



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, 2024 and 2023
(With Independent Auditors' Report Thereon)

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

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Independent Auditors' Report

The Board of Directors
Boston Redevelopment Authority:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
November 27, 2024

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2024 and 2023

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, 2024, with selective comparison information for the fiscal years ended June 30, 2023 and 2022. 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 expenses 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, increases 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, noncapital and related financing activities, capital 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, 2024 and 2023

Proprietary Fund Condensed Financial Information and Analysis

The Authority's Condensed Schedules of Net Position as of June 30, 2024, 2023 and 2022 are as follows:

Condensed Statements of Net Position

	June 30			Percentage Change	
	2024	2023	2022	2024-2023	2023-2022
Assets:					
Current and other assets	\$ 350,049,572	395,141,890	418,875,317	(11.41)%	(5.7)%
Capital assets, net	34,367,709	31,874,021	26,329,680	7.8	21.1
Total assets	384,417,281	427,015,911	445,204,997	(10.0)	(4.1)
Deferred outflows of resources	4,921,693	8,429,994	5,181,093	(41.6)	62.7
Liabilities:					
Current liabilities	9,087,726	14,957,453	13,625,682	(39.2)	9.8
Noncurrent liabilities	173,361,835	191,728,846	187,962,645	(9.6)	2.0
Total liabilities	182,449,561	206,686,299	201,588,327	(11.7)	2.5
Deferred inflows of resources	158,894,406	191,582,037	213,188,985	(17.1)	(10.1)
Net position:					
Net investment in capital assets	25,866,944	23,267,332	17,330,297	11.2	34.3
Unrestricted	22,128,063	13,910,237	18,278,481	59.1	(23.9)
Total net position	\$ 47,995,007	37,177,569	35,608,778	29.1 %	4.4 %

Fiscal Year Ended June 30, 2024 Compared to Fiscal Year Ended June 30, 2023

The Authority's net position at June 30, 2024 was \$48.0 million, an increase of \$10.8 million from the June 30, 2023 net position totaling \$37.2 million. This increase was the result of excess revenue over expenses in fiscal year 2024 totaling \$10.8 million.

Current and other assets at June 30, 2024 was \$350.0 million, a decrease of \$45.1 million from the June 30, 2023 current assets and other assets totaling \$395.1 million. This decrease was primarily the result of a decrease in cash and cash equivalents totaling \$14.9 million, a decrease in notes receivable totaling \$2.7 million, a decrease in disposition receivables totaling \$2.0 million, and a net decrease in lease and related interest receivables totaling \$26.5 million. Explanations for these fluctuations are as follows:

- The decrease in cash and cash equivalents was primarily due to the disbursement made to the communities from contributions received from prior years. Other sources and uses of cash and cash equivalents are identified in the statement of cash flows for each fiscal year.

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(Unaudited)

June 30, 2024 and 2023

- The decrease in notes receivables was primarily the net result of note collections in fiscal year 2024. Collections from notes receivable revert to either the City of Boston (City) for designated projects or to another designated entity; therefore, the loans 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 the due dates specified in the agreements upon the achievement of certain milestones. The decrease in disposition receivables was primarily the result of collections received in fiscal year 2024.
- The net decrease in lease receivable was primarily due to collections from tenants as required by the lease agreements during fiscal year 2024 totaling \$5.0 million, a fiscal year lease modification and remeasurement decrease totaling \$12.5 million, a fiscal year lease termination totaling \$9.9 million, offset by an increase in accrued interest on lease receivables of \$0.8 million.

The Authority's capital assets at June 30, 2024 were \$49.2 million, while capital assets at June 30, 2023 totaling \$45.3 million, representing a total increase of \$3.9 million. Capital asset acquisitions and dispositions in fiscal year 2024 are detailed in Note 8 to the financial statements. Total accumulated depreciation/amortization on capital assets at June 30, 2024 was \$14.3 million, an increase of \$1.3 million from prior year accumulated depreciation totaling \$13.1 million. This increase represents fiscal year 2024 depreciation of capital assets.

Deferred outflows of resources at June 30, 2024 was \$4.9 million, a decrease of \$3.5 million from the June 30, 2023 deferred outflows of resources totaling \$8.4 million. This decrease was primarily due to a decrease of deferred outflows of resources related to the pension liability totaling \$3.3 million, which is based on the most recent actuarial evaluation of the net pension liability. This decrease is primarily the combined result of a \$2.2 million decrease related to the net difference between projected and actual investment earnings and a \$0.9 million decrease related to changes in actuarial assumptions.

Current and noncurrent liabilities at June 30, 2024 was \$182.4 million, a decrease of \$24.3 million from the June 30, 2023 current and noncurrent liabilities totaling \$206.7 million. This decrease was primarily the result of a decrease in accounts payable and accrued expenses totaling \$2.9 million, a decrease in deposits totaling \$8.2 million, a decrease in due to City of Boston/due to designated entities totaling \$5.0 million, a decrease in the net pension liability totaling \$5.1 million, a decrease in vacation and sick leave totaling \$1.1 million, and a decrease in unearned revenue totaling \$2.0 million. Explanations for these fluctuations are as follows:

- The decrease in accounts payable and accrued expenses was primarily due to vendor payments for projects under MassWorks grants were less in fiscal year 2024 as compared to similar payments in fiscal year 2023.
- Cash collected from BRA developers is stipulated within the "community benefits" section of developer cooperation agreements. This cash, held in a BRA escrow account, is restricted for specific purposes that benefit certain neighborhoods of the City of Boston. The decrease in deposits was primarily due to significantly more community benefits payments being disbursed in fiscal year 2024 as compared to fiscal year 2023.

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- Due to City of Boston/designated entities accounts have been recorded as offsetting liabilities to certain assets held by BRA. These assets include notes receivable (and related cash that has been collected on these notes) that have been funded by the City or other entities in prior years, and the repayment of these notes are forwarded to the City or designated entity when the notes become active and repayments are being received. The net decrease in these accounts was primarily the result of:
 - The final obligation for the one project note was sent to the City in fiscal year 2024 resulting in a decrease of \$2.3 million.
 - The reduction of other project notes resulting from cashflow payments received and paid to the City in fiscal year 2024 resulting in a decrease \$4.0 million.
 - A disbursement of a prior year receipt from Harvard University to the Department of Conservation and Recreation for the Everett/Soldier's Fields Road Crossing work resulting in a decrease \$2.9 million.
 - Accrued interest recorded on outstanding project notes for fiscal year 2024 resulting in an increase of \$2.6 million
 - A fiscal year 2024 commitment from Harvard University for the Harvard Enterprise Research Campus project to be received and disbursed in a subsequent fiscal year resulting in an increase of \$1.6 million.
- The decrease in the net pension liability was due to both excess contributions made over pension expense during the fiscal year and a change in the most recent actuarial valuation regarding the prior valuation's projected earnings as a result of stronger market performance in 2023 and a more favorable estimation of projected earnings going forward.
- The decrease in vacation and sick leave liability was the result of most employees of the Authority moving to the City's payroll on June 29, 2024 resulting in a vacation payout to these employees on June 28, 2024 and the City honoring the employees' sick leave balances.
- The decrease in unearned revenue was primarily the result of collections on land disposition notes receivable in fiscal year 2024 as described above in the explanation for the decrease in disposition receivables.

Deferred inflows of resources at June 30, 2024 was \$158.9 million, a decrease of \$ 32.7 million from the June 30, 2023 deferred inflows of resources totaling \$191.6 million. This decrease was primarily due to a decrease in deferred inflows of resources relating to leases totaling \$30.8 million and a decrease in deferred inflows of resources relating to the OPEB plan totaling \$2.1 million. Explanations for these fluctuations are as follows:

- The decrease in deferred inflows of resources relating to leases was due to the annual amortization of this account into lease income totaling \$6.9 million, a fiscal year lease modification and remeasurement decrease totaling \$12.5 million, and a decrease of \$11.6 million as a result of a lease termination during the fiscal year.

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(Unaudited)

June 30, 2024 and 2023

- The decrease in deferred inflows of resources related to the OPEB plan, which is based on the most recent actuarial evaluation of the net OPEB liability, was due to favorable net differences between expected and actual investment earnings on OPEB assets.

Fiscal Year Ended June 30, 2023 Compared to Fiscal Year Ended June 30, 2022

The Authority's net position at June 30, 2023 was \$37.2 million, an increase of \$1.6 million from the June 30, 2022 net position totaling \$35.6 million. This increase was the result of excess revenue over expenses in fiscal year 2023 totaling \$1.6 million.

Current and other assets at June 30, 2023 was \$395.1 million, a decrease of \$23.8 million from the June 30, 2022 current assets and other assets totaling \$418.9 million. This decrease was primarily the result of a decrease in cash and cash equivalents totaling \$3.2 million, a decrease in intergovernmental receivable totaling \$6.7 million, and a decrease in lease receivables totaling \$13.8 million. Explanations for these fluctuations are as follows:

- The decrease in cash and cash equivalents was the result of the sources and uses of cash and cash equivalents as identified in the statement of cash flows for each fiscal year.
- The decrease in intergovernmental receivables was primarily the net result of:
 - A decrease in intergovernmental receivable totaling \$10 million resulting from a grant from Economic Development Industrial Corporation/Boston (EDIC) in fiscal year 2022 to help fund a portion of the Authority's Capital Reserve Fund, the funding of which occurred in fiscal year 2023. No such grant was made in fiscal year 2023, and
 - An increase in intergovernmental receivable as a result of a \$5.6 million Massworks project grant in fiscal year 2023, of which \$3.5 million was received in fiscal year 2024.
- The net decrease in lease receivable was primarily due to collections from tenants as required by the lease agreements during fiscal year 2023 totaling approximately \$4.7 million and a fiscal year lease modification and remeasurement decrease totaling \$9.9 million, offset by an increase of \$0.8 million as a result of new lease agreements during the fiscal year.

The Authority's capital assets at June 30, 2023 were \$45.3 million, while capital assets at June 30, 2022 totaling \$38.5 million, representing a total increase of \$6.8 million. Capital asset acquisitions and dispositions in fiscal year 2023 are detailed in Note 8 to the financial statements. Accumulated depreciation on capital assets at June 30, 2023 was \$13.5 million, an increase of \$1.3 million from prior year accumulated depreciation totaling \$12.2 million. This increase represents fiscal year 2023 depreciation of capital assets.

Deferred outflows of resources at June 30, 2023 was \$8.4 million, an increase of \$3.2 million from the June 30, 2022 deferred outflows of resources totaling \$5.2 million. This increase was primarily due to an increase of deferred outflows of resources related to the pension liability totaling \$3.5 million, which is based on the most recent actuarial evaluation of the net pension liability. This increase is primarily the result of a \$4.9 increase related to the net difference between projected and actual investment earnings, offset by a \$1.3 million decrease related to changes in actuarial assumptions.

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(Unaudited)

June 30, 2024 and 2023

Current and noncurrent liabilities at June 30, 2023 was \$206.7 million, an increase of \$5.1 million from the June 30, 2022 current and noncurrent liabilities totaling \$201.6 million. This increase was primarily the net result of an increase in accounts payable and accrued expenses totaling \$5.7 million, an increase in the net pension liability totaling \$6.4 million, and an increase in due to designated projects totaling \$3.5 million, offset by a decrease in the pollution remediation liability totaling \$4.2 million and a decrease in deposits totaling \$5.8 million. Explanations for these fluctuations are as follows:

- The increase in accounts payable and accrued expenses was primarily due to vendor payments relating to a \$5.6 million Massworks project grant in fiscal year 2023 that were waiting on state approval at year-end before disbursing.
- The increase in the net pension liability was primarily due to a change in the most recent actuarial valuation regarding the prior valuation's projected earnings as a result of poor market performance in 2021 and a more conservative estimation of projected earnings going forward.
- The increase in due to designated projects was primarily the result of a \$3.0 million receipt from Harvard University for the Everett/Soldier's Fields Road crossing work that was disbursed to the Department of Conservation and Recreation after June 30, 2023.
- The decrease in the pollution remediation liability was due to payments made in fiscal year 2023 for environmental remediation and demolition of Building 108, the former central power plant located in the Authority's Charlestown Navy Yard.
- The net decrease in deposits was the net result of \$10.1 million community benefits payments received in fiscal year 2023, offset by \$15.9 million disbursements to the community in this fiscal year.

Deferred inflows of resources at June 30, 2023 was \$191.6 million, a decrease of \$21.6 million from the June 30, 2022 deferred outflows of resources totaling \$213.2 million. This decrease was primarily due to a net decrease in deferred inflows of resources relating to leases totaling \$16.3 million, a decrease in deferred inflows of resources relating to the pension plan totaling \$3.1 million, and a decrease in deferred inflows of resources relating to the OPEB plan totaling \$2.2 million. Explanations for these fluctuations are as follows:

- The net decrease in deferred inflows of resources relating to leases was due to the annual amortization of this account into lease income totaling \$7.3 million and a fiscal year lease modification and remeasurement decrease totaling \$9.9 million, offset by an increase of \$.8 million as a result of new lease agreements during the fiscal year.
- The decrease in deferred inflows of resources related to the pension plan, which is based on the most recent actuarial evaluation of the pension liability, was due to a nonfavorable difference between actual investment earnings as compared to what was expected in the prior year actuarial valuation.
- The decrease in deferred inflows of resources related to the OPEB plan, which is based on the most recent actuarial evaluation of the net OPEB liability, was due to changes in actuarial assumptions.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2024 and 2023

The Authority's Condensed Schedules of Revenues, Expenses and Changes in Net Position as of June 30, 2024, 2023 and 2022 are as follows:

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

	June 30			Percentage Change	
	2024	2023	2022	2024-2023	2023-2022
Operating revenues:					
Intergovernmental and other	\$ 22,263,749	11,342,767	15,834,597	96.3 %	(28.4)%
Gain on sale of property	2,268,547	2,113,504	2,392,147	7.3	(11.6)
Rent and other property payments	17,464,135	15,525,059	16,886,700	12.5	(8.1)
Total operating revenues	41,996,431	28,981,330	35,113,444	44.9	(17.5)
Operating expenses:					
Personnel and fringe benefits	7,714,951	9,765,459	7,813,832	(21.0)	25.0
Contractual services, supplies and other	26,834,521	20,301,614	15,884,301	32.2	27.8
Depreciation	1,335,914	1,298,856	1,365,017	2.9	(4.8)
Total operating expenses	35,885,386	31,365,929	25,063,150	14.4	25.1
Operating income	6,111,045	(2,384,599)	10,050,294	356.3	(123.7)
Nonoperating revenues:					
Interest income	1,569,977	371,747	11,364	322.3	3,171.3
Interest income from leases	3,136,416	3,581,643	3,545,952	(12.4)	1.0
Total nonoperating revenues	4,706,393	3,953,390	3,557,316	19.0	11.1
Increase in net position	10,817,438	1,568,791	13,607,610	589.5	(88.5)
Net position, beginning of year, as restated	37,177,569	35,608,778	22,001,168	4.4	61.8
Net position, end of year	\$ 47,995,007	37,177,569	35,608,778	29.1 %	4.4 %

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2024 and 2023

Fiscal Year Ended June 30, 2024 Compared to Fiscal Year Ended June 30, 2023

The Authority's operating revenues in fiscal year 2024 were \$42.0 million, an increase of \$13 million from fiscal year 2023 operating revenues totaling \$29.0 million. This increase was primarily the result of an increase in intergovernmental revenue totaling \$10.8 million and an increase in rent and other property payments totaling \$1.9 million. Explanations for these fluctuations are as follows:

- The increase in intergovernmental and other revenue was primarily the combined result of:
 - A grant from Economic Development Industrial Corporation/Boston (EDIC) totaling \$5 million to fund a new Acquisition Fund, which will enable the Authority to make strategic, consensual acquisitions of real estate in the City of Boston to enable the implementation of resiliency measures, such as the creation of coastal resilience infrastructure; affordability measures, such as the construction of new affordable housing; and equity measures, such as economic development opportunities in historically underserved communities,
 - A grant from the City under the American Rescue Plan Act (ARPA) as a subgrantee for the Benjamin Franklin Cummings Institution of Technology campus project totaling \$4 million, and
 - A capital projects grant from the City totaling \$0.9 million.
- The increase in rent and other property payments was primarily the result a gain recorded on a lease termination in fiscal year 2024 totaling \$1.8 million.

The Authority's personnel and fringe benefit expenses in fiscal year 2024 were \$7.7 million, a decrease of \$2.1 million from fiscal year 2023's personnel and fringe benefit expenses totaling \$9.8 million. This decrease was primarily the result of a decrease in pension plan expense totaling \$1.6 million, which is based on the most recent actuarial evaluation of the pension liability. The decrease was due to actual investment performance, which was significantly higher than what was projected in the prior year evaluation.

The Authority's contracted services, supplies and other costs in fiscal year 2024 were \$26.8 million, an increase of \$6.5 million from fiscal year 2023's contracted services, supplies and other costs totaling \$20.3 million. This increase was primarily the net result of an increase in maintenance and security expenses totaling \$1.0 million, an increase in grant expenses totaling \$6 million, and a decrease in engineering and construction expenses totaling \$1.2 million. Explanations for these fluctuations are as follows:

- The increase in maintenance and security expenses was primarily the result of:
 - an increase in building repairs and maintenance expenses totaling \$0.6 million due to additional maintenance and emergency repairs for Long Wharf and the Charlestown Navy Yard, and
 - an increase in security expense totaling \$0.2 million due to additional security needed at the China Trade Building regarding PM security shifts and overtime pay.
- The increase in grant expenses was primarily the result of a grant to the Benjamin Franklin Cummings Institution of Technology campus project totaling \$6.0 million. This grant was partially funded by an ARPA grant from the City totaling \$4.0 million.

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(Unaudited)

June 30, 2024 and 2023

- City of Boston property developers apply for Massworks grants from the MA Executive Office of Housing and Economic Development. When awarded, these grants require BRA engineers to oversee the development projects. The decrease in engineering and construction expenses was primarily due to completing less Massworks development projects in fiscal year 2024 as compared to a more projects in fiscal year 2023.

The Authority's nonoperating revenues in fiscal year 2024 were \$4.7 million, an increase of \$.7 million from fiscal year 2023 nonoperating revenues totaling \$4 million. This increase was primarily the result of an increase in interest income on short term investments totaling \$1.2 million due to higher interest rates in fiscal year 2024 as compared to fiscal year 2023.

Fiscal Year Ended June 30, 2023 Compared to Fiscal Year Ended June 30, 2022

The Authority's operating revenues in fiscal year 2023 were \$29.0 million, a decrease of \$6.1 million from fiscal year 2022 operating revenues totaling \$35.1 million. This decrease was primarily the result of a decrease in intergovernmental revenue totaling \$4.1 million and a decrease in rent and other property payments totaling \$1.4 million. Explanations for these fluctuations are as follows:

- The net decrease in intergovernmental and other revenue was primarily the result of a \$10 million grant from Economic Development Industrial Corporation/Boston (EDIC) to help fund a portion of the Authority's Capital Reserve Fund in fiscal year 2022, which did not occur in fiscal year 2023, offset by a \$5.6 million increase in state and city grants for Mass Works projects.
- The decrease in rent and other property payments was primarily the net result of the following:
 - A decrease in transient parking revenue totaling \$0.6 million as a result of less construction occurring near a BPDA parking garage in fiscal year 2023 as compared to fiscal year 2022, resulting in less construction workers parking there during the fiscal year.
 - A decrease in equity participation revenue totaling \$0.8 million as a result of fewer resales of condominium units at the Charleston Navy Yard in fiscal year 2023 as compared to fiscal year 2022. As required by Land Disposition Agreements (LDA's), which outline control over Authority owned parcels of land that developers had built condominiums on, the Authority receives 4% of the sales proceeds for first time condominium sales and an additional 2% or 1% of the sales proceeds for future resales of each respective unit.

The Authority's personnel and fringe benefit expenses in fiscal year 2023 were \$9.8 million, an increase of \$2 million from fiscal year 2022's personnel and fringe benefit expenses totaling \$7.8 million. This increase was primarily the result of an increase in pension plan expense totaling \$1.7 million, which is based on the most recent actuarial evaluation of the pension liability. The increase was due to actual investment performance, which was significantly lower than what was projected in the prior year evaluation.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Management's Discussion and Analysis – Required Supplementary Information

(Unaudited)

June 30, 2024 and 2023

The Authority's contracted services, supplies and other costs in fiscal year 2023 were \$20.3 million, an increase of \$4.4 million from fiscal year 2022's contracted services, supplies and other costs totaling \$15.9 million. This net increase was primarily the result of an increase in contractual services expenses totaling \$9.5 million and a decrease in building repairs and maintenance expenses totaling \$5.5 million. Explanations for these fluctuations are as follows:

- City of Boston property developers apply for Massworks grants from the MA Executive Office of Housing and Economic Development. When awarded, these grants require BRA engineers to oversee the development projects. The increase in contracted services, supplies and other costs was primarily due to completing numerous Massworks development projects in fiscal year 2023 as compared to a fewer projects in fiscal year 2022.
- The decrease in building repairs and maintenance was primarily due to recognizing an environmental remediation and demolition liability and offsetting expense in fiscal year 2022 for Building 108, the former central power plant located in the Authority's Charlestown Navy Yard. This expense did not reoccur in fiscal year 2023.

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

In January 2024, the Mayor of the City of Boston signed an ordinance that created the Planning Department as a new agency within the City of Boston, charged with planning and designing the City's built environment, proposing recommended changes to the zoning code, and evaluating and managing urban development. Subsequently, the Authority and EDIC executed a Memorandum of Agreement with the City to provide for the transfer of staff, administrative expenses and associated funds to the City for the 2025 fiscal year beginning July 1, 2024. The State Legislature is currently considering a Home Rule Petition (H. 4676) that would change some of the powers and functions of the BPDA. Passing of the bill will result in the merging of the Authority and EDIC into a new entity, the Boston Planning Board. This merger-will have a significant impact on the Authority's financial statements.

Requests for Information

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

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)
Proprietary Fund – Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets:		
Current assets:		
Cash and cash equivalents (note 3)	\$ 49,350,205	64,291,011
Accounts receivable:		
Intergovernmental	7,844,010	6,911,601
Other accounts receivable	2,103,599	2,772,365
Lease receivable, current (note 7)	5,007,754	5,584,554
Prepaid assets	228,347	256,381
Notes receivable, net, current portion (note 4)	—	2,325,714
Disposition receivables – development sites, current portion (note 6)	1,803,972	1,803,972
Total current assets	66,337,887	83,945,598
Noncurrent assets:		
Lease receivable (note 7)	157,078,212	183,596,169
Accrued interest on leases (note 7)	3,091,764	2,343,733
Notes receivable, net (note 4)	87,841,689	88,221,359
Notes receivable – Rows Wharf, net (note 5)	228,061	290,484
Disposition receivables – development sites (note 6)	28,708,098	30,692,123
Other postemployment benefits (note 14)	6,763,861	6,052,424
Capital assets (note 8):		
Nondepreciable	7,825,815	13,137,386
Depreciable	35,310,438	26,166,485
Less accumulated depreciation	(14,389,273)	(13,156,502)
Right of use lease	6,033,300	6,036,201
Less accumulated amortization	(412,571)	(309,549)
Total capital assets, net	34,367,709	31,874,021
Total noncurrent assets	318,079,394	343,070,313
Total assets	\$ 384,417,281	427,015,911
Deferred outflows of resources:		
Pensions (note 13)	\$ 3,949,589	7,253,455
Other postemployment benefits (note 14)	972,104	1,176,539
Total deferred outflows of resources	\$ 4,921,693	8,429,994
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,667,171	9,587,689
Vacation and sick leave, current portion (note 11)	—	113,829
Due to City of Boston (note 4)	296,952	2,618,174
Pollution remediation	319,631	833,789
Unearned revenue, current portion (notes 6 and 11)	1,803,972	1,803,972
Total current liabilities	9,087,726	14,957,453
Noncurrent liabilities (note 11):		
Notes payable (note 9)	1,475,000	1,475,000
Deposits	14,450,866	22,723,950
Net pension liability (note 13)	11,596,225	16,729,073
Vacation and sick leave	—	1,137,742
Due to designated projects (note 4)	30,286,092	31,542,702
Due to City of Boston (note 4)	79,492,589	80,948,048
Lease liability (note 10)	6,026,337	6,036,201
Unearned revenue (note 6)	28,708,098	30,692,122
Other	1,326,628	444,008
Total noncurrent liabilities	173,361,835	191,728,846
Total liabilities	182,449,561	206,686,299
Deferred inflows of resources:		
Pensions (note 13)	3,057,418	2,851,681
Other postemployment benefits (note 14)	2,121,600	4,187,544
Leases (note 7)	153,715,388	184,542,812
Total deferred inflows of resources	\$ 158,894,406	191,582,037
Net position:		
Net investment in capital assets	\$ 25,866,944	23,267,332
Unrestricted	22,128,063	13,910,237
Total net position	\$ 47,995,007	37,177,569

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

Proprietary Fund – Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Intergovernmental	\$ 20,328,448	9,571,447
Gain on sale of property	2,268,547	2,113,504
Rent and other property payments (notes 6 and 7)	17,464,135	15,525,059
Notes receivable – interest income (note 5)	462,930	469,144
Gross profit recognized on installment sale (note 5)	1,318,099	1,231,684
Other	154,272	70,492
	41,996,431	28,981,330
Operating expenses:		
Personnel	7,302,103	8,235,610
Fringe benefits	412,848	1,529,849
Supplies and services	6,590,462	5,197,708
Contractual services	20,082,670	14,400,713
Depreciation	1,335,914	1,298,856
Other	161,389	703,193
	35,885,386	31,365,929
Operating (loss) income	6,111,045	(2,384,599)
Nonoperating revenues:		
Interest income	1,569,977	371,747
Interest income from leases	3,136,416	3,581,643
	4,706,393	3,953,390
Increase in net position	10,817,438	1,568,791
Net position, beginning of year	37,177,569	35,608,778
Net position, end of year	\$ 47,995,007	37,177,569

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, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 37,314,513	34,448,500
Cash paid to employees and for fringe benefits	(13,162,713)	(13,210,400)
Cash paid to suppliers and consultants	(29,368,406)	(18,943,434)
Net cash provided by (used in) operating activities	(5,216,606)	2,294,666
Cash flows from noncapital financing activities:		
Receipts from development projects	2,202,721	10,158,916
Payments for development projects	(9,977,102)	(16,075,513)
Receipts from the City of Boston and designated projects	5,369,308	3,058,097
Payments for the City of Boston and designated projects	(11,892,939)	(859,638)
Net cash used in noncapital financing activities	(14,298,012)	(3,718,138)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(4,375,095)	(6,869,942)
Sale of capital assets	26,745	26,745
Net cash used in capital and related financing activities	(4,348,350)	(6,843,197)
Cash flows from investing activities:		
Collections of loan principal	4,215,769	1,139,551
Interest earnings on leasing activities	3,136,416	3,581,643
Interest earnings on investments	1,569,977	371,747
Net cash provided by investing activities	8,922,162	5,092,941
Net change in cash and cash equivalents	(14,940,806)	(3,173,728)
Cash and cash equivalents, beginning of year	64,291,011	67,464,739
Cash and cash equivalents, end of year	\$ 49,350,205	64,291,011
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating (loss) income	\$ 6,111,045	(2,384,599)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,335,914	1,298,856
Changes in operating assets and liabilities:		
Other postemployment asset, net of deferrals	(2,572,946)	(3,263,352)
Pension liability, net of deferrals	(1,623,245)	(160,712)
Accounts receivable	(263,644)	7,278,993
Lease receivable, net of deferrals	(4,480,698)	(1,863,191)
Disposition receivables – development sites	1,984,025	1,970,381
Notes receivable – Rowes Wharf, net	62,423	58,331
Prepaid assets	28,034	(45,433)
Accounts payable and accrued expenses	(2,037,897)	5,662,861
Vacation and sick leave liability	(1,251,571)	(20,877)
Unearned revenue	(1,984,024)	(1,970,381)
Other liabilities	(524,022)	(4,266,211)
Net cash provided by (used in) operating activities	\$ (5,216,606)	2,294,666
Supplemental cash flow information:		
Noncash notes receivable	\$ 1,510,385	2,930,399

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)
Fiduciary Fund – Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets:		
Net investment in PRIT at fair value	\$ 19,852,209	18,125,989
Total assets	\$ 19,852,209	18,125,989
Net position:		
Restricted for other post-employment benefits	\$ 19,852,209	18,125,989
Total net position	\$ 19,852,209	18,125,989

See accompanying notes to basic financial statements.

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

Fiduciary Fund – Statements of Changes in Net Position
Years ended June 30, 2024 and 2023

	2024	2023
Additions:		
Contributions:		
Employer	\$ 498,819	514,333
Total contributions	498,819	514,333
Net investment gain:		
Investment gain	1,823,879	1,067,647
Less investment expense	(80,030)	(71,697)
Net investment gain	1,743,849	995,950
Total additions	2,242,668	1,510,283
Deductions:		
Retirement benefits and payments	498,819	514,333
Administrative expenses	17,629	15,530
Total deductions	516,448	529,863
Change in net position	1,726,220	980,420
Net position, beginning of year	18,125,989	17,145,569
Net position, end of year	\$ 19,852,209	18,125,989

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

(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 and is generally exempt from income taxes.

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

The Authority reports the following fund types:

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

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

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

(b) Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Revenue Recognition

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

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

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

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

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

(d) Cash, Cash Equivalents and Investments

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

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

(e) Capital Assets

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

(f) Depreciation

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

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

(g) Compensated Absences

Employees may accumulate unused vacation and sick leave as earned. At June 30, 2023, unpaid accrued vacation and sick leave is recorded as both a current and noncurrent liability on the statement of net position. Most employees of the Authority moved to the City of Boston's payroll on June 29,

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

2024. A vacation payout to these employees was made on June 28, 2024 and the City honored the employees' sick leave balances, resulting in no accrued vacation and sick leave liability at June 30, 2024.

(h) Deposits

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

(i) Due to Designated Projects

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

(j) Due to City of Boston

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

(k) Leases (Lessor)

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

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

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

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The Authority's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds. This rate was determined through AA municipal yield curves for 1 through 30-year terms, and a projected yield for each year beyond year 30.
- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either an Authority or lessee unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

Periods in which both the Authority and the lessee have an option to terminate are excluded from the lease term.

- Lease payments to be received are evaluated by the Authority to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being received.

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

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

(l) Leases (Lessee)

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

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

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

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

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

(3) Cash and Cash Equivalents

(a) Investment Policy

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits, and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments may also be made in securities issued by or unconditionally guaranteed by the U.S. government or its agencies that have a maturity of less than one year from the

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024, the Authority owned a fully collateralized certificate of deposit with maturity date on November 6, 2024 and US Government Money Market Fund totaling \$25,622,146. As of June 30, 2023, the Authority owned fully collateralized certificate of deposits and United States treasury bills totaling \$57,112,292 with maturity dates ranging from July 18, 2023 to January 19, 2024.

(b) Restrictions

As of June 30, 2024 and 2023, the Authority had \$48,946,202 and \$59,600,525, 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, 2024 and 2023 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.

	<u>2024</u>	<u>2023</u>
Notes receivable:		
Real estate	\$ 6,119,052	6,292,463
Development and housing	<u>81,722,637</u>	<u>84,254,610</u>
Notes receivable	<u>\$ 87,841,689</u>	<u>90,547,073</u>

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 \$81,829,278 and \$84,361,253 for the years ended June 30, 2024 and 2023, 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

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023 total \$4,815,623 and \$6,133,721, respectively.

During the years ended June 30, 2024 and 2023, principal payments of \$1,318,099 and \$1,231,684 and interest payments of \$376,515 and \$462,930, respectively, were received from the developer. The Authority has recorded and recognized the profit from the sale on the installment method, as follows:

	<u>2024</u>	<u>2023</u>
Gross sales proceeds	\$ 18,500,000	18,500,000
Cost of land	<u>(876,134)</u>	<u>(876,134)</u>
Gross profit on installment sale	17,623,866	17,623,866
Gross profit recognized through June 30	<u>(13,036,304)</u>	<u>(11,780,629)</u>
Gross profit not yet recognized	<u>\$ 4,587,562</u>	<u>5,843,237</u>

(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, 2024 and 2023, the Authority recorded \$30,512,070 and \$32,496,095, respectively, of disposition receivables.

For the years ended June 30, 2024 and 2023, the Authority recorded revenue of \$1,984,025 and \$1,970,381, respectively, which was previously recorded as unearned revenue.

(7) Lease Receivable

As discussed in note 2(k), the Authority is a lessor for various noncancellable long-term leases of its land and buildings. Lease terms for the leases vary from 1 year to 70 years. The discount rate used for the calculation of the lease receivable varies per lease depending on the length of the respective leases, and ranged from 0.32% to 4.259%.

Variable payments included in leases that were not included in the measurement of the lease receivable include percentage rent, where related payments are based on a percentage of gross receipts collected by the tenants. Percentage rent totaled \$1,009,281 and \$873,360 for the years ended June 30, 2024 and 2023, respectively. Lease income from noncancellable long-term fixed payment leases totaled \$9,900,325 and \$7,776,455 for the years ended June 30, 2024 and 2023, respectively. In addition, the Authority also receives revenue from sale and resale of the real estate and parking facilities totaled \$6,554,529 and \$7,034,519 for the year ended June 30, 2024 and 2023, respectively. Interest income from noncancellable long-term leases totaled \$3,136,416 and \$3,581,643 for the years ended June 30, 2024 and 2023,

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

respectively. Percentage rent, lease income, and lease interest income are included in rent and other property payments on the proprietary fund – statement of revenues, expenses and changes net position.

Where a monthly lease payment is less than the calculated interest amount for that month, the difference is recorded as accrued interest receivable and accounted for separately from the respective lease receivable balance. Monthly interest accrues based on prior month-end balances of both the lease receivable account and the related accrued interest receivable account. This accrued interest account will accumulate until such time that monthly lease payment is greater than the interest calculated for that month. In leases that have outstanding accrued interest receivable balances, the related lease payments are applied in the following order: (1) to the interest portion of the rent, (2) to the accrued interest balance until fully paid, and (3) to the lease receivable balance. Accrued interest receivable totaled \$3,091,764 and \$2,343,733 at June 30, 2024 and 2023, respectively, and is included in noncurrent lease receivable, net on the proprietary fund – statement of net position.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ 5,007,754	3,058,024	8,065,778
2026	4,862,356	3,006,904	7,869,260
2027	4,940,214	2,952,586	7,892,800
2028	4,945,652	2,904,609	7,850,261
2029	4,556,892	2,841,108	7,398,000
2030-2034	21,469,843	13,404,291	34,874,134
2035-2039	16,463,428	12,071,208	28,534,636
2040-2044	9,968,548	11,071,287	21,039,835
2045-2049	9,792,443	10,269,344	20,061,787
2050-2054	11,253,673	9,312,109	20,565,782
2055-2059	11,449,598	8,276,082	19,725,680
2060-2064	12,727,866	7,090,214	19,818,080
2065-2069	9,111,012	5,898,235	15,009,247
2070-2074	8,945,650	4,809,187	13,754,837
2075-2079	9,794,949	3,388,601	13,183,550
2080-2084	9,432,064	1,874,600	11,306,664
2085-2089	6,374,288	474,857	6,849,145
2090-2094	989,736	22,450	1,012,186
	<u>162,085,966</u>	<u>\$ 102,725,696</u>	<u>264,811,662</u>
Total			
	<u>(5,007,754)</u>		
Less amount due within one-year			
Net noncurrent total	\$ <u>157,078,212</u>		

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(8) Capital Assets

The following is a summary of activities by major categories of capital assets for the years ended June 30, 2024 and 2023:

	2024			Ending balance
	Beginning balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 6,221,983	758,271	(26,745)	6,953,509
Construction in progress	6,915,403	3,100,856	(9,143,953)	872,306
Total capital assets not being depreciated	<u>13,137,386</u>	<u>3,859,127</u>	<u>(9,170,698)</u>	<u>7,825,815</u>
Capital assets being depreciated:				
Land improvements	471,384	9,143,953	—	9,615,337
Building	22,304,883	—	—	22,304,883
Furniture and fixtures	2,197,755	—	—	2,197,755
Computers	1,033,715	—	—	1,033,715
Vehicles	158,748	—	—	158,748
Total capital assets being depreciated at historical cost	<u>26,166,485</u>	<u>9,143,953</u>	<u>—</u>	<u>35,310,438</u>
Less accumulated depreciation for:				
Land improvements	246,300	117,669	—	363,969
Building	9,534,746	1,088,126	—	10,622,872
Furniture and fixtures	2,195,740	14,226	—	2,209,966
Computers	1,027,946	5,772	—	1,033,718
Vehicles	151,770	6,978	—	158,748
Total accumulated depreciation	<u>13,156,502</u>	<u>1,232,771</u>	<u>—</u>	<u>14,389,273</u>
Capital assets being depreciated, net	<u>13,009,983</u>	<u>7,911,182</u>	<u>—</u>	<u>20,921,165</u>
Capital assets, net excluding leases	26,147,369	11,770,309	(9,170,698)	28,746,980
Lease assets, net	<u>5,726,652</u>	<u>—</u>	<u>(105,923)</u>	<u>5,620,729</u>
Capital assets, net	<u>\$ 31,874,021</u>	<u>11,770,309</u>	<u>(9,276,621)</u>	<u>34,367,709</u>

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	2023			Ending balance
	Beginning balance	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 5,998,729	250,000	(26,745)	6,221,984
Construction in progress	295,460	6,619,942	—	6,915,402
Total capital assets not being depreciated	6,294,189	6,869,942	(26,745)	13,137,386
Capital assets being depreciated:				
Land improvements	471,384	—	—	471,384
Building	22,304,883	—	—	22,304,883
Furniture and fixtures	2,197,755	—	—	2,197,755
Computers	1,033,715	—	—	1,033,715
Vehicles	158,748	—	—	158,748
Total capital assets being depreciated at historical cost	26,166,485	—	—	26,166,485
Less accumulated depreciation for:				
Land improvements	230,230	16,070	—	246,300
Building	8,421,468	1,113,278	—	9,534,746
Furniture and fixtures	2,161,725	34,015	—	2,195,740
Computers	1,004,857	23,089	—	1,027,946
Vehicles	142,549	9,221	—	151,770
Total accumulated depreciation	11,960,829	1,195,673	—	13,156,502
Capital assets being depreciated, net	14,205,656	(1,195,673)	—	13,009,983
Capital assets, net excluding leases	20,499,845	5,674,269	(26,745)	26,147,369
Lease assets, net	5,829,835	—	(103,183)	5,726,652
Capital assets, net	\$ 26,329,680	5,674,269	(129,928)	31,874,021

(9) Notes Payable

In 1993, the Authority purchased the China Trade Center (CTC) from an unrelated party for approximately \$2,225,000, including past-due property taxes due to the City of approximately \$750,000. Funding for the purchase was provided by the City. In connection with the transaction, the City received from the Authority a noninterest-bearing mortgage note of \$1,475,000 due upon the sale or refinancing of the property. The Authority rents the space to various unrelated parties and has no intention of selling the CTC. The CTC is included in the Authority's capital asset balance at June 30, 2024 and 2023.

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(10) Lease Liability

As discussed in note 2(l), the Authority is a lessee under a noncancellable long-term lease of land and building. Monthly rent payments made on the lease are based on 47% of rent received from a sublease that the Authority has with a tenant on this property. The term of the lease runs through December 31, 2112; however, due to the payment terms being dependent on the sublease, the lease liability has been calculated through December 31, 2078, the sublease's end date. The discount rate used for the calculation of the lease liability is 2.005%. As a result of the monthly lease payment being less than the calculated interest amount for that month in the earlier years of the lease, payments will be applied to current monthly interest, as well as accrued interest on the lease, through September 2049. Accrued interest payable from this lease was \$155,824 and \$115,327 at June 30, 2024 and 2023, respectively, and is included in other noncurrent liabilities on the proprietary fund – statement of net position. Interest expense from this lease totaled \$123,816 and \$122,771 at June 30, 2024 and 2023, respectively, and is included in other operating expenses on the proprietary fund – statement of revenues, expenses, and changes in net position.

Future annual lease payments for this lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2025	\$ —	124,064	124,064
2026	—	124,631	124,631
2027	—	125,210	125,210
2028	—	126,148	126,148
2029	—	126,369	126,369
2030-2034	—	637,351	637,351
2035-2039	—	641,207	641,207
2040-2044	—	636,279	636,279
2045-2049	—	619,177	619,177
2050-2054	365,754	588,088	953,842
2055-2059	586,108	539,228	1,125,336
2060-2064	824,059	468,882	1,292,941
2065-2069	1,115,368	371,494	1,486,862
2070-2074	1,468,012	242,120	1,710,132
2075-2079	1,667,036	75,072	1,742,108
Total	\$ <u>6,026,337</u>	<u>5,445,320</u>	<u>11,471,657</u>

The Authority earned \$263,437 and \$261,216 in interest revenue from the sublease for the years ended June 30, 2024 and 2023, respectively, of which \$191,051 and \$177,780 was received in sublease payments, respectively, for the years then ending. Accrued interest receivable from this sublease totaled \$331,540 and \$245,376 at June 30, 2024 and 2023, respectively.

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(11) Long-Term Liabilities

The following is a summary of long-term liabilities by major category at June 30, 2024 and 2023:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due within</u> <u>one year</u>
Notes payable	\$ 1,475,000	—	—	1,475,000	—
Deposits	22,723,950	1,950,746	10,223,830	14,450,866	—
Net pension liability	16,729,073	—	5,132,848	11,596,225	—
Vacation and sick leave	1,251,571	—	1,251,571	—	—
Due to designated projects	31,542,702	7,349,497	8,606,107	30,286,092	—
Due to the City of Boston	83,566,222	2,656,402	6,433,083	79,789,541	296,952
Leases	6,036,201	—	9,864	6,026,337	—
Unearned revenue	32,496,094	—	1,984,024	30,512,070	1,803,972
	<u>\$ 195,820,813</u>	<u>11,956,645</u>	<u>33,641,327</u>	<u>174,136,131</u>	<u>2,100,924</u>

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due within</u> <u>one year</u>
Notes payable	\$ 1,475,000	—	—	1,475,000	—
Deposits	28,511,618	10,158,916	15,946,584	22,723,950	—
Net pension liability	10,305,716	9,710,578	3,287,221	16,729,073	—
Vacation and sick leave	1,272,448	—	20,877	1,251,571	113,829
Due to designated projects	28,021,414	4,131,005	609,717	31,542,702	—
Due to the City of Boston	82,037,582	2,232,656	704,016	83,566,222	2,618,174
Leases	6,029,238	6,963	—	6,036,201	—
Unearned revenue	34,466,475	—	1,970,381	32,496,094	1,803,972
	<u>\$ 192,119,491</u>	<u>26,240,118</u>	<u>22,538,796</u>	<u>195,820,813</u>	<u>4,535,975</u>

(12) Risk Management

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

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed appropriate deductible amounts per incident. The Authority provides for workers' compensation and health claims through premium-based plans. Settled claims resulting from the risks discussed above did not exceed the amount of insurance coverage in force during the years ended June 30, 2024 and 2023.

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

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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.

The Authority contracts with governmental agencies and third-party payers. The contracts are subject to audit by the respective funding source and could result in the recapture of revenue previously reported by the Authority. Management does not believe that any such disallowance, if found, would be material to the Authority's financial statements. Accordingly, no provision for any liability that may result has been made in the financial statements.

(13) Retirement Plans

(a) Plan Description

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

The System is administered by a five-person Board of Retirement consisting of the City Auditor, who serves as a member ex officio, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor, a fifth member chosen by the other members. A complete set of financial statements for BRS for the fiscal year ended December 31, 2023 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, 2023 and 2022).

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

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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. 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, 2024 and 2023, the Authority's required and actual contribution was \$3,152,894 and \$3,287,221, 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, 2024 and 2023, the Authority reported a liability of \$11,596,225 and \$16,729,073, respectively, for its proportionate share of the BRS net pension liability measured as of December 31, 2023 and 2022, 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, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Authority's proportionate share of net pension liability	11,596,225	16,729,073
Commonwealth's proportionate share of net pension Liability associated with the Authority	<u>74,246</u>	<u>94,240</u>
Total	<u>\$ 11,670,471</u>	<u>16,823,313</u>

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 non-teacher 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, 2023 and 2022, the Authority was allocated 0.71% and 0.81%, respectively, of the net pension liability associated with the all other non-teacher member group based

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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, 2023 was 0.27 % compared to 0.35% at December 31, 2022.

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense of \$1,514,477 and \$3,145,441, respectively. The Authority also recognized revenue of \$15,172 and \$18,932 respectively related to the special funding situation with the Commonwealth. At June 30, 2024 and 2023, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Changes in employer proportion	\$ 282,749	2,557,492	424,125	2,020,155
Difference between expected and actual experience	—	499,926	—	831,526
Net difference between projected and actual investment earnings	2,699,045	—	4,937,602	—
Changes in assumptions	967,795	—	1,891,728	—
	<u>\$ 3,949,589</u>	<u>3,057,418</u>	<u>7,253,455</u>	<u>2,851,681</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:	
2025	\$ 535,235
2026	542,502
2027	891,906
2028	(840,636)
2029	<u>(236,836)</u>
Total	<u>\$ 892,171</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, 2023 and 2022 was determined by an actuarial valuation as of January 1, 2022, with updated procedures used to roll forward the total pension liability to the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

- *Inflation* – 3.25%
- *Salary increases* – 4.00%
- *Investment rate of return* – 6.90% for BRS excluding teachers, net of expenses, including inflation
- *Cost-of-living increases*:
December 31, 2023 – 5% of first \$15,000 and 3.00% of first \$15,000 thereafter
December 31, 2022 – 3.00% of first \$15,000

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

- *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 return for each major asset class included in the target asset allocation as of the actuarial valuation

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of date December 31, 2023 and 2022 are summarized below:

Asset class	2023		2022	
	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 %	6.29 %	24 %	6.59 %
International developed markets equity	16	6.39	17	6.87
International emerging markets equity	8	7.63	8	8.30
Core fixed income	18	1.72	16	1.53
High yield fixed income	5	3.43	5	3.54
Real estate	10	3.24	10	3.54
Emerging Market Debt	4	3.53	4	3.44
Hedge fund, GTAA, risk parity	5	2.87	5	3.06
Private equity	11	9.43	11	9.49
	<u>100 %</u>		<u>100 %</u>	

(f) Discount Rate

The discount rate used to measure the total pension liability was 6.90% as of December 31, 2023 and 2022 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 6.90% as of December 31, 2023 and 2022 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, 2023	6.90 % \$	18,881,182	11,596,225	5,456,749
December 31, 2022	6.90 % \$	24,702,679	16,729,073	10,006,077

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(14) Other Post-Employment Benefits (OPEB)

(a) Plan Description

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

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

	<u>January 1 2024</u>	<u>January 1 2022</u>
Active	49	58
Inactive	71	74

(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 2024, the Authority contributed \$498,819 of pay-as-you-go benefit payments to the OPEB plan. During fiscal year 2023, the Authority contributed \$514,333 of pay-as-you-go benefit payments to the OPEB plan. 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 fiscal year 2020.

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

Asset class	2024	2023
Global equity	31% – 42%	32% – 42%
Portfolio completion strategies	7 – 13	7 – 13
Core fixed income	12 – 18	12 – 18
Private equity	13 – 19	13 – 19
Real estate	7 – 13	7 – 13
Value added fixed income	6 – 12	5 – 11
Timber/natural resources	1 – 7	1 – 7
	<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 2024 and 2023 was 9.55% and 5.62%, 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 Asset of the OPEB Plan Required by GASB 74

The components of the net OPEB asset as of June 30, 2024 and 2023 are as follows:

	2024	2023
Total OPEB liability	\$ 10,292,606	11,362,128
Plan fiduciary net position	<u>19,852,209</u>	<u>18,125,989</u>
Net OPEB asset	<u>\$ (9,559,603)</u>	<u>(6,763,861)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	192.9%	159.5%

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Additional information regarding changes in the net OPEB asset can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions

The total OPEB liability was determined by actuarial valuations as of January 1, 2024 and January 1, 2022 rolled forward to June 30, 2024 and June 30, 2023, respectively, using the following actuarial assumptions:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.00%
- *Healthcare Cost trends:*
 - 2024
 - Medicare – 7.26% in 2024 trending to 5.33% in 2027, 4.77% in 2032 and 3.94% in 2075 and beyond
 - Non-Medicare – 8.59% in 2024 trending to 6.28% in 2027, 4.77% in 2032 and 3.94% in 2075 and beyond
 - Long-run growth factors include inflation of 2.5%, real GDP growth of 1.4%, and excess medical growth of 1.0%
 - 2023
 - Medicare – 4.49% in 2022 trending to 4.75% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Non-Medicare – 7.06% in 2022 trending to 6.36% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Long-run growth factors include inflation of 2.5%, real GDP growth of 1.5%, and excess medical growth of 1.1%
- *Mortality:*
 - Pre-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - Post-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - For disabled members, the mortality rate reflects the post-retirement mortality described.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

- *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, 2024 are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Global equity	7.6 %
Portfolio completion strategies	6.4
Core fixed income	4.4
Private equity	10.2
Real estate	6.6
Value added fixed income	7.8
Timber/natural resources	7.1

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

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June 30, 2024 and 2023

Changes in Net OPEB Asset

The following presents the changes in the Authority's net OPEB asset as of June 30, 2024:

	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability (asset)</u>
Balance at June 30, 2023	\$ 11,362,128	18,125,989	(6,763,861)
Changes recognized for the fiscal year:			
Service cost	162,056	—	162,056
Interest on the total OPEB liability	789,529	—	789,529
Differences between expected and actual experience	(1,683,632)	—	(1,683,632)
Changes of assumptions	161,344	—	161,344
Benefit payments	(498,819)	(498,819)	—
Contributions from the employer	—	498,819	(498,819)
Net investment income	—	1,743,849	(1,743,849)
Administrative expense	—	(17,629)	17,629
Net changes	<u>(1,069,522)</u>	<u>1,726,220</u>	<u>(2,795,742)</u>
Balance at June 30, 2024	\$ <u>10,292,606</u>	<u>19,852,209</u>	<u>(9,559,603)</u>

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

The following table presents the June 30, 2024 net OPEB asset of the Authority, calculated using the discount rate disclosed as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Net OPEB asset	\$ (8,442,194)	(9,559,603)	(10,522,112)

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Notes to Financial Statements

June 30, 2024 and 2023

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

The following table presents the June 30, 2024 net OPEB asset of the Authority, as well as what the Authority's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB asset	\$ (10,571,807)	(9,559,603)	(8,351,939)

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

The Authority's June 30, 2024 net OPEB asset was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2024. The Authority's June 30, 2023 net OPEB asset was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2022.

The components of the Authority's net OPEB liability (asset) as of the June 30, 2023 and 2022 measurement dates are as follows:

	<u>2023</u>	<u>2022</u>
Total OPEB liability	\$ 11,362,128	11,093,145
Plan fiduciary net position	18,125,989	17,145,569
Net OPEB (asset) liability	\$ (6,763,861)	(6,052,424)
Plan fiduciary net position as a percentage of the total		
OPEB liability	159.53 %	154.56 %

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

For the measurement date June 30, 2023 and 2022, the Authority recognized OPEB expense of \$(2,074,127) and \$(2,749,019), respectively. At June 30, 2023 and 2022 measurement dates, the

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Notes to Financial Statements

June 30, 2024 and 2023

Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>2023</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between actual and expected experience	\$ 303,955	1,840,795
Net difference between expected and actual earnings on OPEB plan investments	97,901	—
Assumption changes	71,429	280,805
Contributions made subsequent to the measurement date	<u>498,819</u>	<u>—</u>
Total	<u>\$ 972,104</u>	<u>2,121,600</u>

	<u>2022</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between actual and expected experience	\$ 568,933	2,312,194
Net difference between expected and actual earnings on OPEB plan investments	—	131,179
Assumption changes	93,273	1,744,171
Contributions made subsequent to the measurement date	<u>514,333</u>	<u>—</u>
Total	<u>\$ 1,176,539</u>	<u>4,187,544</u>

Deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction to the Authority's total OPEB liability in fiscal year 2025.

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	\$ (138,975)
2026	(747,053)
2027	(135,638)
2028	(127,830)
2029	<u>—</u>
Total	<u>\$ (1,149,496)</u>

BOSTON REDEVELOPMENT AUTHORITY

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Notes to Financial Statements

June 30, 2024 and 2023

Actuarial Assumptions

The Authority's June 30, 2024 total OPEB liability (measurement date of June 30, 2023) was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2023. The Authority's June 30, 2023 total OPEB liability (measurement date of June 30, 2022) was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2022.

The actuarial assumptions used in the January 1, 2022 actuarial evaluation for the June 30, 2023 and 2022 measurement dates were as follows:

- *Salary increases* – 4.00%
- *Investment rate of return* – 7.00%
- *Healthcare Cost trends*:
 - Medicare – 4.49% in 2022 trending to 4.75% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Non-Medicare – 7.06% in 2022 trending to 6.36% in 2025, 5.18% in 2030 and 4.04% in 2075 and beyond
 - Long-run growth factors include inflation of 2.5%, real GDP growth of 1.5%, and excess medical growth of 1.1%
- *Mortality*:
 - Pre-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - Post-retirement mortality reflects PUB-2010 headcount-weighted general classification mortality, projected generationally with Scale MP-2021.
 - For disabled members, the mortality rate reflects the post-retirement mortality described.
- *Long-term Expected Rate of Return* – Investment assets of the 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

BOSTON REDEVELOPMENT AUTHORITY

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Notes to Financial Statements

June 30, 2024 and 2023

each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset class	Long-term expected real rate of return
Global equity	7.9 %
Portfolio completion strategies	6.5
Core fixed income	4.2
Private equity	10.2
Real estate	5.7
Value added fixed income	7.8
Timber/natural resources	7.0

- *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.

BOSTON REDEVELOPMENT AUTHORITY

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Notes to Financial Statements

June 30, 2024 and 2023

Changes in Net OPEB Asset

The following presents the changes in the Authority's net OPEB asset as of June 30, 2024 (measurement date June 30, 2023) and 2023 (measurement date June 30, 2022):

	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability (asset)</u>
Balance recognized at June 30, 2023 (Based on June 30, 2022 measurement date)	\$ 11,093,145	17,145,569	(6,052,424)
Changes recognized for the fiscal year:			
Service cost	155,823	—	155,823
Interest on the total OPEB liability	769,731	—	769,731
Differences between expected and actual experience	(142,238)	—	(142,238)
Changes of assumptions	—	—	—
Benefit payments	(514,333)	(514,333)	—
Contributions from the employer	—	514,333	(514,333)
Net investment income	—	995,950	(995,950)
Administrative expense	—	(15,530)	15,530
Net changes	<u>268,983</u>	<u>980,420</u>	<u>(711,437)</u>
Balance recognized at June 30, 2024 (Based on June 30, 2023 measurement date)	<u>\$ 11,362,128</u>	<u>18,125,989</u>	<u>(6,763,861)</u>

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Notes to Financial Statements

June 30, 2024 and 2023

	<u>Total OPEB liability</u>	<u>Plan fiduciary net position</u>	<u>Net OPEB liability (asset)</u>
Balance recognized at June 30, 2022 (Based on June 30, 2021 measurement date)	\$ 13,082,661	17,815,255	(4,732,594)
Changes recognized for the fiscal year:			
Service cost	214,898	—	214,898
Interest on the total OPEB liability	911,940	—	911,940
Differences between expected and actual experience	(2,682,491)	—	(2,682,491)
Changes of assumptions	115,117	—	115,117
Benefit payments	(548,980)	(548,980)	—
Contributions from the employer	—	548,980	(548,980)
Net investment income	—	(572,543)	572,543
Administrative expense	—	(97,143)	97,143
Net changes	<u>(1,989,516)</u>	<u>(669,686)</u>	<u>(1,319,830)</u>
Balance recognized at June 30, 2023 (Based on June 30, 2022 measurement date)	\$ <u>11,093,145</u>	<u>17,145,569</u>	<u>(6,052,424)</u>

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

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

	<u>Current rate</u>	<u>1% Decrease in current rate</u>	<u>Current discount rate</u>	<u>1% Increase in current rate</u>
Net OPEB asset – 2024	7.00	\$ (5,431,836)	(6,763,861)	(7,882,399)
Net OPEB asset – 2023	7.00	\$ (4,751,933)	(6,052,424)	(7,144,482)

BOSTON REDEVELOPMENT AUTHORITY
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Notes to Financial Statements

June 30, 2024 and 2023

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

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

	<u>1% Decrease</u>	<u>Trend rate</u>	<u>1% Increase</u>
Net OPEB asset – 2024	\$ (7,954,415)	(6,763,861)	(5,327,533)
Net OPEB asset – 2023	\$ (7,214,793)	(6,052,424)	(4,650,099)

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.

(15) Subsequent Events

The authority has evaluated subsequent events through November 27, 2024, which is the date the financial statements were issued. There are no recognized subsequent events that provide additional evidence about conditions that existed at the statement of financial position date or non-recognized subsequent events or events that provide evidence about conditions that did not exist at the statement of financial position date, but would be necessary to disclose to keep the financial statements from being misleading.

BOSTON REDEVELOPMENT AUTHORITY

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Required Supplementary Information

Schedule of Employer Contributions – Boston Retirement System

June 30, 2024 and 2023

(Unaudited)

(Dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 3,153	3,287	3,237	3,150	2,734	2,669	2,530	2,316	2,211	2,142
Contributions in relation to the actuarially determined contribution	<u>3,153</u>	<u>3,287</u>	<u>3,237</u>	<u>3,150</u>	<u>2,734</u>	<u>2,669</u>	<u>2,530</u>	<u>2,316</u>	<u>2,211</u>	<u>2,142</u>
Contribution deficiency	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Authority's covered-employee payroll	\$ 8,651	9,487	10,044	10,504	9,434	8,423	8,294	8,031	7,674	7,396
Contributions as a percentage of covered-employee payroll	36.4 %	34.6 %	32.2 %	30.0 %	29.0 %	31.7 %	30.5 %	28.8 %	28.8 %	29.0 %

See accompanying independent auditors' report.

BOSTON REDEVELOPMENT AUTHORITY

(A Component Unit of the City of Boston)

Required Supplementary Information

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

June 30, 2024 and 2023

(Unaudited)

(Dollars in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.27 %	0.35 %	0.30 %	0.37 %	0.38 %	0.42 %	0.38 %	0.43 %	0.46 %	0.48 %
Authority's proportionate share of the net pension liability	\$ 11,596	16,729	10,306	14,528	17,522	19,083	15,234	17,851	20,096	18,527
Commonwealth's proportionate share of net pension liability associated with the Authority	74	94	116	140	157	181	220	247	294	340
Total	\$ <u>11,670</u>	<u>16,823</u>	<u>10,422</u>	<u>14,668</u>	<u>17,679</u>	<u>19,264</u>	<u>15,454</u>	<u>18,098</u>	<u>20,390</u>	<u>18,867</u>
Authority's covered-employee payroll	\$ 8,651	9,487	10,044	10,504	9,434	8,423	8,294	8,031	7,674	7,396
Authority's proportionate share of the net pension liability as a percentage of covered-employee payroll	134.9 %	177.3 %	103.8 %	139.6 %	187.4 %	228.7 %	186.3 %	225.4 %	265.7 %	255.1 %
BRS fiduciary net position as a percentage of the total pension liability	69.4 %	64.1 %	73.3 %	67.6 %	61.9 %	58.3 %	62.7 %	58.0 %	55.8 %	59.5 %

See accompanying independent auditors' report.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)
Required Supplementary Information
Schedule of Employer Contributions – OPEB Plan
June 30, 2024 and 2023
(Unaudited)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 498,819	514,333	548,980	586,619	593,237	568,673	554,585
Contribution made in relation to the statutorily required contribution	<u>498,819</u>	<u>514,333</u>	<u>548,980</u>	<u>2,586,619</u>	<u>2,593,237</u>	<u>1,887,469</u>	<u>7,911,999</u>
Contribution (deficiency)/excess	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,318,796</u>	<u>7,357,414</u>
Covered-employee payroll	\$ 8,425,766	8,515,428	8,943,512	9,055,838	8,596,718	7,666,889	8,256,713
Contributions as a percentage of covered-employee payroll	5.9 %	6.0 %	6.1 %	28.6 %	30.2 %	24.6 %	95.8 %

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

See accompanying independent auditors' report.

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

Required Supplementary Information

Schedule of Investment Returns – OPEB Plan

June 30, 2024 and 2023

(Unaudited)

(Dollars in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money weighted rate of return, net of investment expenses	9.55 %	5.62 %	(3.76)%	29.38 %	1.94 %	5.67 %	9.50 %

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

See accompanying independent auditors' report.

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

Required Supplementary Information

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

June 30, 2024 and 2023

(Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$ 162,056	155,823	214,898	206,633	279,392	309,449	791,046	1,032,960
Interest cost	789,529	769,731	911,940	885,123	847,439	855,993	699,544	647,066
Difference between expected and actual experience	(1,683,632)	(142,238)	(2,682,491)	(148,812)	1,184,852	215,698	(309,889)	—
Change of assumptions	161,344	—	115,117	—	(856,511)	(564,078)	(8,034,253)	(3,999,957)
Benefit payments	(498,819)	(514,333)	(548,980)	(586,616)	(593,237)	(588,673)	(554,585)	(649,512)
Net change in total OPEB liability	(1,069,522)	268,983	(1,989,516)	356,328	861,935	248,389	(7,408,137)	(2,969,443)
Total OPEB liability – beginning	11,362,128	11,093,145	13,082,661	12,726,333	11,864,398	11,616,009	19,024,146	21,993,589
Total OPEB liability – ending	10,292,606	11,362,128	11,093,145	13,082,661	12,726,333	11,864,398	11,616,009	19,024,146
Plan fiduciary net position:								
Contributions – employer	498,819	514,333	548,980	2,586,616	2,593,237	1,887,366	7,911,999	649,512
Net investment income (loss)	1,743,849	995,950	(655,209)	3,853,502	169,954	558,629	594,674	—
Benefit payments	(498,819)	(514,333)	(548,980)	(586,616)	(593,237)	(588,673)	(554,585)	(649,512)
Administrative expense	(17,629)	(15,530)	(14,477)	(13,131)	(10,958)	(7,614)	(5,908)	—
Net change in plan fiduciary net position	1,726,220	980,420	(669,686)	5,840,371	2,158,996	1,869,708	7,946,180	—
Plan fiduciary net position – beginning	18,125,989	17,145,569	17,815,255	11,974,884	9,815,888	7,946,180	—	—
Plan fiduciary net position – ending	19,852,209	18,125,989	17,145,569	17,815,255	11,974,884	9,815,888	7,946,180	—
Net OPEB liability (asset)	\$ (9,559,603)	(6,763,861)	(6,052,424)	(4,732,594)	751,449	2,048,510	3,669,829	19,024,146
Net position as a percentage of OPEB liability	192.9 %	159.5 %	154.6 %	136.2 %	94.1 %	82.7 %	68.4 %	— %
Covered-employee payroll	\$ 8,965,575	8,425,766	8,515,428	8,943,512	9,055,838	8,596,718	7,666,889	8,256,713
Net OPEB liability (asset) as a percentage of covered-employee payroll	(106.6)%	(80.3)%	(71.1)%	(52.9)%	8.3 %	23.8 %	47.9 %	230.4 %

Notes to schedule:

Changes in assumptions:

Discount rate:

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

Mortality:

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

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

See accompanying independent auditors' report.



KPMG LLP
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Directors
Boston Redevelopment Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of and for the year ended June 30, 2024, 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 27, 2024.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
November 27, 2024