



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, 2021 and 2020

(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 Financial Statements

We have audited the accompanying financial statements of the proprietary activity and fiduciary activity of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the years ended June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary activity and fiduciary activity of the Authority as of June 30, 2021 and 2020, 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.



Emphasis of Matter

As discussed in Note 2(k) to the financial statements, in 2021, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 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

November 16, 2021

BOSTON REDEVELOPMENT AUTHORITY

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Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2021 and 2020

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, 2021, with selective comparison information for the fiscal years ended June 30, 2020, and 2019. 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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(Unaudited)

June 30, 2021 and 2020

Proprietary Fund Condensed Financial Information and Analysis

The Authority's Condensed Schedules of Net Position as of June 30, 2021, 2020 and 2019 are as follows:

Condensed Statements of Net Position

	June 30			Percentage Change	
	2021	2020	2019	2021-2020	2020-2019
Assets:					
Current and other assets	\$ 201,494,955	196,539,007	169,114,935	2.52 %	16.2 %
Capital assets, net	20,290,915	21,394,181	21,889,609	(5.2)	(2.3)
Total assets	221,785,870	217,933,188	191,004,544	1.8	14.1
Deferred outflows of resources	8,393,529	7,298,606	7,043,236	15.0	3.6
Liabilities:					
Current liabilities	4,106,769	5,670,829	4,586,834	(27.6)	23.6
Noncurrent liabilities	193,721,050	202,123,329	180,562,248	(4.2)	11.9
Total liabilities	197,827,819	207,794,158	185,149,082	(4.8)	12.2
Deferred inflows of resources	11,030,946	11,657,067	13,159,472	(5.4)	(11.4)
Net position:					
Net investment in capital assets	17,410,877	18,387,879	18,874,307	(5.3)	(2.6)
Unrestricted	3,909,757	(12,607,310)	(19,135,081)	(131.0)	(34.1)
Total net position	\$ 21,320,634	5,780,569	(260,774)	268.8 %	(2,316.7)%

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

The Authority's net position at June 30, 2021 was \$21.3 million, an increase of \$15.5 million from the June 30, 2020 net position totaling \$5.8 million. This increase was primarily the result of excess operating income in fiscal year 2021 totaling \$15.4 million.

Current and other assets at June 30, 2021 was \$201.5 million, an increase of \$5.0 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, an increase in other receivables totaling \$2.6 million, a decrease in intergovernmental receivables totaling \$1.4 million, a decrease in notes receivable totaling \$12.3 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 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.

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- The increase in other receivables was the net result of the following:
 - A reconciliation agreement with a tenant that was finalized in fiscal year 2021. This 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, of which \$1.8 million was receivable at year-end;
 - Deferral of the payment of tenant rent in fiscal year 2021 for several tenants as a result of the global pandemic that resulted in an increase of \$1.0 million of receivables at year-end;
 - The initiation of a lease amendment with a tenant in fiscal year 2021 that resulted in an additional \$2.5 million of related amendment fees, of which \$2.0 million was receivable at year-end; and
 - The reduction of prior year receivables due to collections in fiscal year 2021 totaling \$2.2 million.
- 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.

The Authority's capital assets at June 30, 2021 were \$30.9 million, which was consistent with capital assets at June 30, 2020 totaling \$30.8 million. Capital asset acquisitions and dispositions in fiscal year 2021 are detailed in Note 7 to the financial statements. Accumulated depreciation on capital assets at June 30, 2021 was \$10.6 million, an increase of \$1.2 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 \$197.8 million, a decrease of \$10.0 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

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June 30, 2021 and 2020

unearned revenue totaling \$9.4 million, and an increase in due to designated projects/City of Boston totaling \$8.7 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.

Deferred inflows of resources at June 30, 2021 was \$11.0 million, which was consistent with deferred inflows of resources at June 30, 2020 totaling \$11.7 million.

Fiscal Year Ended June 30, 2020 Compared to Fiscal Year Ended June 30, 2019

The Authority's net position at June 30, 2020 was \$5.8 million, an increase of \$6.0 million from the June 30, 2019 deficit net position totaling \$260.8 thousand. This increase was primarily the result of excess operating income in fiscal year 2020 totaling \$5.6 million.

Current and other assets at June 30, 2020 was \$196.5 million, an increase of \$27.4 million from the June 30, 2019 current assets and other assets totaling \$169.1 million. This increase was the net result of an increase in cash and cash equivalents totaling \$6.7 million, an increase in disposition receivables totaling \$25 million, and a decrease in other receivables totaling \$3.7 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 2020 totaling \$5.8 million. The statement of cash flows identifies the sources and uses of cash and cash equivalents for each fiscal year.
- 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

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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 increase in disposition receivables represents new land disposition agreements initiated in fiscal 2020 that is offset by an increase in unearned revenue liability at June 30, 2020 totaling \$25.0 million.

- The decrease in notes and other receivables was a combined result of note adjustments and collections. 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 Authority's capital assets at June 30, 2020 was \$30.8 million, an increase of \$700 thousand from June 30, 2019 capital assets totaling \$30.1 million. Capital asset acquisitions in fiscal year 2020 are detailed in Note 7 to the financial statements. Accumulated depreciation on capital assets at June 30, 2020 was \$9.4 million, an increase of \$1.2 million from prior year accumulated depreciation totaling \$8.2 million. This increase represents fiscal year 2020 depreciation of capital assets.

Deferred outflows of resources at June 30, 2020 was \$7.3 million, which was consistent with deferred outflows of resources at June 30, 2019 totaling \$7.0 million.

Current and noncurrent liabilities at June 30, 2020 was \$207.8 million, an increase of \$22.7 million from the June 30, 2019 current and noncurrent liabilities totaling \$185.1 million. This increase was the net result of an increase in deferred revenue totaling \$25.0 million as described above, and a decrease in due to the City of Boston and other designated entities totaling \$3.9 million, which offset reductions in notes receivable as described above.

Deferred inflows of resources at June 30, 2020 was \$11.7 million, which was a decrease of \$1.5 million from deferred inflows of resources at June 30, 2019 totaling \$13.2 million. This decrease was primarily the result of amortization of the change in discount rate assumption from the Authority's creation of the OPEB Trust in fiscal year 2019.

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The Authority's Condensed Schedules of Revenues, Expenses and Changes in Net Position as of June 30, 2021, 2020 and 2019 are as follows:

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

	June 30			Percentage Change	
	2021	2020	2019	2021-2020	2020-2019
Operating revenues:					
Intergovernmental and other	\$ 5,944,450	7,860,288	10,327,061	(24.4)%	(23.9)%
Gain on sale of property	11,657,537	8,072,879	16,293,395	44.4	(50.5)
Rent and other property payments	17,488,778	12,144,939	11,316,068	44.0	7.3
Total operating revenues	35,090,765	28,078,106	37,936,524	25.0	(26.0)
Operating expenses:					
Personnel and fringe benefits	10,125,472	10,761,398	11,233,930	(5.9)	(4.2)
Contractual services, supplies and other	8,341,397	10,502,696	14,768,354	(20.6)	(28.9)
Depreciation	1,198,709	1,211,636	1,136,123	(1.1)	6.6
Total operating expenses	19,665,578	22,475,730	27,138,407	(12.5)	(17.2)
Operating income	15,425,187	5,602,376	10,798,117	175.3	(48.1)
Nonoperating revenues:					
Interest income	114,878	438,967	294,129	(73.8)	49.2
Total nonoperating revenues	114,878	438,967	294,129	(73.8)	49.2
Increase in net position	15,540,065	6,041,343	11,092,246	157.2	(45.5)
Net position, beginning of year	5,780,569	(260,774)	(11,353,020)	2,316.7	97.7
Net position, end of year	\$ 21,320,634	5,780,569	(260,774)	(268.8)%	2,316.7 %

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

The Authority's operating revenues in fiscal year 2021 were \$35.1 million, an increase of \$7.0 million from fiscal year 2020 operating revenues totaling \$28.1 million. This increase was 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 \$5.3 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.

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- The increase in gains from sales of property was the combined 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 additional rent from one tenant's license extension totaling \$2.5 million, as well as a reconciliation agreement with a tenant that was finalized in fiscal year 2021. This 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.
- 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 \$8.3 million, a decrease of \$2.2 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 \$682 thousand, 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 the result of a decrease in state grants in fiscal year 2021 that funded this activity in fiscal year 2020.
- 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.

Fiscal Year Ended June 30, 2020 Compared to Fiscal Year Ended June 30, 2019

The Authority's operating revenues in fiscal year 2020 were \$28.1 million, a decrease of \$9.8 million from fiscal year 2019 operating revenues totaling \$37.9 million. This decrease was the net result of a decrease in intergovernmental revenue totaling \$2.3 million, a decrease in gains from sales of property totaling \$8.3 million, and an increase in rent and other property payments totaling \$800 thousand. Explanations for these fluctuations are as follows:

- The decrease in intergovernmental revenue was primarily the net result of a decrease in city and state grants totaling \$5.2 million and an increase due to EDIC/ inter-company grant income totaling \$2.7M.
- The decrease in gains from sales of property was the result of the Authority having a significant land sale in fiscal year 2019 totaling \$12 million. Property sales are generally one-time events that are inconsistent from year to year.

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- The increase in rent and other property payments was primarily due to a higher occupancy rate in the Authority's China Trade building in fiscal year 2020 compared to fiscal year 2019, in addition to increased rent from other tenants.

The Authority's contracted services, supplies and other costs in fiscal year 2020 were \$10.5 million, a decrease of \$4.3 million from fiscal year 2019's contracted services, supplies and other costs totaling \$14.8 million. This decrease was primarily the result of an additional \$3.9 million of engineering and construction expenditures in fiscal year 2019 for various development projects within the City of Boston. The amount of fiscal year 2020 contracted services, supplies and other costs were consistent with the amount of fiscal year 2018 contracted services, supplies and other costs.

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

The current pandemic resulting from the COVID-19 outbreak has caused a number of conditions regarding the Authority's financial outlook. Certain tenants of the Authority have suffered from the shut-down of their business, bringing into question their ability to make monthly lease payments. This has resulted in a higher than normal bad debt allowance. Tenants of the Authority were extended rent deferrals beginning in March 2020 that continued through fiscal year 2021, resulting in higher rent receivable balances. Both short-term leases for seasonal business and parking revenue were significantly scaled back during the summer of 2020 and 2021. While short-term leases on seasonal business were still impacted in the summer of 2021, budgeted parking revenue for fiscal year 2022 has rebounded to almost to pre-pandemic level.

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
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Proprietary Fund - Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 66,156,971	48,743,628
Accounts receivable:		
Intergovernmental	655,011	2,045,062
Other accounts receivable	5,311,860	2,707,787
Prepaid assets	196,793	176,464
Notes receivable, net, current portion (note 4)	2,959,752	2,296,181
Disposition receivables – development sites, current portion (note 6)	1,903,972	1,903,972
Total current assets	77,184,359	57,873,094
Noncurrent assets:		
Notes receivable, net (note 4)	89,318,823	101,607,498
Notes receivable – Rowes Wharf, net (note 5)	403,322	454,255
Disposition receivables – development sites (note 6)	34,588,451	36,604,160
Capital assets (note 7):		
Nondepreciable	6,036,425	6,089,936
Depreciable	24,900,953	24,751,999
Less accumulated depreciation	(10,646,463)	(9,447,754)
Total capital assets, net	20,290,915	21,394,181
Total noncurrent assets	144,601,511	160,060,094
Total assets	221,785,870	217,933,188
Deferred outflows of resources:		
Pensions (note 12)	4,404,982	4,526,312
Other postemployment benefits (note 13)	3,988,547	2,772,294
Total deferred outflows of resources	8,393,529	7,298,606
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	2,061,639	3,667,869
Vacation and sick leave, current portion (note 10)	141,158	98,988
Unearned revenue, current portion (notes 6 and 10)	1,903,972	1,903,972
Total current liabilities	4,106,769	5,670,829
Noncurrent liabilities (note 10):		
Notes payable (note 8)	1,475,000	1,475,000
Deposits	27,803,458	30,861,724
Net pension liability (note 12)	14,527,580	17,522,189
Vacation and sick leave	1,490,104	1,203,607
Other postemployment benefits (note 13)	751,449	2,048,510
Due to designated projects (note 4)	28,759,683	43,071,763
Due to City of Boston (note 4)	84,171,575	61,130,896
Unearned revenue (note 6)	34,588,451	44,013,791
Other	153,750	795,849
Total noncurrent liabilities	193,721,050	202,123,329
Total liabilities	197,827,819	207,794,158
Deferred inflows of resources:		
Pensions (note 12)	4,601,429	3,515,443
Other postemployment benefits (note 13)	6,429,517	8,141,624
Total deferred inflows of resources	11,030,946	11,657,067
Net position:		
Net investment in capital assets	17,410,877	18,387,879
Unrestricted	3,909,757	(12,607,310)
Commitments and contingencies (note 11)		
Total net position	\$ 21,320,634	5,780,569

See accompanying notes to basic financial statements.

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

Years ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Intergovernmental	\$ 1,508,507	7,153,070
Gain on sale of property (notes 6 and 9)	10,582,058	7,067,909
Rent and other property payments (notes 6 and 9)	17,488,778	12,144,939
Notes receivable – interest income (note 5)	3,651,346	689,643
Gross profit recognized on installment sale (note 5)	1,075,479	1,004,970
Other	784,597	17,575
Total operating revenues	35,090,765	28,078,106
Operating expenses:		
Personnel	9,167,736	9,161,228
Fringe benefits	957,736	1,600,170
Supplies and services	6,228,878	3,934,165
Contractual services	2,112,519	6,237,162
Depreciation	1,198,709	1,211,636
Other	—	331,369
Total operating expenses	19,665,578	22,475,730
Operating income	15,425,187	5,602,376
Nonoperating revenues:		
Interest income	114,878	438,967
Total nonoperating revenues	114,878	438,967
Increase in net position	15,540,065	6,041,343
Net position, beginning of year	5,780,569	(260,774)
Net position, end of year	\$ 21,320,634	5,780,569

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 23,912,816	28,467,543
Cash paid to employees and for fringe benefits	(15,809,519)	(15,579,420)
Cash paid to suppliers and consultants	<u>(10,084,422)</u>	<u>(10,195,502)</u>
Net cash (used in) provided by operating activities	<u>(1,981,125)</u>	<u>2,692,621</u>
Cash flows from noncapital financing activities:		
Receipts from development projects	7,432,935	7,173,082
Payments for development projects	(10,214,390)	(2,180,722)
Receipts from the City of Boston and designated projects	16,580,789	117,469
Payments for the City of Boston and designated projects	<u>(4,876,178)</u>	<u>(3,980,386)</u>
Net cash provided by noncapital financing activities	<u>8,923,156</u>	<u>1,129,443</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,718,317)	(740,452)
Sale of capital assets	<u>26,745</u>	<u>26,745</u>
Net cash used in capital and related financing activities	<u>(1,691,572)</u>	<u>(713,707)</u>
Cash flows from investing activities:		
Collections of loan principal	12,048,006	3,181,309
Interest earnings on escrow deposits	<u>114,878</u>	<u>438,967</u>
Net cash provided by investing activities	<u>12,162,884</u>	<u>3,620,276</u>
Net increase in cash and cash equivalents	17,413,343	6,728,633
Cash and cash equivalents, beginning of year	<u>48,743,628</u>	<u>42,014,995</u>
Cash and cash equivalents, end of year	<u>\$ 66,156,971</u>	<u>48,743,628</u>
Reconciliation of operating income to net cash (used in) provided by operating activities:		
Operating income	\$ 15,425,187	5,602,376
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Depreciation	1,198,709	1,211,636
Other noncash increases/(decreases)	(610,996)	—
Changes in operating assets and liabilities:		
Other postemployment liability, net of deferrals	(4,225,421)	(4,227,967)
Pension liability, net of deferrals	(1,787,293)	(712,082)
Accounts receivable	(3,344,338)	313,832
Disposition receivables – development sites	2,015,709	(24,999,531)
Notes receivable – Rowes Wharf, net	50,933	47,594
Prepaid assets	(52,473)	(439)
Accounts payable and accrued expenses	(1,574,226)	307,633
Vacation and sick leave liability	328,667	150,038
Unearned revenue	(9,289,258)	24,999,531
Other liabilities	<u>(116,325)</u>	<u>—</u>
Net cash (used in) provided by operating activities	<u>\$ (1,981,125)</u>	<u>2,692,621</u>
Supplemental cash flow information:		
Noncash dispositions of land	\$ 1,540,303	—
Noncash notes receivable	422,902	(761,797)

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Net investment in PRIT at fair value	\$ 17,815,255	11,974,884
Total assets	<u>17,815,255</u>	<u>11,974,884</u>
Net position:		
Restricted for Other post-employment benefits	17,815,255	11,974,884
Total net position	<u>\$ 17,815,255</u>	<u>11,974,884</u>

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions:		
Contributions:		
Employer	\$ 2,586,619	2,593,237
Total contributions	<u>2,586,619</u>	<u>2,593,237</u>
Net investment gain/(loss):		
Investment gain/(loss):	3,918,473	219,243
Less investment expense	<u>(64,971)</u>	<u>(49,289)</u>
Net investment gain/(loss)	<u>3,853,502</u>	<u>169,954</u>
Total additions	<u>6,440,121</u>	<u>2,763,191</u>
Deductions:		
Retirement benefits and payments	586,619	593,237
Administrative expenses	<u>13,131</u>	<u>10,958</u>
Total deductions	<u>599,750</u>	<u>604,195</u>
Change in net position	<u>5,840,371</u>	<u>2,158,996</u>
Net position, beginning of year, as restated (Note 2(k))	<u>11,974,884</u>	<u>9,815,888</u>
Net position, end of year	<u>\$ 17,815,255</u>	<u>11,974,884</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, 2021 and 2020

(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 operating leases and other governments.

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

Notes to Financial Statements

June 30, 2021 and 2020

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 rental income.

The Authority also receives a significant amount of 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, 2021 and 2020

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) Adoption of New Accounting Pronouncement

In 2021, the Authority implemented GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments.

The Authority adopted this statement as of July 1, 2019. As a result of adoption, the Authority identified one fiduciary activity that was not previously reported within the Authority's basic financial statements, an other post-employment benefit trust fund. The result of this adoption of an accounting principle is as follows:

	Fiduciary Fund
Net position, as previously reported	\$ —
Implementation of GASB 84	9,815,888
Net position as of July 1, 2019, as restated	\$ 9,815,888

(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

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

Notes to Financial Statements

June 30, 2021 and 2020

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 purchased fully collateralized certificate of deposits totaling \$24,000,000 with maturity dates ranging from April 30, 2021 to April 28, 2022.

(b) Restrictions

As of June 30, 2021 and 2020, the Authority had \$46,534,918 and \$33,980,648, respectively, of cash internally restricted for Boston's Affordable Housing Program, Development Mitigation, customer deposits, capital reserve funds and other City of Boston obligations.

(4) Notes Receivable

Notes receivable as of June 30, 2021 and 2020 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.

	2021	2020
Notes receivable:		
Real estate	\$ 7,982,392	17,421,239
Development and housing	84,296,183	87,177,145
Allowance for uncollectible notes receivable	—	(694,705)
Notes receivable, net	\$ 92,278,575	103,903,679

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 \$85,687,895 and \$96,826,738 for the years ended June 30, 2021 and 2020, 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.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020 total \$8,516,339 and \$9,591,818, respectively.

During the years ended June 30, 2021 and 2020, principal payments of \$1,075,479 and \$1,004,970 and interest payments of \$619,135 and \$689,643, respectively, were received from the developer. The Authority has recorded and recognized the profit from the sale on the installment method, as follows:

	2021	2020
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	(9,510,849)	(8,486,303)
Gross profit not yet recognized	\$ 8,113,017	9,137,563

(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, 2021 and 2020, the Authority recorded \$36,492,423 and \$38,508,132, respectively, of disposition receivables.

For the years ended June 30, 2021 and 2020, the Authority recorded revenue of \$9,289,258 and \$4,597,969, respectively, which was previously recorded as unearned revenue.

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

Notes to Financial Statements

June 30, 2021 and 2020

(7) Capital Assets

The following is a summary of activities by major categories of capital assets for the years ended June 30, 2021 and 2020:

	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	<u>6,089,936</u>	<u>1,662,491</u>	<u>(1,716,002)</u>	<u>6,036,425</u>
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	<u>24,751,999</u>	<u>148,954</u>	<u>—</u>	<u>24,900,953</u>
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	<u>9,447,754</u>	<u>1,198,709</u>	<u>—</u>	<u>10,646,463</u>
Capital assets being depreciated, net	<u>15,304,245</u>	<u>(1,049,755)</u>	<u>—</u>	<u>14,254,490</u>
Capital assets, net	<u>\$ 21,394,181</u>	<u>612,736</u>	<u>(1,716,002)</u>	<u>20,290,915</u>

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2021 and 2020

	2020			Ending balance
	Beginning balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 5,874,623	—	(26,745)	5,847,878
Construction in progress	113,296	742,953	(614,191)	242,058
Total capital assets not being depreciated	5,987,919	742,953	(640,936)	6,089,936
Capital assets being depreciated:				
Land improvements	471,384	—	—	471,384
Building	20,299,883	590,514	—	20,890,397
Furniture and fixtures	2,197,755	—	—	2,197,755
Computers	1,033,715	—	—	1,033,715
Vehicles	135,071	23,677	—	158,748
Total capital assets being depreciated at historical cost	24,137,808	614,191	—	24,751,999
Less accumulated depreciation for:				
Land improvements	182,020	16,070	—	198,090
Building	5,061,910	1,054,203	—	6,116,113
Furniture and fixtures	1,985,753	71,896	—	2,057,649
Computers	905,316	53,362	—	958,678
Vehicles	101,119	16,105	—	117,224
Total accumulated depreciation	8,236,118	1,211,636	—	9,447,754
Capital assets being depreciated, net	15,901,690	(597,445)	—	15,304,245
Capital assets, net	\$ 21,889,609	145,508	(640,936)	21,394,181

(8) 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, 2021 and 2020.

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

Notes to Financial Statements

June 30, 2021 and 2020

(9) Operating Leases and Other Property Payments

The Authority is a lessor of property under operating leases expiring in various years through 2116. Total rental income under operating leases was \$7,381,785 and \$7,759,710 for the years ended June 30, 2021 and 2020, respectively.

Minimum future rentals to be received on all operating leases as of June 30, 2021 for each of the next five years and thereafter are as follows:

	<u>Amount</u>
Year ending June 30:	
2022	\$ 8,497,073
2023	8,028,396
2024	7,581,173
2025	7,093,048
2026	7,156,815
Thereafter	<u>215,667,413</u>
	<u>\$ 254,023,918</u>

The Authority also receives land disposition sales and a percentage of revenues from the sale and resale of real estate. The Authority received payments amounting to \$12,177,198 and \$8,339,372 for the years ended June 30, 2021 and 2020, which included \$10,582,058 and \$7,067,909 from land disposition sales, and \$1,595,140 and \$1,271,462 from resales, respectively.

In addition, the Authority receives revenue from parking facilities totaling \$4,082,229 and \$3,622,563 and percentage rent and additional rent totaling \$5,246,338 and \$483,693 as of June 30, 2021 and 2020, respectively.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2021 and 2020

(10) Long-Term Liabilities

The following is a summary of long-term liabilities by major category at June 30, 2021 and 2020:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due within</u> <u>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	—
Unearned revenue	45,917,763	—	9,425,340	36,492,423	1,903,972
Other	795,849	103,750	745,849	153,750	—
	<u>\$ 204,126,289</u>	<u>57,320,530</u>	<u>65,680,639</u>	<u>195,766,180</u>	<u>2,045,130</u>

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due within</u> <u>one year</u>
Notes payable	\$ 1,475,000	—	—	1,475,000	—
Deposits	25,736,332	9,447,714	4,322,322	30,861,724	—
Net pension liability	19,083,144	1,172,610	2,733,565	17,522,189	—
Vacation and sick leave	1,152,557	229,460	79,422	1,302,595	98,988
Other postemployment benefits	3,669,829	1,429,893	3,051,212	2,048,510	—
Due to designated projects	44,435,860	78,637	1,442,734	43,071,763	—
Due to the City of Boston	64,389,011	2,189,894	5,448,009	61,130,896	—
Unearned revenue	20,918,232	29,597,500	4,597,969	45,917,763	1,903,972
Other	928,881	297,244	430,276	795,849	—
	<u>\$ 181,788,846</u>	<u>44,442,952</u>	<u>22,105,509</u>	<u>204,126,289</u>	<u>2,002,960</u>

(11) 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, 2021 and 2020.

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.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2021 and 2020

(12) 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, 2020 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, 2020 and 2019).

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.

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020, the Authority's required and actual contribution was \$3,150,271 and \$2,733,565, 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, 2021 and 2020, the Authority reported a liability of \$14,527,580 and \$17,522,189, respectively, for its proportionate share of the BRS net pension liability measured as of December 31, 2020 and 2019, 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, 2021 and 2020 were as follows:

	2021	2020
Authority's proportionate share of net pension liability	\$ 14,527,580	17,522,189
Commonwealth's proportionate share of net pension liability associated with the Authority	139,787	157,001
Total	\$ 14,667,367	17,679,190

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, 2020 and 2019, the Authority was allocated .95% and .90%, 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, 2020 was .37% compared to 0.38% at December 31, 2019.

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For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of \$1,392,273 and \$2,021,484, respectively. The Authority also recognized revenue of \$29,295 and \$28,011, respectively related to the special funding situation with the Commonwealth. At June 30, 2021 and 2020, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Changes in employer proportion	\$ 706,877	1,361,628	—	1,798,892
Difference between expected and actual experience	—	730,277	—	1,071,156
Net difference between projected and actual investment earnings	—	2,509,524	—	507,871
Changes in assumptions	3,698,105	—	4,526,312	137,524
	<u>\$ 4,404,982</u>	<u>4,601,429</u>	<u>4,526,312</u>	<u>3,515,443</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:	
2022	\$ (393,024)
2023	750,333
2024	(834,197)
2025	166,813
2026	<u>113,628</u>
Total	<u>\$ (196,447)</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, 2020 and 2019 was determined by an actuarial valuation as of January 1, 2020 and 2019, 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 – 7.05% for BRS excluding teachers, net of expenses, including inflation*
- *Cost-of-living increases – 3.00% of first \$14,000*

- **Mortality:**

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.

2019:

- 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 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

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return for each major asset class included in the target asset allocation as of the actuarial valuation of date December 31, 2020 and 2019 are summarized below:

Asset class	2020		2019	
	BRS excluding teachers target allocation	Long-term expected real rate of return	BRS excluding teachers target allocation	Long-term expected real rate of return
Domestic equity	23 %	6.28 %	23 %	6.15 %
International developed markets equity	17	7.00	17	6.78
International emerging markets equity	8	8.82	8	8.65
Core fixed income	16	0.38	16	1.11
High yield fixed income	6	2.97	10	3.51
Real estate	10	3.50	10	4.33
Emerging Market Debt	4	3.16	—	4.13
Hedge fund, GTAA, risk parity	5	3.25	5	3.19
Private equity	11	10.11	11	9.99
	<u>100 %</u>		<u>100 %</u>	

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.05% as of December 31, 2020 and 2019 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.

(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 7.05% as of December 31, 2020 and 2019 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:

	Current rate	1% Decrease	Current discount rate	1% Increase
December 31, 2020	7.05 % \$	23,168,224	14,527,580	7,245,588
December 31, 2019	7.05 % \$	25,405,241	17,522,189	10,878,516

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(13) 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.

	January 1	
	2020	2019
Active	70	65
Inactive	79	76

(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.

(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 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. During fiscal year 2020, the Authority contributed \$2,593,237 to the OPEB plan, which consists of \$593,237 of pay-as-you-go benefit payments and \$2,000,000 of additional contributions. Employees do not contribute to the plan during employment.

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(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 FY2019.

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

<u>Asset class</u>	<u>2021</u>	<u>2020</u>
Global equity	34% - 44%	40 %
Portfolio completion strategies	8 - 14	13
Core fixed income	12 - 18	12
Private equity	10 - 16	11
Real estate	7 - 13	10
Value added fixed income	5 - 11	10
Timber/natural resources	1 - 7	4
	<u>100 %</u>	<u>100 %</u>

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 2021 and 2020 was 29.37% and 1.88%, respectively. A money weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

The components of the net OPEB liability (asset) as of June 30, 2021 are as follows:

Total OPEB liability	\$ 13,082,661
Plan fiduciary net position	<u>17,815,255</u>
Net OPEB liability (asset)	\$ <u>(4,732,594)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	136.17 %

The disclosures related to the net OPEB liability as of June 30, 2020 are disclosed in note 13(f). Additional information regarding changes in the net OPEB liability (asset) can be found in the Required Supplementary Information section of these financial statements.

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Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.00%
- *Healthcare Cost trends:*
 - Medicare – 4.8% 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.
- *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 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 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

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- *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 Liability (Asset) to Change in the Discount Rate

The following table presents the June 30, 2021 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>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Net OPEB liability (asset) \$	(3,126,681)	(4,732,594)	(6,072,328)

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

The following table presents the June 30, 2021 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>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset) \$	(6,161,002)	(4,732,594)	(2,996,004)

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

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 Authority's June 30, 2020 net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to June 30, 2019.

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The components of the Authority's net OPEB liability as of the June 30, 2020 and 2019 measurement dates are as follows:

	2020	2019
Total OPEB liability	\$ 12,726,333	11,864,398
Plan fiduciary net position	11,974,884	9,815,888
Net OPEB liability	\$ 751,449	2,048,510
Plan fiduciary net position as a percentage of the total OPEB liability	94.10 %	82.73 %

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

For the measurement date June 30, 2020 and 2019, the Authority recognized OPEB expense of (\$1,638,844) and (\$1,634,688), respectively. At June 30, 2020 and 2019 measurement dates, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	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	\$ 3,988,547	6,429,517

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	<u>2019</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between actual and expected experience	\$ 179,015	204,485
Net difference between expected and actual earnings on OPEB plan investments	—	208,318
Assumption changes	—	7,728,821
Contributions made subsequent to the measurement date	<u>2,593,279</u>	<u>—</u>
Total	<u>\$ 2,772,294</u>	<u>8,141,624</u>

Deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction to the Authority's net OPEB liability in fiscal year 2022. Other deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ (2,055,938)
2023	(1,974,303)
2024	(1,130,647)
2025	121,278
2026	<u>12,021</u>
Total	<u>\$ (5,027,589)</u>

Actuarial Assumptions

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 Authority's June 30, 2020 total OPEB liability (measurement date of June 30, 2019) was determined by an actuarial valuation as of January 1, 2019, rolled forward to June 30, 2019.

The actuarial assumptions used in the January 1, 2020 actuarial valuation for the June 30, 2020 measurement date are described in note 13(e). The actuarial assumptions used in the January 1, 2019 actuarial valuation for the June 30, 2019 measurement date were as follows:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.15%
- *Healthcare Cost trends* – 7.00%, decreasing 0.50% per year to an ultimate rate of 4.50% for 2026

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- *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 above.
- *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, 2019 measurement date are summarized in the following table:

Asset class	Long-term expected real rate of return
Global equity	4.3 %
Portfolio completion strategies	1.6
Core fixed income	8.3
Private equity	18.5
Real estate	6.1
Value added fixed income	6.6
Timber/natural resources	1.8

- *Discount rate* – The discount rate used to measure the total OPEB liability is 7.15%. 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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Changes in Net OPEB Liability

The following presents the changes in the Authority's net OPEB liability as of June 30, 2021 (measurement date June 30, 2020) and 2020 (measurement date June 20, 2019):

	<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>

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	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability</u>
Balances recognized at June 30, 2019 (Based on June 30, 2018 measurement date)	\$ 11,616,009	7,946,180	3,669,829
Changes recognized for the fiscal year:			
Service cost	309,449	—	309,449
Interest on the total OPEB liability	855,993	—	855,993
Differences between expected and actual experience	215,698	—	215,698
Changes of assumptions	(564,078)	—	(564,078)
Benefit payments	(568,673)	(568,673)	—
Contributions from the employer	—	1,887,366	(1,887,366)
Net investment income	—	558,629	(558,629)
Administrative expense	—	(7,614)	7,614
Net changes	<u>248,389</u>	<u>1,869,708</u>	<u>(1,621,319)</u>
Balance recognized at June 30, 2020 (Based on June 30, 2019 measurement date)	\$ <u>11,864,398</u>	<u>9,815,888</u>	<u>2,048,510</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 liability (asset) – 2021	7.00	\$ 2,313,622	751,449	(551,795)
Net OPEB liability – 2020	7.15	\$ 3,522,803	2,048,510	823,971

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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 liability (asset) – 2021	\$ (638,054)	751,449	2,440,740
Net OPEB liability – 2020	\$ 659,748	2,048,510	3,767,707

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, 2021 and 2020

(Unaudited)

(Dollars in thousands)

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,150	2,734	2,669	2,530	2,316	2,211	2,142
Contributions in relation to the actuarially determined contribution	3,150	2,734	2,669	2,530	2,316	2,211	2,142
Contribution deficiency	—	—	—	—	—	—	—
Authority's covered-employee payroll	\$ 10,504	9,434	8,423	8,294	8,031	7,674	7,396
Contributions as a percentage of covered-employee payroll	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.

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Required Supplementary Information

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

June 30, 2021 and 2020

(Unaudited)

(Dollars in thousands)

	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.37 %	0.38 %	0.42 %	0.38 %	0.43 %	0.46 %	0.48 %
Authority's proportionate share of the net pension liability	\$ 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	140	157	181	220	247	294	340
Total	\$ 14,668	\$ 17,679	\$ 19,264	\$ 15,454	\$ 18,098	\$ 20,390	\$ 18,867
Authority's covered-employee payroll	\$ 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	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	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, 2021 and 2020

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 586,619	593,237	568,673	554,585
Contribution made in relation to the statutorily required contribution	<u>2,586,619</u>	<u>2,593,237</u>	<u>1,887,469</u>	<u>7,911,999</u>
Contribution (deficiency)/excess	\$ <u>2,000,000</u>	<u>2,000,000</u>	<u>1,318,796</u>	<u>7,357,414</u>
Covered-employee payroll	\$ 9,055,838	8,596,718	7,666,889	8,256,713
Contributions as a percentage of covered-employee payroll	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
(A Component Unit of the City of Boston)

Required Supplementary Information

Schedule of Investment Returns - OPEB Plan

June 30, 2021 and 2020

(Unaudited)

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expenses	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.

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

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2021 and 2020

(Unaudited)

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 206,633	279,392	309,449	791,046	1,032,960
Interest cost	885,123	847,439	855,993	699,544	647,066
Difference between expected and actual experience	(148,812)	1,184,852	215,698	(309,889)	—
Change of assumptions	—	(856,511)	(564,078)	(8,034,253)	(3,999,957)
Benefit payments	(586,616)	(593,237)	(568,673)	(554,585)	(649,512)
Net change in total OPEB liability	356,328	861,935	248,389	(7,408,137)	(2,969,443)
Total OPEB liability – beginning	12,726,333	11,864,398	11,616,009	19,024,146	21,993,589
Total OPEB liability – ending	13,082,661	12,726,333	11,864,398	11,616,009	19,024,146
Plan fiduciary net position:					
Contributions – employer	2,586,616	2,593,237	1,887,366	7,911,999	649,512
Net investment income	3,918,473	219,244	599,665	637,519	—
Benefit payments	(586,616)	(593,237)	(568,673)	(554,585)	(649,512)
Administrative expense	(78,102)	(60,248)	(48,650)	(48,753)	—
Net change in plan fiduciary net position	5,840,371	2,158,996	1,869,708	7,946,180	—
Plan fiduciary net position – beginning	11,974,884	9,815,888	7,946,180	—	—
Plan fiduciary net position – ending	17,815,255	11,974,884	9,815,888	7,946,180	—
Net OPEB liability (asset)	\$ (4,732,594)	751,449	2,048,510	3,669,829	19,024,146
Net position as a percentage of OPEB liability	136.2 %	94.1 %	82.7 %	68.4 %	— %
Covered-employee payroll	\$ 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	(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 femails 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.

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 proprietary fund and fiduciary fund of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2021. Our report contains an emphasis of matter paragraph referring to the Authority's adoption, in 2021, of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

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

November 16, 2021

