292	1,508,507
Gain on sale of property (notes 6 and 7)	2,392,147	10,582,058
Rent and other property payments (notes 6 and 7)	20,680,030	17,184,365
Notes receivable – interest income (note 5)	555,823	3,651,346
Gross profit recognized on installment sale (note 5)	1,150,933	1,075,479
Other	439,549	784,597
	<u>38,906,774</u>	<u>34,786,352</u>
Total operating revenues		
Operating expenses:		
Personnel	8,019,031	9,167,736
Fringe benefits	(205,199)	957,736
Supplies and services	10,740,233	6,228,878
Contractual services	4,942,077	2,112,519
Depreciation	1,365,017	1,301,892
Other	201,991	111,100
	<u>25,063,150</u>	<u>19,879,861</u>
Total operating expenses		
Operating income	<u>13,843,624</u>	<u>14,906,491</u>
Nonoperating revenues:		
Interest income	11,364	114,878
	<u>11,364</u>	<u>114,878</u>
Total nonoperating revenues		
Increase in net position	13,854,988	15,021,369
Net position, beginning of year, as restated (note 2(m))	<u>20,801,938</u>	<u>5,780,569</u>
Net position, end of year	<u>\$ 34,656,926</u>	<u>20,801,938</u>

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)
Proprietary Fund - Statements of Cash Flows
Years ended June 30, 2022 and 2021

	2022	As Restated 2021
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 23,467,584	23,912,816
Cash paid to employees and for fringe benefits	(13,379,148)	(15,809,519)
Cash paid to suppliers and consultants	(8,756,945)	(10,084,422)
Net cash provided by (used in) operating activities	1,331,491	(1,981,125)
Cash flows from noncapital financing activities:		
Receipts from development projects	6,164,386	7,432,935
Payments for development projects	(5,138,277)	(10,214,390)
Receipts from the City of Boston and designated projects	156,735	16,580,789
Payments for the City of Boston and designated projects	(3,415,917)	(4,876,178)
Net cash (used in) provided by noncapital financing activities	(2,233,073)	8,923,156
Cash flows from capital and related financing activities:		
Purchase of capital assets	(715,206)	(1,718,317)
Sale of capital assets	26,745	26,745
Net cash used in capital and related financing activities	(688,461)	(1,691,572)
Cash flows from investing activities:		
Collections of loan principal	2,886,447	12,048,006
Interest earnings on escrow deposits	11,364	114,878
Net cash provided by investing activities	2,897,811	12,162,884
Net increase in cash and cash equivalents	1,307,768	17,413,343
Cash and cash equivalents, beginning of year	66,156,971	48,743,628
Cash and cash equivalents, end of year	\$ 67,464,739	66,156,971
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 13,843,624	14,906,491
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,365,017	1,301,892
Other noncash increases/(decreases)	—	(610,996)
Changes in operating assets and liabilities:		
Other postemployment liability, net of deferrals	(2,970,486)	(4,225,421)
Pension liability, net of deferrals	(2,236,016)	(1,787,293)
Accounts receivable	(15,744,417)	(3,344,338)
Lease receivable, net of deferrals	250,721	415,513
Disposition receivables – development sites	2,025,947	2,015,709
Notes receivable – Rowes Wharf, net	54,507	50,933
Prepaid assets	(14,156)	(52,473)
Accounts payable and accrued expenses	2,041,512	(1,574,226)
Vacation and sick leave liability	(358,814)	328,667
Unearned revenue	(2,025,948)	(9,289,258)
Other liabilities	5,100,000	(116,325)
Net cash provided by (used in) operating activities	\$ 1,331,491	(1,981,125)
Supplemental cash flow information:		
Noncash dispositions of land	\$ 217,000	1,540,303
Noncash notes receivable	635,903	422,902

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)
Fiduciary Fund - Statement of Net Position
June 30, 2022 and 2021

	2022	2021
Assets:		
Net investment in PRIT at fair value	\$ 17,145,569	17,815,255
Total assets	17,145,569	17,815,255
Net position:		
Restricted for Other post-employment benefits	17,145,569	17,815,255
Total net position	\$ 17,145,569	17,815,255

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Fiduciary Fund - Statement of Changes in Net Position

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions:		
Contributions:		
Employer	\$ 548,980	2,586,619
Total contributions	<u>548,980</u>	<u>2,586,619</u>
Net investment gain/(loss):		
Investment gain/(loss):	(572,543)	3,918,473
Less investment expense	<u>(82,666)</u>	<u>(64,971)</u>
Net investment gain/(loss)	<u>(655,209)</u>	<u>3,853,502</u>
Total additions	<u>(106,229)</u>	<u>6,440,121</u>
Deductions:		
Retirement benefits and payments	548,980	586,619
Administrative expenses	<u>14,477</u>	<u>13,131</u>
Total deductions	<u>563,457</u>	<u>599,750</u>
Change in net position	<u>(669,686)</u>	<u>5,840,371</u>
Net position, beginning of year	<u>17,815,255</u>	<u>11,974,884</u>
Net position, end of year	<u>\$ 17,145,569</u>	<u>17,815,255</u>

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2022 and 2021

(1) The Authority

The Boston Redevelopment Authority (the Authority) was established in 1957 pursuant to Chapter 121B, as amended, of the General Laws of Massachusetts, to administer community development projects and to function as the planning Authority of the City of Boston (the City). The Authority is governed by a five-member board of directors, four of whom are appointed by the Mayor of Boston, with City Council approval, and one who is appointed by the Governor of Massachusetts, all for terms of five years. The Authority is a component unit of the City.

On October 20, 2016 the board approved the renaming of the Boston Redevelopment Authority (BRA), d/b/a the Boston Planning & Development Agency (BPDA) and for all legal documents and as a legal entity, the BRA shall legally remain.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements of the Authority have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority reports the following fund types:

Proprietary fund - The primary operating fund of the Authority is used to account for all transactions except those required to be accounted for in another fund. Operating revenues and expenses result from administering community development projects within the City in the areas of planning, economic development and workforce development. All other revenues and expenses are reported as nonoperating revenues and expenses.

Fiduciary fund – Other post-employment benefit trust fund reports resources that are held in trust for the members and beneficiaries of the Authority’s other post-employment benefit plan. This fund recognizes employer contributions when legally due and benefit payments when due and payable.

The proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

(b) Use of Estimates

The preparation of the basic financial statements in conformity with 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.

(c) Revenue Recognition

The Authority earns revenue from a variety of sources including, but not limited to, land sales, equity participation agreements, long-term leases and other governments.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2022 and 2021

Revenue from land sales is generally recorded upon transfer of title or, in the case of installment sales, when certain milestones are met. Equity participation revenue is recognized when a sale takes place on a property that the Authority retains a legal right to a percentage of all future sale proceeds.

The Authority has long-term leases with certain tenants in the Historic Monument Area of the Charlestown Navy Yard; these leases are for approximately 80 years. The Authority also has a number of leases on other properties throughout the City that generates lease revenue.

The Authority also receives intergovernmental revenue for capital projects from the Commonwealth of Massachusetts' MassWorks initiative and from the City of Boston.

(d) Cash, Cash Equivalents and Investments

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

The other post-employment benefit trust fund invests in the Pension Reserves Investment Trust (PRIT) Fund, a diversified external investment pool managed by the Pension Reserves Investment Management (PRIM) Board and are reported at fair value in the accompanying financial statements. This is considered an other investment outside of the fair value hierarchy. For a complete copy of PRIT's separately issued financial statements, contact the PRIM Board at 84 State Street, Boston, MA 02109 or visit mapension.com.

(e) Capital Assets

Capital assets are carried at historical cost or at estimated historical cost if actual cost is not available. Cost includes not only purchase price or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use.

(f) Depreciation

The Authority provides for depreciation using the straight-line method. Depreciation is intended to distribute the cost of depreciable assets over the following estimated average useful lives:

	<u>Years</u>
Buildings	25, 30
Building improvements	7
Land improvements	30
Furniture and fixtures	10
Vehicles	5
Computers	3

(g) Compensated Absences

Employees may accumulate unused vacation and sick leave as earned.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2022 and 2021

Upon retirement, termination, or death, employees are compensated for accumulated unused vacation up to a maximum of one and one half times their annual accrual.

Sick leave accumulates at the rate of 1.25 days for each calendar month of service with no maximum limit. Upon termination, employees with 20 or more years of credible service may receive in cash 32% of their accrued sick leave.

(h) Deposits

Deposits/mitigation funds given to the Authority by developers for the development of specific projects within the City and are recorded as a liability until certain milestones are met.

(i) Due to Designated Projects

Due to designated projects represents funds that will be made available for neighborhood projects within the City of Boston.

(j) Due to City of Boston

Amounts due to the City consist of loans funded by the City and federal grants passed through the City for urban development and housing development projects. The Authority loans these funds to various not-for-profit community developers and remits loan repayments to the City's neighborhood development fund.

(k) Leases (Lessor)

The Authority is a lessor for various noncancellable leases of land and buildings. For leases with a maximum possible term of 12 months or less at commencement, the Authority recognizes income based on the provisions of the lease contract. For all other leases (i.e. those that are not short-term), the Authority recognizes a lease receivable and an offsetting deferred inflow of resources.

At lease commencement, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The Authority recognizes interest income on the lease receivable, and lease revenue from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

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

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The Authority's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds. This rate was determined through Standard and Poor's AA municipal yield curves for 1 through 30-year terms, and a projected yield for each year beyond year 30.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2022 and 2021

- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either an Authority or lessee unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the Authority and the lessee have an option to terminate are excluded from the lease term.
- Lease payments to be received are evaluated by the Authority to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being received.

The Authority monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

Noncurrent lease receivable is reported within the noncurrent asset section of the proprietary fund's statement of net position, net of the short-term portion of the lease receivable reported as a current asset.

(l) Leases (Lessee)

The Authority is a lessee for a noncancellable long-term lease of a building, for which the Authority recognizes a lease liability.

The Authority initially measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability. Subsequently, the lease asset is amortized into depreciation expense on a straight-line basis over the term of the lease.

Key estimates and judgments include how the Authority determines the (1) discount rate it uses to calculate the present value of the expected lease payments to be made, (2) lease term and (3) lease payments to be made. These key estimates and judgments are similar to leases where the Authority is the lessor as disclosed in note 2 (k).

The Authority monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease asset.

Lease assets are reported with capital assets and lease liability is reported with the noncurrent liability section of the proprietary fund's statement of net position, net of the short-term portion of the lease liability reported as a current liability, if any.

(m) Adoption of New Accounting Pronouncements

In 2022, the Authority implemented GASB Statement No. 87, *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2022 and 2021

provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority adopted this statement as of July 1, 2020. The result of this adoption of an accounting principle had no effect on the proprietary fund net position as of July 1, 2020. Proprietary fund net position as of June 30, 2021 has been restated, as follows:

Net position, as previously reported	\$	21,320,634
Adjustments:		
Lease receivable		200,442,251
Accrued interest receivable		298,517
Deferred inflows - leases		(201,128,738)
Net book value of lease assets		5,933,018
Lease liability		(6,029,238)
Accrued interest on lease liability		<u>(34,506)</u>
Net position as of June 30, 2021, as restated	\$	<u>20,801,938</u>

(3) Cash and Cash Equivalents

(a) Investment Policy

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits, and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments may also be made in securities issued by or unconditionally guaranteed by the U.S. government or its agencies that have a maturity of less than one year from the date of purchase and in repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase. As of June 30, 2021, the Authority owned fully collateralized certificate of deposits totaling \$24,000,000 with maturity dates ranging from October 25, 2021 to January 7, 2022. As of June 30, 2022, the Authority owned fully collateralized certificate of deposits totaling \$24,000,000 with maturity dates ranging from October 19, 2022 to January 19, 2023.

(b) Restrictions

As of June 30, 2022 and 2021, the Authority had \$47,183,874 and \$46,534,918, respectively, of cash internally restricted for Boston's Affordable Housing Program, Development Mitigation, customer deposits, capital reserve funds and other City of Boston obligations.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2022 and 2021

(4) Notes Receivable

Notes receivable as of June 30, 2022 and 2021 consist of the following amounts. All collections on these notes are paid to the City for designated projects and reduce amounts due to the City or due to designated projects on the accompanying financial statements.

	2022	2021
Notes receivable:		
Real estate	\$ 7,067,021	7,982,392
Development and housing	81,689,205	84,296,183
Notes receivable, net	\$ 88,756,226	92,278,575

Notes receivable – Real Estate consists of loans made by the Authority for affordable housing projects.

Notes receivable – Development and housing consists of loans provided by the Authority for programs such as urban development and amounts consisting of developer obligations to the City for affordable housing and neighborhood improvements. Affordable Housing contributions are remitted to the City for future affordable housing.

A significant portion of notes receivable totaling \$82,329,883 and \$85,687,895 for the years ended June 30, 2022 and 2021, respectively, relate to Boston’s Affordable Housing Program and other City of Boston obligations.

(5) Rowes Wharf

In July 2007, the Authority entered into an agreement with a developer that previously had a long-term ground lease and contingent interest agreement in a property located at Rowes Wharf in Boston, Massachusetts (the Property). Under the agreement, the developer exercised a land purchase option available under its ground lease and negotiated the settlement of the Authority’s remaining interest in the Property.

The sale was consummated by the issuance of notes by the Authority to the developer in the amounts of \$14,000,000 and \$4,500,000. Both notes have terms of 20 years with interest rates of 6.8%. Aggregate amounts remaining to be received under the notes as of June 30, 2022 and 2021 total \$7,365,406 and \$8,516,339, respectively.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements
June 30, 2022 and 2021

During the years ended June 30, 2022 and 2021, principal payments of \$1,150,933 and \$1,075,479 and interest payments of \$543,679 and \$619,135, respectively, were received from the developer. The Authority has recorded and recognized the profit from the sale on the installment method, as follows:

	2022	2021
Gross sales proceeds	\$ 18,500,000	18,500,000
Cost of land	(876,134)	(876,134)
Gross profit on installment sale	17,623,866	17,623,866
Gross profit recognized through June 30	(10,607,276)	(9,510,849)
Gross profit not yet recognized	\$ 7,016,590	8,113,017

(6) Disposition Receivables – Development Sites

Amounts due to the Authority related to certain land disposition transactions are recorded as unearned revenues until such time as the transactions progress to the point that the Authority has earned the revenue based upon due dates specified in the agreements or upon the achievement of certain milestones. At June 30, 2022 and 2021, the Authority recorded \$34,466,476 and \$36,492,423, respectively, of disposition receivables.

For the years ended June 30, 2022 and 2021, the Authority recorded revenue of \$2,025,948 and \$9,289,258, respectively, which was previously recorded as unearned revenue.

(7) Lease Receivable

As discussed in note 2(k), the Authority is a lessor for various noncancellable long-term leases of its land and buildings. Lease terms for the leases vary from 1 year to 65 years. The discount rate used for the calculation of the lease receivable varies per lease depending on the length of the respective leases, and ranged from .330% to 2.025%.

Variable payments included in leases that were not included in the measurement of the lease receivable include percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants. Percentage rent totaled \$444,090 and \$288,005 for the years ended June 30, 2022 and 2021, respectively. Lease income from noncancellable long-term fixed payment leases totaled \$7,271,251 and \$6,790,209 for the years ended June 30, 2022 and 2021, respectively. Interest income from noncancellable long-term leases totaled \$3,430,044 and \$3,085,954 for the years ended June 30, 2022 and 2021, respectively. Percentage rent, lease income, and lease interest income are included in rent and other property payments on the proprietary fund - statement of revenues, expenses and changes net position.

Where a monthly lease payment is less than the calculated interest amount for that month, the difference is recorded as accrued interest receivable and accounted for separately from the respective lease receivable balance. Monthly interest accrues based on prior month-end balances of both the lease receivable account and the related accrued interest receivable account. This accrued interest account will accumulate until such time that monthly lease payment is greater than the interest calculated for that month. In leases that have

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outstanding accrued interest receivable balances, the related lease payments are applied in the following order: (1) to the interest portion of the rent, (2) to the accrued interest balance until fully paid, and (3) to the lease receivable balance. Accrued interest receivable totaled \$912,970 and \$298,517 at June 30, 2022 and 2021, respectively, and is included in noncurrent lease receivable, net on the proprietary fund - statement of net position.

Future minimum lease payments to be received under noncancellable long-term leases, exclusive of percentage rent, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2023	\$ 6,121,477	2,778,940	8,900,417
2024	4,953,447	2,443,304	7,396,751
2025	4,948,793	2,410,566	7,359,359
2026	4,802,356	2,426,012	7,228,368
2027	4,907,782	2,446,352	7,354,134
2028-2032	22,714,842	12,339,377	35,054,219
2033-2037	19,566,338	11,978,100	31,544,438
2038-2042	12,995,125	11,429,761	24,424,886
2043-2047	10,122,910	11,628,504	21,751,414
2048-2052	11,275,629	11,594,241	22,869,870
2053-2057	9,925,852	11,363,174	21,289,026
2058-2062	11,435,346	10,538,445	21,973,791
2063-2067	10,415,674	9,927,755	20,343,429
2068-2072	12,492,739	5,372,673	17,865,412
2073-2077	16,244,814	3,990,786	20,235,600
2078-2082	16,644,993	2,387,400	19,032,393
2082-2087	15,703,659	849,565	16,553,224
2088-2092	1,513,768	7,971	1,521,739
	<u>196,785,544</u>	<u>\$ 115,912,926</u>	<u>312,698,470</u>
Total			
Less amount due within one year	<u>(6,121,477)</u>		
Total noncurrent portion	<u>\$ 190,664,067</u>		

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(8) Capital Assets

The following is a summary of activities by major categories of capital assets for the years ended June 30, 2022 and 2021:

	2022			Ending balance
	Beginning balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 5,808,474	217,000	(26,745)	5,998,729
Construction in progress	227,951	737,198	(669,689)	295,460
Total capital assets not being depreciated	<u>6,036,425</u>	<u>954,198</u>	<u>(696,434)</u>	<u>6,294,189</u>
Capital assets being depreciated:				
Land improvements	471,384	—	—	471,384
Building	21,039,351	1,265,532	—	22,304,883
Furniture and fixtures	2,197,755	—	—	2,197,755
Computers	1,033,715	—	—	1,033,715
Vehicles	158,748	—	—	158,748
Total capital assets being depreciated at historical cost	<u>24,900,953</u>	<u>1,265,532</u>	<u>—</u>	<u>26,166,485</u>
Less accumulated depreciation for:				
Land improvements	214,160	16,070	—	230,230
Building	7,190,359	1,231,109	—	8,421,468
Furniture and fixtures	2,126,848	34,877	—	2,161,725
Computers	981,767	23,090	—	1,004,857
Vehicles	133,329	9,220	—	142,549
Total accumulated depreciation	<u>10,646,463</u>	<u>1,314,366</u>	<u>—</u>	<u>11,960,829</u>
Capital assets being depreciated, net	<u>14,254,490</u>	<u>(48,834)</u>	<u>—</u>	<u>14,205,656</u>
Capital assets, net excluding leases	20,290,915	905,364	(696,434)	20,499,845
Lease assets, net	<u>5,933,018</u>	<u>—</u>	<u>(103,183)</u>	<u>5,829,835</u>
Capital assets, net	<u>\$ 26,223,933</u>	<u>905,364</u>	<u>(799,617)</u>	<u>26,329,680</u>

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	2021			Ending balance
	Beginning balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 5,847,878	1,527,644	(1,567,048)	5,808,474
Construction in progress	242,058	134,847	(148,954)	227,951
Total capital assets not being depreciated	6,089,936	1,662,491	(1,716,002)	6,036,425
Capital assets being depreciated:				
Land improvements	471,384	—	—	471,384
Building	20,890,397	148,954	—	21,039,351
Furniture and fixtures	2,197,755	—	—	2,197,755
Computers	1,033,715	—	—	1,033,715
Vehicles	158,748	—	—	158,748
Total capital assets being depreciated at historical cost	24,751,999	148,954	—	24,900,953
Less accumulated depreciation for:				
Land improvements	198,090	16,070	—	214,160
Building	6,116,113	1,074,246	—	7,190,359
Furniture and fixtures	2,057,649	69,199	—	2,126,848
Computers	958,678	23,089	—	981,767
Vehicles	117,224	16,105	—	133,329
Total accumulated depreciation	9,447,754	1,198,709	—	10,646,463
Capital assets being depreciated, net	15,304,245	(1,049,755)	—	14,254,490
Capital assets, net excluding leases	21,394,181	612,736	(1,716,002)	20,290,915
Lease assets, net	6,036,201	—	(103,183)	5,933,018
Capital assets, net	\$ 27,430,382	612,736	(1,819,185)	26,223,933

(9) Notes Payable

In 1993, the Authority purchased the China Trade Center (CTC) from an unrelated party for approximately \$2,225,000, including past-due property taxes due to the City of approximately \$750,000. Funding for the purchase was provided by the City. In connection with the transaction, the City received from the Authority a noninterest-bearing mortgage note of \$1,475,000 due upon the sale or refinancing of the property. The Authority rents the space to various unrelated parties and has no intention of selling the CTC. The CTC is included in the Authority's capital asset balance at June 30, 2022 and 2021.

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(10) Lease Liability

As discussed in note 2(k), the Authority is a lessee under a noncancellable long-term lease of land and building. Monthly rent payments made on the lease are based on 47% of rent received from a sublease that the Authority has with a tenant on this property. The term of the lease runs through December 31, 2112; however, due to the payment terms being dependent on the sublease, the lease liability has been calculated through December 31, 2078, the sublease's end date. The discount rate used for the calculation of the lease liability is 2.005%. As a result of the monthly lease payment being less than the calculated interest amount for that month in the earlier years of the lease, payments will be applied to current monthly interest, as well as accrued interest on the lease, through September 2049. Accrued interest payable from this lease was \$72,879 and \$34,506 at June 30, 2022 and 2021, respectively, and is included in other noncurrent liabilities on the proprietary fund - statement of net position. Interest expense from this lease totaled \$121,929 and \$111,100 at June 30, 2022 and 2021, respectively, and is included in other operating expenses on the proprietary fund - statement of revenues, expenses, and changes in net position.

Future annual lease payments for this lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2023	\$ —	83,556	83,556
2024	—	89,794	89,794
2025	—	96,032	96,032
2026	—	96,032	96,032
2027	—	96,032	96,032
2028-2032	—	529,916	529,916
2033-2037	—	609,120	609,120
2038-2042	—	700,945	700,945
2043-2047	—	805,826	805,826
2048-2052	197,929	728,880	926,809
2053-2057	504,536	561,678	1,066,214
2058-2062	724,855	500,638	1,225,493
2063-2067	993,933	415,210	1,409,143
2068-2072	1,320,903	300,033	1,620,936
2073-2077	1,715,963	148,824	1,864,787
2078-2082	571,119	9,077	580,196
Total	<u>\$ 6,029,238</u>	<u>5,771,593</u>	<u>11,800,831</u>

The Authority earned \$259,424 and \$236,382 in interest revenue from the sublease for the years ended June 30, 2022 and 2021, respectively, of which \$177,780 was received in sublease payments for each of the years then ending. Accrued interest receivable from this sublease totaled \$155,063 and \$73,418 at June 30, 2022 and 2021, respectively.

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(11) Long-Term Liabilities

The following is a summary of long-term liabilities by major category at June 30, 2022 and 2021:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Due within one year</u>
Notes payable	\$ 1,475,000	—	—	1,475,000	—
Deposits	27,803,458	5,775,069	5,066,909	28,511,618	—
Net pension liability	14,527,580	1,000,537	5,222,401	10,305,716	—
Vacation and sick leave	1,631,262	1,077,228	1,436,042	1,272,448	126,122
Due to designated projects	28,759,683	431,975	1,170,244	28,021,414	—
Due to the City of Boston	84,171,575	3,023,194	5,157,187	82,037,582	2,614,046
Leases	6,029,238	—	—	6,029,238	—
Unearned revenue	36,492,423	—	2,025,948	34,466,475	1,903,972
	<u>\$ 200,890,219</u>	<u>11,308,003</u>	<u>20,078,731</u>	<u>192,119,491</u>	<u>4,644,140</u>

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Due within one year</u>
Notes payable	\$ 1,475,000	—	—	1,475,000	—
Deposits	30,861,724	7,156,124	10,214,390	27,803,458	—
Net pension liability	17,522,189	1,362,978	4,357,587	14,527,580	—
Vacation and sick leave	1,302,595	351,453	22,786	1,631,262	141,158
Other postemployment benefits	2,048,510	2,928,360	4,225,421	751,449	—
Due to designated projects	43,071,763	15,127,764	29,439,844	28,759,683	—
Due to the City of Boston	61,130,896	30,290,101	7,249,422	84,171,575	—
Leases	6,036,201	—	6,963	6,029,238	—
Unearned revenue	45,917,763	—	9,425,340	36,492,423	1,903,972
	<u>\$ 209,366,641</u>	<u>57,216,780</u>	<u>64,941,753</u>	<u>201,641,668</u>	<u>2,045,130</u>

(12) Risk Management

The Authority is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed appropriate deductible amounts per incident. The Authority provides for workers' compensation and health claims through premium-based plans. Settled claims resulting from the risks discussed above did not exceed the amount of insurance coverage in force during the years ended June 30, 2022 and 2021.

The Authority is involved in lawsuits concerning routine contract matters and public liability tort actions, the majority of which are covered by both loss reserve and liability insured policies from contractors, homeowners, landlords, and tenants. In addition, the Authority is involved in other litigation including land damage cases resulting from the acquisition of properties as a result of exercising its powers of eminent domain. Management believes that there is no significant unreserved liability associated with these claims.

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(13) Retirement Plans

(a) Plan Description

The Authority contributes to the Boston Retirement System (the System or BRS), a cost-sharing, multiple-employer defined benefit governmental pension plan. The System provides retirement, disability, and death benefits to plan members and beneficiaries.

The System is administered by a five-person Board of Retirement consisting of the City Auditor, who serves as a member ex officio, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor, a fifth member chosen by the other members. A complete set of financial statements for BRS for the fiscal year ended December 31, 2021 can be obtained through the BRS, Boston City Hall, Room 816, Boston, MA 02201 or by accessing the website <http://www.cityofboston.gov/retirement/investment.asp>.

Participation in the System is mandatory for all permanent, full time, and certain part-time employees immediately upon the commencement of employment. Participants who resign from employment and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. In addition, those participants that resign voluntarily with less than ten years of service are entitled to receive 3% per year interest; all others receive interest which has accrued on their cumulative deductions at the regular interest rate (0.10% at both December 31, 2021 and 2020).

Employees with ten or more years of service having attained age 55 are entitled to pension benefits; an earlier retirement is allowed upon completion of twenty years of service. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three year average annual rate of regular compensation (highest consecutive five-year average for those members who join the System on or after April 2, 2012). Benefit payments are based upon a participant's age, length of creditable service, regular compensation, and group classification. Participants become vested after ten years of creditable service. Effective July 1, 1998 Chapter 32 of the M.G.L. assigned authority to establish and amend benefit provisions and grant cost-of-living increases for the plan to Boston Retirement Board.

If a member in service dies due to causes unrelated to his or her job, the surviving spouse and/or surviving dependent children may receive benefits, either in a lump sum or in the form of an annuity based on the length of service, contributions and age. In the event there are no spouse and/or dependent children named, other beneficiaries may be entitled to a lump sum distribution. Participants who become permanently and totally disabled from further duty may be eligible to receive accidental or ordinary disability retirement benefits. The amount of benefits to be received in such cases is dependent upon several factors, including whether or not the disability is work related, the participant's age, years of creditable service, level of compensation, veteran status, and group classification.

(b) Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5%–9% of their regular gross compensation. Members hired after January 1, 1979 must contribute an additional 2% of regular compensation in excess of \$30,000.

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Participating employers are required to pay into the System their share of the remaining System-wide actuarially determined contribution, which is apportioned among the employers based on an actuarial computation. The contributions of plan members and the participating employers are governed by Chapter 32 of the M.G.L. For the years ended June 30, 2022 and 2021, the Authority's required and actual contribution was \$3,236,553 and \$3,150,271, respectively.

(c) Special Funding Situations

The Authority is party to a special funding situation with the Commonwealth of Massachusetts. The Commonwealth is legally responsible for reimbursing BRS for a portion of the benefit payments for cost of living increases granted before 1997 as described in Chapter 112 of the Massachusetts General Laws Acts of 2010.

(d) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022 and 2021, the Authority reported a liability of \$10,305,716 and \$14,527,580, respectively, for its proportionate share of the BRS net pension liability measured as of December 31, 2021 and 2020, respectively. The net pension liability reflects a reduction for the special funding situation with the Commonwealth. The amount recognized by the Authority as its proportionate share of the net pension liability, the proportionate share related to the Commonwealth special funding situation, and the total portion of the net pension liability associated with the Authority at June 30, 2022 and 2021 were as follows:

	2022	2021
Authority's proportionate share of net pension liability	\$ 10,305,716	14,527,580
Commonwealth's proportionate share of net pension liability associated with the Authority	115,847	139,787
Total	\$ 10,421,563	14,667,367

To determine employers' proportionate share of the net pension liability, separate calculations of net pension liability were performed for three groups of members, City of Boston teachers, Suffolk County Sheriff Department retirees, and all other nonteacher members. A separate calculation of net pension liability for the COLA benefits subject to the Commonwealth special funding situation described above also was determined. At December 31, 2021 and 2020, the Authority was allocated .88% and .95%, respectively, of the net pension liability associated with the all other nonteacher member group based on its proportion of the required employer contributions related to this group to the total employer contributions related to this group. The Authority's proportion of the collective BRS net pension liability at December 31, 2021 was .30% compared to .37% at December 31, 2020.

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For the years ended June 30, 2022 and 2021, the Authority recognized pension expense of \$1,025,440 and \$1,392,273, respectively. The Authority also recognized revenue of \$24,903 and \$29,295, respectively related to the special funding situation with the Commonwealth. At June 30, 2022 and 2021, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Changes in employer proportion	\$ 565,501	1,774,246	706,877	1,361,628
Difference between expected and actual experience	—	281,210	—	730,277
Net difference between projected and actual investment earnings	—	3,925,041	—	2,509,524
Changes in assumptions	3,232,701	—	3,698,105	—
	<u>\$ 3,798,202</u>	<u>5,980,497</u>	<u>4,404,982</u>	<u>4,601,429</u>

Amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	\$ 97,089
2024	(1,367,987)
2025	(433,095)
2026	(468,350)
2027	<u>(9,952)</u>
Total	<u>\$ (2,182,295)</u>

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the BRS and additions to/deductions from the BRS's fiduciary net position have been determined on the same basis as they are reported for the BRS. Employer contributions to the plan are recognized when due and the employer has a legal obligation to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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(e) Actuarial Assumptions

The total pension liability as of December 31, 2021 and 2020 was determined by an actuarial valuation as of January 1, 2021 and 2020, respectively, with updated procedures used to roll forward the total pension liability to the measurement date, using the following actuarial assumptions, applied to all period included in the measurement:

- *Inflation – 3.25%*

- *Salary increases – 4.00%*

- *Investment rate of return:*

2021:

- *6.90% for BRS excluding teachers, net of expenses, including inflation*

2020:

- *7.05% for BRS excluding teachers, net of expenses, including inflation*

- *Cost-of-living increases:*

2021:

- *3.00% of first \$15,000*

2020:

- *3.00% of first \$14,000*

- *Mortality:*

2021:

- *Healthy – PUB-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using MP-2021 for BRS excluding teachers.*

- *Disabled- PUB-2010 General Healthy Retiree Amount-Weighted Mortality Tables set forward one year projected generationally using MP-2021 for BRS excluding teachers.*

2020:

- *Healthy – PUB-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using MP-2019 for BRS excluding teachers.*

- *Disabled- PUB-2010 General Healthy Retiree Amount-Weighted Mortality Tables set forward one year projected generationally using MP-2019 for BRS excluding teachers.*

- *Long-term Expected Rate of Return:*

The long-term expected rate of return on pension plan investments was using a building block method in which best estimates ranges of expected future real rates of return are developed for

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each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the actuarial valuation of date December 31, 2021 and 2020 are summarized below:

<u>Asset class</u>	<u>2021</u>		<u>2020</u>	
	<u>BRS excluding teachers target allocation</u>	<u>Long-term expected real rate of return</u>	<u>BRS excluding teachers target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	23 %	6.11 %	23 %	6.28 %
International developed markets equity	17	6.49	17	7.00
International emerging markets equity	8	8.12	8	8.82
Core fixed income	16	0.38	16	0.38
High yield fixed income	6	2.48	6	2.97
Real estate	10	3.72	10	3.50
Emerging Market Debt	4	2.70	4	3.16
Hedge fund, GTAA, risk parity	5	2.63	5	3.25
Private equity	11	9.93	11	10.11
	<u>100 %</u>		<u>100 %</u>	

(f) Discount Rate

The discount rate used to measure the total pension liability was 6.90% and 7.05% as of December 31, 2021 and 2020, respectively, for BRS excluding teachers. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rate and that contributions of participating employees and the Commonwealth will be made at rates equal to the actuarially determined contribution rates. Based upon these assumptions, the BRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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(g) Sensitivity of the Authority's Proportionate Share of the BRS Net Pension Liability

The following presents the Authority's proportionate share of the BRS net pension liability calculated using the discount rate of 6.90% and 7.05% as of December 31, 2021 and 2020, respectively, for the BRS excluding teachers, as well as what the Authority's proportionate share of the BRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for BRS:

	<u>Current rate</u>	<u>1% Decrease</u>	<u>Current discount rate</u>	<u>1% Increase</u>
December 31, 2021	6.90 % \$	18,756,514	10,305,716	3,183,278
December 31, 2020	7.05 % \$	23,168,224	14,527,580	7,245,588

(14) Other Post-Employment Benefits (OPEB)

(a) Plan Description

The Authority administers a single-employer defined benefit post-employment benefits other than pension (OPEB) plan. The OPEB plan provides post-employment health care and life insurance benefits for eligible retired employees and is overseen by the Authority's board. The Commonwealth of Massachusetts' Group Insurance Commission (GIC) administers and manages health coverage options and benefits to participating employees and retirees. The investments of the OPEB plan are managed by the State Retiree Benefits Trust Fund (SRBT), a body corporate and politic of the Commonwealth of Massachusetts. The OPEB plan assets are currently invested in an external investment pool overseen by the Commonwealth of Massachusetts Pension Reserves Investment Management Board (PRIM). The OPEB plan is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The OPEB plan does not issue a publicly available audited financial report.

As of the actuarial valuation dates, the Authority had the following members who met the eligibility requirements.

	<u>January 1</u>	
	<u>2022</u>	<u>2021</u>
Active	58	70
Inactive	74	79

(b) Benefits Provided

The Authority provides medical, dental, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The Authority's board has the ability to establish or amend benefit terms.

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(c) Contributions

OPEB plan members who retire on or before July 1, 1994 contribute 10% of the cost of the plan, as determined by the GIC. Plan members who retire after July 1, 1994 but on or before October 1, 2009 contribute 15% of the cost of the health plan, as determined by the GIC. Plan members who retire after October 1, 2009 contribute 20% of the cost of the plan as determined by the GIC.

The Authority contributes the retiree health plan costs on a pay-as-you-go basis and contributes additional funds to the OPEB trust based on available budget appropriations. During fiscal year 2022, the Authority contributed \$548,980 of pay-as-you-go benefit payments to the OPEB plan. During fiscal year 2021, the Authority contributed \$2,586,619 to the OPEB plan, which consists of \$586,619 of pay-as-you-go benefit payments and \$2,000,000 of additional contributions. Employees do not contribute to the plan during employment.

(d) Investments

The OPEB Plan invests in the Pension Reserves Investment Trust (PRIT) Fund, which is managed by the Pension Reserves Investment Management (PRIM) Board. The PRIM Board seeks to maximize the total return on investments, within acceptable levels of risk and cost for an approximately 60% funded public pension fund. The PRIM Board recognizes that over the long term, asset allocation is the single greatest contributor of return and risk to the PRIT Fund. The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation. The PRIM Board's last comprehensive review of the PRIT Fund asset allocation was conducted during FY2020.

The following was the PRIT Fund target asset allocations as of June 30:

Asset class	2022	2021
Global equity	34% - 43%	34% - 44%
Portfolio completion strategies	7 - 13	8 - 14
Core fixed income	12 - 18	12 - 18
Private equity	12 - 18	10 - 16
Real estate	7 - 13	7 - 13
Value added fixed income	5 - 11	5 - 11
Timber/natural resources	1 - 7	1 - 7
	100 %	100 %

The annual money-weighted rate of return on OPEB plan investments calculated as the internal rate of return on OPEB plan investments net of OPEB plan expenses for fiscal year 2022 and 2021 was (3.76%) and 29.37%, respectively. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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(e) Net OPEB Asset of the OPEB Plan Required by GASB 74

The components of the net OPEB asset as of June 30, 2022 are as follows:

Total OPEB liability	\$	11,093,145
Plan fiduciary net position		<u>17,145,569</u>
Net OPEB asset	\$	<u><u>(6,052,424)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		154.6%

The disclosures related to the net OPEB asset as of June 30, 2021 are disclosed in note 14(f). Additional information regarding changes in the net OPEB asset can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022, using the following actuarial assumptions:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.00%
- *Healthcare Cost trends*:
 - Medicare – 4.49% in 2022 trending to 4.75% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Non-Medicare – 7.06% in 2022 trending to 6.36% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Long-run growth factors include inflation of 2.5%, real GDP growth of 1.5%, and excess medical growth of 1.1%
- *Mortality*:
 - Pre-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - Post-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - For disabled members, the mortality rate reflects the post-retirement mortality described.
- *Long-term Expected Rate of Return* – Investment assets of the OPEB plan are held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of

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June 30, 2022 and 2021

return by the target asset allocation percentage. The best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Global equity	6.8 %
Portfolio completion strategies	5.4
Core fixed income	2.5
Private equity	10.1
Real estate	6.0
Value added fixed income	6.4
Timber/natural resources	6.6

- *Discount rate* – The discount rate used to measure the total OPEB liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made based on the current funding policy for future years. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Asset to Change in the Discount Rate

The following table presents the June 30, 2022 net OPEB asset of the Authority, calculated using the discount rate disclosed as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Net OPEB asset	\$ (4,751,933)	(6,052,424)	(7,144,482)

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June 30, 2022 and 2021

Sensitivity of the Net OPEB Asset to Change in the Healthcare Cost Trend Rates

The following table presents the June 30, 2022 net OPEB asset of the Authority, as well as what the Authority's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB asset	\$ (7,214,793)	(6,052,424)	(4,650,099)

(f) Net OPEB Liability (Asset) of the Authority Required by GASB 75

The Authority's June 30, 2022 net OPEB asset was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2021. The Authority's June 30, 2021 net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2020.

The components of the Authority's net OPEB liability(asset) as of the June 30, 2021 and 2020 measurement dates are as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$ 13,082,661	12,726,333
Plan fiduciary net position	<u>17,815,255</u>	<u>11,974,884</u>
Net OPEB (asset) liability	<u>\$ (4,732,594)</u>	<u>751,449</u>
Plan fiduciary net position as a percentage of the total OPEB liability	136.17 %	94.10 %

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June 30, 2022 and 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the measurement date June 30, 2021 and 2020, the Authority recognized OPEB expense of \$(2,421,509) and (\$1,638,844), respectively. At June 30, 2021 and 2020 measurement dates, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred outflows of resources	Deferred inflows of resources
Difference between actual and expected experience	\$ 833,911	219,655
Net difference between expected and actual earnings on OPEB plan investments	—	2,147,627
Assumption changes	—	3,970,136
Contributions made subsequent to the measurement date	548,980	—
Total	<u>\$ 1,382,891</u>	<u>6,337,418</u>
	2020	
	Deferred outflows of resources	Deferred inflows of resources
Difference between actual and expected experience	\$ 1,098,889	151,783
Net difference between expected and actual earnings on OPEB plan investments	303,039	—
Assumption changes	—	6,277,734
Contributions made subsequent to the measurement date	2,586,619	—
Total	<u>\$ 3,988,547</u>	<u>6,429,517</u>

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Deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction to the Authority's total OPEB liability in fiscal year 2023. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023		\$	(2,605,361)
2024			(1,761,705)
2025			(509,780)
2026			(619,039)
2027			(7,622)
	Total		<u><u>\$ (5,503,507)</u></u>

Actuarial Assumptions

The Authority's June 30, 2022 total OPEB liability (measurement date of June 30, 2021) was determined by an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2021. The Authority's June 30, 2021 total OPEB liability (measurement date of June 30, 2020) was determined by an actuarial valuation as of January 1, 2020, rolled forward to June 30, 2020.

The actuarial assumptions used in the January 1, 2020 actuarial valuation for the June 30, 2021 measurement date and the actuarial assumptions used in the January 1, 2020 actuarial valuation for the June 30, 2020 measurement date were as follows:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.00%
- *Healthcare Cost trends:*
 - Medicare – 4.49% in 2021 trending to 4.7% in 2024, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Non-Medicare – 6.6% in 2021 trending to 6.2% in 2024, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Long-run growth factors include inflation of 2.5%, real GDP growth of 1.5%, and excess medical growth of 1.1%
- *Mortality:*
 - Pre-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2020.
 - Post-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2020.
 - For disabled members, the mortality rate reflects the post-retirement mortality described.

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- *Long-term Expected Rate of Return* – Investment assets of the Plan are held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage. The best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Global equity	6.8 %
Portfolio completion strategies	5.2
Core fixed income	2.1
Private equity	10.2
Real estate	6.0
Value added fixed income	6.2
Timber/natural resources	6.6

- *Discount rate* – The discount rate used to measure the total OPEB liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that the Authority’s contributions will be made based on the current funding policy for future years. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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June 30, 2022 and 2021

Changes in Net OPEB Asset

The following presents the changes in the Authority's net OPEB asset as of June 30, 2022 (measurement date June 30, 2021) and 2021 (measurement date June 20, 2020):

	Total OPEB liability	Plan fiduciary net position	Net OPEB liability (asset)
Balance recognized at June 30, 2021 (Based on June 30, 2020 measurement date)	\$ 12,726,333	11,974,884	751,449
Changes recognized for the fiscal year:			
Service cost	206,633	—	206,633
Interest on the total OPEB liability	885,123	—	885,123
Differences between expected and actual experience	(148,812)	—	(148,812)
Changes of assumptions	—	—	—
Benefit payments	(586,616)	(586,616)	—
Contributions from the employer	—	2,586,616	(2,586,616)
Net investment income	—	3,918,473	(3,918,473)
Administrative expense	—	(78,102)	78,102
Net changes	356,328	5,840,371	(5,484,043)
Balance recognized at June 30, 2022 (Based on June 30, 2021 measurement date)	\$ 13,082,661	17,815,255	(4,732,594)

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June 30, 2022 and 2021

	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability</u>
Balances recognized at June 30, 2020 (Based on June 30, 2019 measurement date)	\$ 11,864,398	9,815,888	2,048,510
Changes recognized for the fiscal year:			
Service cost	279,392	—	279,392
Interest on the total OPEB liability	847,439	—	847,439
Differences between expected and actual experience	1,184,852	—	1,184,852
Changes of assumptions	(856,511)	—	(856,511)
Benefit payments	(593,237)	(593,237)	—
Contributions from the employer	—	2,593,237	(2,593,237)
Net investment income	—	169,954	(169,954)
Administrative expense	—	(10,958)	10,958
Net changes	<u>861,935</u>	<u>2,158,996</u>	<u>(1,297,061)</u>
Balance recognized at June 30, 2021 (Based on June 30, 2020 measurement date)	\$ <u>12,726,333</u>	<u>11,974,884</u>	<u>751,449</u>

Sensitivity of the Net OPEB Liability (Asset) to Change in the Discount Rate

The following table presents the net OPEB liability (asset) of the Authority, calculated using the discount rate disclosed as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>Current rate</u>	<u>1% Decrease in current rate</u>	<u>Current discount rate</u>	<u>1% Increase in current rate</u>
Net OPEB asset – 2022	7.00	\$ (3,126,681)	(4,732,594)	(6,072,328)
Net OPEB liability (asset) – 2021	7.00	\$ 2,313,622	751,449	(551,795)

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June 30, 2022 and 2021

Sensitivity of the Net OPEB Liability (Asset) to Change in the Healthcare Cost Trend Rates

The following table presents the net OPEB liability (asset) of the Authority, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Trend rate</u>	<u>1% Increase</u>
Net OPEB asset – 2022	\$ (6,161,002)	(4,732,594)	(2,996,004)
Net OPEB liability (asset) – 2021	\$ (638,054)	751,449	2,440,740

OPEB Plan's Fiduciary Net Position

The OPEB plan does not issue a stand-alone financial report. However, the OPEB plan is included as a fiduciary fund in these financial statements.

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Required Supplementary Information

Schedule of Employer Contributions – Boston Retirement System

June 30, 2022 and 2021

(Unaudited)

(Dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,237	3,150	2,734	2,669	2,530	2,316	2,211	2,142
Contributions in relation to the actuarially determined contribution	<u>3,237</u>	<u>3,150</u>	<u>2,734</u>	<u>2,669</u>	<u>2,530</u>	<u>2,316</u>	<u>2,211</u>	<u>2,142</u>
Contribution deficiency	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Authority's covered-employee payroll	\$ 10,044	10,504	9,434	8,423	8,294	8,031	7,674	7,396
Contributions as a percentage of covered-employee payroll	32.2 %	30.0 %	29.0 %	31.7 %	30.5 %	28.8 %	28.8 %	29.0 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

BOSTON REDEVELOPMENT AUTHORITY

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Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability – Boston Retirement System

June 30, 2022 and 2021

(Unaudited)

(Dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.30 %	0.37 %	0.38 %	0.42 %	0.38 %	0.43 %	0.46 %	0.48 %
Authority's proportionate share of the net pension liability	\$ 10,306	14,528	17,522	19,083	15,234	17,851	20,096	18,527
Commonwealth's proportionate share of net pension liability associated with the Authority	116	140	157	181	220	247	294	340
Total	<u>\$ 10,422</u>	<u>14,668</u>	<u>17,679</u>	<u>19,264</u>	<u>15,454</u>	<u>18,098</u>	<u>20,390</u>	<u>18,867</u>
Authority's covered-employee payroll	\$ 10,044	10,504	9,434	8,423	8,294	8,031	7,674	7,396
Authority's proportionate share of the net pension liability as a percentage of covered-employee payroll	103.8 %	139.6 %	187.4 %	228.7 %	186.3 %	225.4 %	265.7 %	255.1 %
BRS fiduciary net position as a percentage of the total pension liability	73.3 %	67.6 %	61.9 %	58.3 %	62.7 %	58.0 %	55.8 %	59.5 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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Required Supplementary Information

Schedules of Employer Contributions – OPEB Plan

June 30, 2022 and 2021

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 548,980	586,619	593,237	568,673	554,585
Contribution made in relation to the statutorily required contribution	<u>548,980</u>	<u>2,586,619</u>	<u>2,593,237</u>	<u>1,887,469</u>	<u>7,911,999</u>
Contribution (deficiency)/excess	\$ <u>—</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,318,796</u>	<u>7,357,414</u>
Covered-employee payroll	\$ 8,943,512	9,055,838	8,596,718	7,666,889	8,256,713
Contributions as a percentage of covered-employee payroll	6.1 %	28.6 %	30.2 %	24.6 %	95.8 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

BOSTON REDEVELOPMENT AUTHORITY
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Required Supplementary Information

Schedule of Investment Returns - OPEB Plan

June 30, 2022 and 2021

(Unaudited)

(Dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expenses	(3.76)%	29.38 %	1.94 %	5.67 %	9.50 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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Required Supplementary Information

Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios

June 30, 2022 and 2021

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 214,898	206,633	279,392	309,449	791,046	1,032,960
Interest cost	911,940	885,123	847,439	855,993	699,544	647,066
Difference between expected and actual experience	(2,682,491)	(148,812)	1,184,852	215,698	(309,889)	—
Change of assumptions	115,117	—	(856,511)	(564,078)	(8,034,253)	(3,999,957)
Benefit payments	<u>(548,980)</u>	<u>(586,616)</u>	<u>(593,237)</u>	<u>(568,673)</u>	<u>(554,585)</u>	<u>(649,512)</u>
Net change in total OPEB liability	(1,989,516)	356,328	861,935	248,389	(7,408,137)	(2,969,443)
Total OPEB liability – beginning	<u>13,082,661</u>	<u>12,726,333</u>	<u>11,864,398</u>	<u>11,616,009</u>	<u>19,024,146</u>	<u>21,993,589</u>
Total OPEB liability – ending	<u>11,093,145</u>	<u>13,082,661</u>	<u>12,726,333</u>	<u>11,864,398</u>	<u>11,616,009</u>	<u>19,024,146</u>
Plan fiduciary net position:						
Contributions – employer	548,980	2,586,616	2,593,237	1,887,366	7,911,999	649,512
Net investment income (loss)	(572,543)	3,918,473	169,954	599,665	637,519	—
Benefit payments	(548,980)	(586,616)	(593,237)	(568,673)	(554,585)	(649,512)
Administrative expense	<u>(97,143)</u>	<u>(78,102)</u>	<u>(10,958)</u>	<u>(48,650)</u>	<u>(48,753)</u>	<u>—</u>
Net change in plan fiduciary net position	(669,686)	5,840,371	2,158,996	1,869,708	7,946,180	—
Plan fiduciary net position – beginning	<u>17,815,255</u>	<u>11,974,884</u>	<u>9,815,888</u>	<u>7,946,180</u>	<u>—</u>	<u>—</u>
Plan fiduciary net position – ending	<u>17,145,569</u>	<u>17,815,255</u>	<u>11,974,884</u>	<u>9,815,888</u>	<u>7,946,180</u>	<u>—</u>
Net OPEB liability (asset)	\$ <u>(6,052,424)</u>	<u>(4,732,594)</u>	<u>751,449</u>	<u>2,048,510</u>	<u>3,669,829</u>	<u>19,024,146</u>
Net position as a percentage of OPEB liability	154.6 %	136.2 %	94.1 %	82.7 %	68.4 %	— %
Covered-employee payroll	\$ 8,515,428	8,943,512	9,055,838	8,596,718	7,666,889	8,256,713
Net OPEB liability (asset) as a percentage of covered-employee payroll	(71.1)%	(52.9)%	8.3 %	23.8 %	47.9 %	230.4 %

Notes to schedule:

Changes in assumptions:

Discount rate:

June 30, 2016 measurement date: 2.85%
 June 30, 2017 measurement date: 3.58%
 June 30, 2018 measurement date: 7.35%
 June 30, 2019 measurement date: 7.15%
 June 30, 2020 measurement date: 7.00%

Mortality:

June 30, 2018 measurement date: RP 2014 Blue Collar Mortality Table projected with Scale MP-2016, with females set forward one year.
 June 30, 2019 measurement date: PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2020.
 June 30, 2020 measurement date: PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2020.
 June 30, 2022 measurement date: PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.



KPMG LLP
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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*

The Board of Directors
Boston Redevelopment Authority:

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 business-type activities and fiduciary activities of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 2, 2022. Our report contains an emphasis of matter paragraph referring to the Authority's adoption, in 2022, of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

December 2, 2022