

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON

Meeting of the Trustees Finance and Audit Committee Tuesday, August 24, 2021, 8:00 a.m. Held via Zoom

DRAFT MINUTES

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held virtually on Tuesday, August 24, 2021 via Zoom.

Present at the meeting included: Committee Chair Evelyn Arana-Ortiz and Committee members, John Hailer, Jeff Hawkins, Navjeet Ball, Mike Rush, and President David Leonard. Zamawa Arenas was absent due to a conflict.

Also present were Boston Public Library staff including Chief Financial Officer Ellen Donaghey, Head of Special Collections, Beth Prindle, and Clerk of the Board Pamela Carver and other BPL staff members along with members of the public.

Ms. Arana-Ortiz presiding, called the Special Meeting of the Trustees Finance and Audit Committee (“Committee”) to order at 8:02 a.m. Roll call was taken and determined there was a quorum. Everyone was reminded that the meeting was being recorded.

Ms. Arana-Ortiz welcomed Trustee Mike Rush as the newest member appointed to the Committee.

The first matter of business was approving the Meeting Minutes of May 11, 2021. With no additional comments or edits made, the Chair called for a motion that was duly made, seconded, and approved the meeting minutes from May 11, 2021, via a roll call vote. (Mike Rush was abstained as he was not present at the May meeting.).

The Chair read the welcoming statement, which stated, “The Trustees of the Boston Public Library reaffirm our commitment to racial equity and to principles of diversity, equity, and inclusion, more broadly. The Library is formally committed to becoming an anti-racist organization in response to systemic racism, inequity, and injustice prevalent in our society. We acknowledge also that the Boston Public Library’s Central Library stands on land that was once a water-based ecosystem providing sustenance for the indigenous Massachusetts people *and is a place which has long served as a site of meeting and exchange among nations*. We are committed to land acknowledgements for all locations at which we operate. *We reaffirm this commitment to set the context for our planning, deliberations and public engagement will take place from the spirit of welcome and respect, found in our motto ‘free to all.’*”

Ellen Donaghey invited Beth Prindle, Head of Special Collections, to review two of the votes. Ms. Prindle explained that they have been working for the past year on the anti-slavery collection with Zooniverse. As part of this process to make these collections available online, we have undergone a fairly complex approval process with various contractors to ensure accuracy of the transcriptions. The process was anticipated to be completed in 2022. They have hired a project manager, Meaghan DesRoches, to oversee this complicated process and would like to expand her contract \$10,000 to \$22,000 to complete this project this fiscal year. This position is externally funded through our affiliate, The Associates of the BPL.

Next, Ms. Prindle explained that Meg Weeks, Curator of Interpretation, had been working with Above Summit to provide aerial drone services to create a 360-degree virtual tour of the McKim Building. It was part of their outreach and expansion particularly in virtual services. The goal is to allow users

virtually to explore spaces and create various art and architecture tours. One phase was completed but required some additional drone footage. The vote was to approve an additional \$6,700 to complete the project. She noted this project was also funded externally through The BPL Fund from funds supported by Bank of America.

Ms. Donaghey explained the final contract was for additional signage in the Central Building. She explained that APCO Graphics created all signage during the Central Library and have the original templates for consistency. APCO would be updating existing signage. The vote was to approve \$26,000 to complete these updates.

Mr. Leonard added that the changes need to be made due to name changes of various departments and spaces being used for different purposes. The goal is to make it easier for staff and patrons to get around the building. It was also an opportunity to reduce the frequency of which we reference “Philip Johnson” as the named person of the building. He pointed out that the building was never *officially* named the “Johnson Building”. In recent years it had come to light that Philip Johnson was a complicated individual. So as part of this process, the Library will take the opportunity to diminish the use of his name in wayfinding. He also explained that as we periodically change locations or department names, these costs will occur occasionally in the future. He noted that the benefit of using APCO Graphics was they were the original manufacturer on recent implementations, and we are very pleased with their work.

Ms. Arana-Ortiz made a motion to vote on the three contracts as a lot. The motion was duly made, seconded, and voted unanimously to approve them all in a roll call vote.

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston vote to approve up to but not exceed, Twenty-Two Thousand Dollars and Zero Cents (\$22,000) for Metadata Specialist, Meaghan DesRoches of 42 Hall Street, Jamaica Plain, MA 02130 for the Zooniverse Anti-Slavery Transcription Project.”

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston vote to approve a contract for Six Thousand Seven Hundred Dollars and Zero Cents (\$6,700) to Above Summit of 343 Medford St, Somerville, MA 02145 to provide additional drone aerial video in the McKim Building.”

VOTED: “that, the Trustees Finance and Audit Committee of the Public Library of the City of Boston vote to approve funding to APCO Graphics, 84 Cutler St., Unit 8, Warren, RI 02885 for \$26,000 to update certain public signs in the Central Library up to but not exceed Twenty-Six Thousand Dollars and Zero Cents (\$26,000).

Ms. Arana-Ortiz asked for any new business and public comment, for which there was none.

With no further business, the meeting was adjourned at 8:13 a.m.

Respectfully Submitted,

Pamela R. Carver, Clerk of the Board

**TRUSTEES OF THE
PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021

FINAL DRAFT

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of Trustees of the
Public Library of the City of Boston
Boston, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Trustees of the Public Library of the City of Boston (the Library), a component unit of the City of Boston, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fund for the Boston Public Library (Fund for BPL), which is the sole discretely presented component unit in these financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fund for BPL, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Library, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the Library'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 Library'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 Library's internal control over financial reporting and compliance.

Boston, Massachusetts
REPORT DATE

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

As management of the Trustees of the Public Library of the City of Boston (the Library), we offer readers of these financial statements this narrative overview and analysis of the Library's financial activities for the fiscal year that ended on June 30, 2021.

Background of the Boston Public Library

The Boston Public Library is an extraordinary institution that has served the citizens of Boston since 1848. Founded as the first municipal library and the first public library to lend books, the Boston Public Library is dedicated to the advancement of learning and is "Free to All," as is carved in the façade of the historic McKim building at the Central Library in Copley Square.

The BPL is made up of the Central Library, 25 vibrant neighborhood branches, a robust web site, and learning and enrichment opportunities for all ages. The Library's collection of more than 23 million items includes circulating books, eBooks, DVDs and CDs, as well as research and special collections that include rare books and manuscripts, prints, photographs, drawings, maps, posters, and more. The Boston Public Library's Kirstein Business Library and Innovation Center, the Norman B. Leventhal Map and Education Center, and collections of distinction such as the personal library of John Adams, the Anti-Slavery Manuscripts collection, the Thomas Pennant Barton Collections of Shakespeare, and the Boston Pictorial Archive attract researchers and scholars from across the city and around the world.

Overview

Although an unprecedented year in terms of impacted Library operations, FY2021 was also a year that the BPL will be able to point to with pride. Far from being stymied by the continuing challenges of the COVID-19 pandemic, BPL staff brought their most creative and innovative thinking to ways in which the library could continue to provide critical services to our patrons, with a special focus on those most in need. Work continued on ongoing projects and initiatives including new strategies, capital projects, and a continued commitment to growing, learning and becoming an anti-racist institution.

FY21 Major Accomplishments

Innovative COVID-19 programming and services: examples

Book Bundles – With patrons unable to enter branch libraries and browse for the books they needed, library staff quickly took to creating bundles of books based on genre, subject, and reading level to have on hand for circulation. For example, if a parent of a four-year old came to a branch and asked for some books for their child, the library could respond with a pre-selected bundle of books that could just be checked out. Similarly, if a patron wanted some dystopian science fiction and a few graphic novels, that could be supplied as well. Library staff created an innovative way to get patrons what they needed without necessitating in-person browsing.

Craft Kits – Many of the programs geared toward children involved a craft. While librarians focused on incorporating simple crafts into their virtual storytimes that only necessitated basic household items, they also recognized that there was a need to provide materials for crafts, especially to households that might not have this type of material on-hand. Children's Librarians in branches have been creating kits with craft materials related to storytimes and distributing them through BPL to Go and at Storywalks around the City.

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Digital Equity Initiatives – As part of BPL to Go, the BPL’s program of services available during the pandemic, BPL launched the **Public Computer Access** program, which allowed residents to sign up for a two-hour appointment to use library computers in a socially distanced space within the Central Library in Copley Square.

At the same time, working with the Mayor’s Office of New Urban Mechanics, BPL also expanded its Wi-Fi access to create the **Outdoor Wi-Fi Program**, providing 24-hour outdoor internet access at nine BPL branch locations across the city, allowing users to socially distance while accessing the Internet for free.

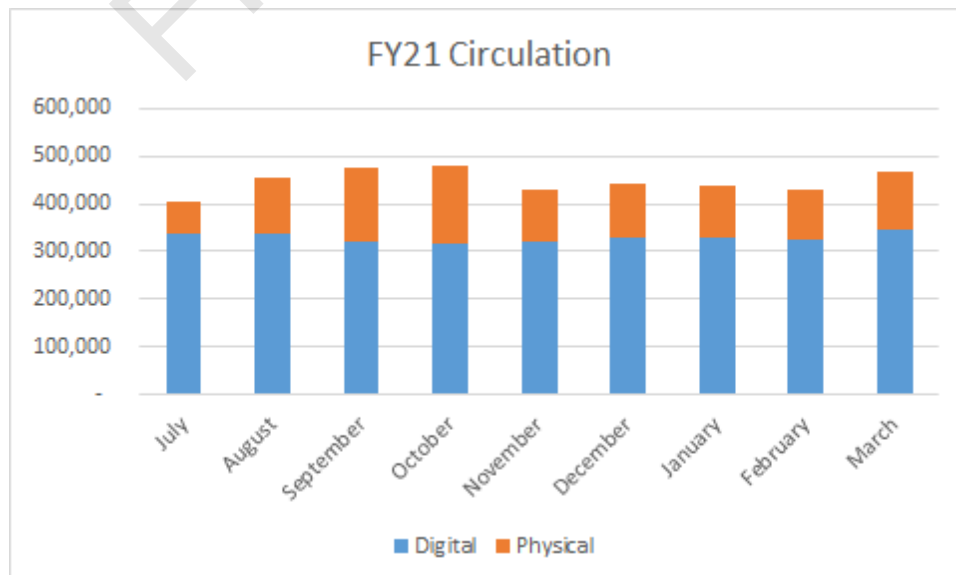
BPL also created and rolled out **Printing To Go**, a free print-on-demand service, to all open BPL branches. Patrons can upload documents they need printed by filling out a form at bpl.org/printing-to-go, selecting their location, and picking up their print jobs 72 hours later at the branches, or 24 hours later at the Central Library in Copley Square.

BPL’s most recent expansion of its digital initiatives came with the recently launched **Connectivity Kits**. Connectivity Kits are designed to help patrons bridge the digital divide by providing free, reliable internet access in any location. The kits include a 14” Chromebook, a hotspot, and a mouse, as well as the necessary chargers and a quick start guide, all in a BPL bag for easy access and transportation. While the BPL continues to offer Public Computer Access at the Central Library in Copley Square, Connectivity Kits extend this service into patrons’ homes and neighborhoods, on a schedule that works for them.

Continued robust demand for services

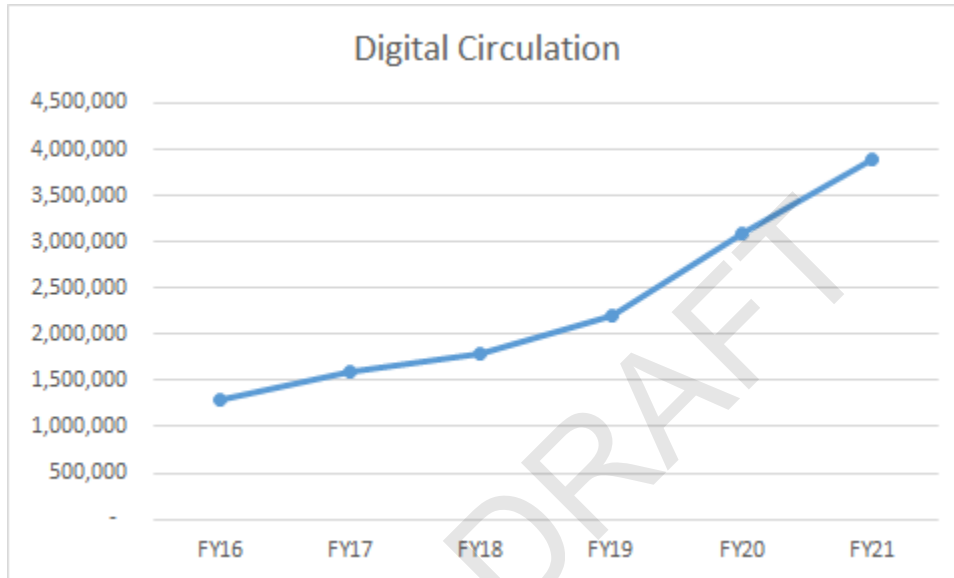
Record levels of circulation

It is remarkable to note that even with our buildings closed to in-person service for the last year, BPL’s total circulation – physical and digital combined – for FY2021 is estimated to be our **highest total at 5.2 million**.



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In recent years BPL has also seen a growing demand for digital content. When the pandemic hit and library doors temporarily closed, digital collections became the only material we could lend, and demand skyrocketed. **In FY21, we expect to double the circulation of digital items from just 3 years ago.**



Physical circulation

| | |
|------|-------------------|
| FY17 | 3.3 million |
| FY18 | 3.0 million |
| FY19 | 2.8 million |
| FY20 | 2.0 million |
| FY21 | 1.3 million (est) |

Digital Circulation

| | |
|------|-------------------|
| FY17 | 1.6 million |
| FY18 | 1.8 million |
| FY19 | 2.2 million |
| FY20 | 3.1 million |
| FY21 | 3.9 million (est) |

Since the launch of BPL to Go at the end of June, BPL has seen a steady increase of materials checked out. In March we saw the highest total, with 48,555 items picked up at locations across the city.

New library cards issued

In FY21, the primary way that people signed up for a new library card was online through BPL's e-card program. More than **77,000** patrons signed up for new e-cards in the last 12 months, which is an increase of **66 percent** over the previous year.

| | |
|------|---------------------------|
| FY16 | 74,737 |
| FY17 | 82,911 |
| FY18 | 85,902 |
| FY19 | 93,994 |
| FY20 | 97,364 |
| FY21 | 50,952 (through March 31) |

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Diversity, Equity, and Inclusion

In November, the Board of Trustees of the Boston Public Library unanimously ratified the Library's [Statement and Action Plan on Racial Equity](#). This document, drafted to align with City of Boston's declaration of [racism as a public health crisis](#), was created with the input of Library staff, the Board of Trustees, and the City's Chief of Equity. It establishes the BPL's commitment to becoming an anti-racist organization and outlines clear next steps in this work.

The Library has also reviewed its acquisition policy to ensure the BPL's collections are developed with an intentional focus on raising the voices of people of color through representation, inclusivity, and diversity. In support of this effort, [the Boston Public Library Fund](#) (BPLF) — the primary philanthropic arm of the BPL — sought and received an anonymous \$75,000 grant to support expanded access to the BPL's [Antiracist reading list](#).

Following the murder of George Floyd and the ensuing national and local conversations, the Library saw an increase of more than 500 percent increase in checkouts and holds on the most popular Black Lives Matter and anti-racism titles. To that end, the BPL spent an additional \$75,000 on purchasing more than 2,000 new works and additional copies and licenses of in-demand titles for all ages.

In September, the Library also began working with [YW Boston](#), consultants in leading organizations through change as they focus on diversity, equity, and inclusion. This engagement will assist staff and Library administration to incorporate an equity perspective into all of the BPL's services, programs, offerings, and policies.

The Library has also committed to analyzing its recruitment strategies to develop better practices and programs as part of this work. Currently, the BPL is further exploring professional development opportunities that prepare staff for potential career advancement

Improving neighborhood presence and services through purposeful capital projects

Working with the Public Facilities Department, we are currently executing a 5-year, \$130 million capital plan. We are grateful for the City of Boston's support, which means that when completed, every branch in the system will have received meaningful improvements, if not a complete renovation.

Increased service to underserved and vulnerable communities

Tech Goes Home, a partnership that provides digital literacy skills and a deeply discounted Chromebook to participants after completing 15 hours of basic computer training, pivoted from an in-person to an online learning experience. To facilitate this program, the discounted cost of the Chromebook was waived for the participants, and they were delivered in advance of the computer training.

ESL Conversation Circles flourished during the pandemic as participants could join virtually to keep their English language skills practiced, and to combat isolation. Virtual English practice sessions swelled beyond capacity and the library significantly increased the number of volunteers available to facilitate these sessions.

Despite having to pivot to virtual learning and spend hours experiencing school through Zoom, the library's ***Homework Assistance Program (HAP)*** made a successful transition to an online experience.

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The program, where teen mentors are provided special training and are available to work with younger students who need help with their homework, want to participate in a fun and educational program after their homework was completed, or just to talk with their mentor and maintain some social connections.

The Library successfully pivoted most of its ***programming to an online experience***, from Concerts in the Courtyard and Friday morning Yoga to Author Talks and Small Business Assistance clinics. Children's Services led the way, taking their storytimes online almost immediately after shutting down.

The Library also launched the [Future Readers Club](#), a program promoting the importance of early literacy. Special storytimes branded as Future Readers Club explained the importance of reading to younger children to the caregivers watching, and directed them to a special app that encouraged children to read 1,000 books before entering kindergarten, and provided tools to assist them.

The library also launched [Repairing America](#) as an overarching theme for the majority of its programming and services for the year. Racism, anti-immigrant sentiment, homophobia, and other forms of intolerance have divided our nation, while basic issues of public health and pandemic response have become politicized. Massive gaps between the haves and have-nots are nearly impossible to cross. As one of the United States' last truly democratic institutions, the BPL has a responsibility to help bridge these divisions. This year, the library is focusing its institutional priorities on finding ways to help Americans become more resilient and able to face the challenges of today.

Creation of a five-year roadmap

The work of the BPL requires a strong, stable institution. To best serve our patrons and staff, BPL is putting a plan in place to guide us through the next five years in order to further strengthen the institution, its culture, and its offering and clarify our mission, priorities, and initiatives.

The roadmap outlines seven key priorities:

Becoming an anti-racist organization

We will do everything in our power to become an organization that recognizes our challenges and fulfills our obligations to staff and patrons alike with respect to diversity, equity, and inclusion. We commit to following all actions outlined in the BPL Statement on Racial Equity, and building a staff culture for all based on respect and professional development.

Delivering programs and services that build and maintain equity

We will continue providing opportunities, programs, and services for all patrons, while growing our special focus on the challenges and inequities faced by people of color, immigrants, and other underserved or disenfranchised communities.

We will specifically focus on the areas of workforce preparedness and development, civic engagement, and public health. We will continue to foster the love of reading in children from birth to 18; and to engage youth in education, culture, civics, STEAM, and social and emotional learning.

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Building and maintaining our collections

We will maintain, build, and make accessible collections that are diverse, inclusive and geared to understand and close equity gaps, that anticipate users' interests and needs, and will practice responsible stewardship of all our collections.

Expanding our impact

We will raise awareness on the local, regional and national level of our value as a preeminent urban public library and research institution. Through promoting our collections, programs, and services, and telling the story of their impact, we will also support efforts to increase private funding – funding that secures and expands our ability to play a role in patrons' lives.

Providing inspiring spaces to all

We will provide welcoming spaces for patrons and staff that are safe, clean, and sustainable, while incorporating the latest and most appropriate technologies and strategies to do so.

Creating connections through technology

We will develop and implement an innovative technology plan that will support our programs and services, enable the Library's operations to run seamlessly, and help eliminate the digital equity gap. We will deliver a range of accessible online offerings and digital collections, balancing preservation of our collections with increased accessibility and user engagement.

Expecting the unexpected

We will expect -- and plan for -- the unexpected, so that our library can continue to operate with minimal disruptions to patrons, even when we face operational or communications challenges.

Expanded digital access to collections

Work from home projects transformed the way the public can learn about and interact with some of our previously hidden collections. Even though many staff couldn't interact with our physical collections, they spent the last year making information about our collections available online and searchable for the first time.

Because of this work, patrons can learn about our materials without having to come into the building. BPL was able to make virtually every manuscript and manuscript collection in the BPL Rare Books and Manuscripts department findable online for the first time. To make this happen, staff created 30,000 new entries in our database, covering an estimated 100,000 individual manuscripts.

Key FY22 Goals

Fine elimination – On March 18th, the Board of Trustees of the Boston Public Library voted to move forward with the permanent elimination of overdue fines. As part of the City of Boston's proposed budget, this removal of late fines is supported by \$125,000 of 'revenue relief' in the FY22 budget and went into effect July 1, 2021. The policy change will remove barriers and increase access to BPL resources for patrons across the City of Boston.

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Library Services –

- Define a plan for youth engagement work, including:
 - Focus on adding additional out-of-school time programs, with a focus on non-users and underserved populations.
 - Explore stronger collaborations with the Boston Public Schools to better provide scholastic support and racial equity.
 - Expanding the Homework Assistance Program and developing school support programs to improve children's scholastic success in a virtual world.
 - Expand early literacy programs through the Future Readers Club, including books for newborns, and explore new, innovative ways of promoting the importance of early literacy.

- Expand access to economic equity by:
 - Expanding client-based service model piloted by Community Learning to better assist patrons with their life goals.
 - Expanding programs and services that support patrons who need assistance in the areas of workforce development
 - Supporting the health and human service needs of our vulnerable communities.
 - Working with the BPL Fund to further expand services to support workforce development and economic recovery by increasing outreach services, partnership opportunities, and career placement services.
 - Working with multiple City of Boston departments, we will launch the ***Library as Economic Hub pilot*** in three branches. Workforce preparedness and development will be the focus of a pilot project in the East Boston, Mattapan, and Roxbury branches.
 - The library is working with the Boston Public Library Fund to support expanded workforce development support and in conversation with the City to create a placement/case management support system at the library
 - The Library will also create a Peer Navigator program to help vulnerable populations that incorporates a social worker, and peer navigators, certified individuals who have overcome hardships in their own lives and use their experiences to assist others.

Collections –

- Plan for successful completion and reopening of new Rare Books & Manuscripts Department space and program, Central Library
- Conduct assessment of collection storage needs through the capital-funded Research Collection Space and Storage Study.
- Improve the security of our collections, especially in preparation for the return of Special Collections by developing and implementing a Collections Security Policy and procedures
- Continue work of defining goals and principles to guide our collections strategy in order to more formally incorporate our diversity, equity and inclusion values.
- Develop digital preservation plan and identify short term measures to address collections most in need.
- The Library has received \$2.1 million in private funding to revitalize the library's ***Founding Research Collection***. These funds will enable the library to clean, catalog, and preserve 400,000 volumes of the collection, making them fully accessible to the public for the first time in the digital era.

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YEAR ENDED JUNE 30, 2021**

President's Office –

Reopening, recovery, and renewal: Continued focus on the transition to reopening and beyond into renewal, with key priorities focused on youth engagement, workforce development, and equity.

Development Support and Affiliate Collaboration: The greatest promise for substantially increased financial support will come from private philanthropy; BPL will continue to deepen its collaboration with the relaunched Boston Public Library Fund, as its primary philanthropic partner, while also strengthening its relationships with its major affiliates.

Equity Work: Launch of new Budgeted Equity Coordinator Position. The work of Summer 2020 culminated in a strong racial equity statement and a commitment to an equity action plan. The execution of this plan will be led by the Library's new Equity Coordinator, a new position proposed in the City of Boston's FY22 Budget. In parallel, the library continues to participate in the City-wide efforts for employee training on racial equity.

Develop a more transparent and clear ***strategic partnerships program***. A strong and healthy partnership program is key to the library's future success. The library is in the process of defining and strengthening a variety of ways in which national and local organizations could potentially partner with the BPL, along with clarifying what "strategic partnership" will mean across a number of areas of specialization, such as programs, collections, and fundraising.

Trustee Engagement: The President's office also looks forward to working with five new recently appointed Trustees, the existing members of the Board of Trustees, and uncovering opportunities for deeper Trustee engagement under the leadership of newly elected Board Chair, Priscilla Douglas.

Operations and Technology

The new BPL ***Technology Plan*** was completed and approved by the BPL Board of Trustees in 2021. At a high level it serves to create alignment and understanding across the organization of how the IT department operates and what it is focused on by sharing our mission and goals around technology. Each goal is subsequently broken down into various initiatives that are being done or are being planned in support of the department's goals.

Continued enhancement of ***security*** posture including the adoption and implementation of best practices in the protection of physical collections and assets.

- Created a new position dedicated to collection security. This position will be critical to the reopening of the Rare Books and Manuscripts department.
- Awarded our security contract to a new vendor for officer and patrol services throughout the library system.

Modernization of methods, tools, equipment and the enhancement of ***facilities management technology***

- Realized the long-term goal of having a dedicated custodian at each of neighborhood branches. Previously we had multiple branches where one custodian was covering 2 locations. This will result in cleaner buildings and better experiences for our staff and patrons.
- In addition to adopting and carrying out all the COVID 19 cleaning requirements, the custodial staff has taken advantage of the time with limited patrons in the buildings to refinish and shampoo floors throughout the Central Library and neighborhood branches in preparation for reopening.

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YEAR ENDED JUNE 30, 2021**

Successful completion of all capital projects, major projects, and systemwide initiatives:

Continuation and completion of capital projects

Projects anticipated to be completed in FY22

- Adams Branch (new construction)
- Roslindale Branch Renovation
- Central Library Rare Books Renovation
- Central Library McKim Master Plan Programming Study
- West End Programming Study
- Egleston Branch Programming Study
- Central Library McKim Fountain Renovation
- Central Library Women's Locker Room Renovation

Projects that will continue in FY22

- Faneuil Branch Renovation
- McKim Fire Panel Replacement
- Codman Square Branch Programming Study
- Research Collections Preservation and Storage Plan
- Chinatown Branch (new location)
- Uphams Corner Branch (new location)

Projects to kick off in FY22

- Fields Corner Design
- South End Branch Programming Study
- North End Branch Programming Study
- South Boston Branch Programming Study
- Central Library Facade Study and Repairs

Additional Projects at the BPL that are run by other departments

- Percent for the Arts
 - Jamaica Plain Branch
 - Roxbury Branch
 - Adams Branch
 - Mattapan Branch
- Renew Boston Trust Energy Projects (HVAC Updates)
 - Central Library
 - Honan Allston Branch
 - Hyde Park Branch
 - Lower Mills Branch
 - Brighton Branch
 - Charlestown Branch
 - Mattapan Branch

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

LIBRARY GOVERNANCE

The Library is governed by a board of trustees which is appointed by the Mayor of the City of Boston. The BPL also conducts business as a department of the City of Boston and the financial records of these operations are included in the City of Boston's financial report.

FINANCIAL HIGHLIGHTS

The following sections of the management's discussion and analysis pertain only to the Trustees' separate Section 501(c)(3) organization as reported in these financial statements.

- The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$98,404,434 (net position)
- The Library's total net position increased \$19,798,246
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$1,690,388, or 25.1% of total general fund expenditures and transfers out

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's basic financial statements include three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

The components are described as follows:

Government-Wide Financial Statements

One of the most important questions asked about the Library's finances is, "is the Library as a whole, better or worse off, as a result of the year's activities?" The government-wide financial statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector business. They present both short and long-term information about the Library's financial position, which assists in assessing the Library's economic condition at the end of the fiscal year.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The government-wide financial statements include two statements:

The **statement of net position** includes all assets and liabilities of the Library, with the difference between the two reported as "net position." Over time, increases or decreases in the Library's net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The **statement of activities** presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Government-Wide Financial Statements (Continued)

Both of the above financial statements have separate sections for the two different types of Library programs or activities. These two types of activities are:

Primary Government – The activities in this section are mostly supported by governmental appropriations, contributions, grants, and fees for services. Most services normally associated with the Library fall into this category, including certain Library staff salaries and benefits, library material purchases, programs, contractual services and utilities, equipment and furnishings costs, and other administrative costs.

Discretely Presented Component Unit – The Library's discretely presented component unit is the Fund for the Boston Public Library (Fund for BPL). Although legally separate, the Fund for BPL is financially interrelated to the Library. For the most part, the Fund for BPL operates similar to a private sector business and its functions are intended to recover all of its operating costs as part of its mission to raise funds for the Library. Complete financial statements of the Fund for BPL can be obtained from its administrative office. Additional information about the Library's component unit is presented in the notes to the financial statements.

In addition to examining the above statements, other nonfinancial factors need to be considered in assessing the Library's overall financial position, such as changes to the Library's collection, delivery of service, or condition of the Library buildings.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other governmental and nonprofit organizations, uses fund accounting to ensure and demonstrate compliance with finance or donor-related requirements.

The fund financial statements focus on the individual components of the Library's business, reporting the Library's operations in more detail than the government-wide financial statements.

The basic services provided by the Library are financed through governmental funds. Governmental funds are used to account for essentially the same functions as the governmental activities in the government-wide financial statements. However, unlike those statements, the fund-financial statements focus on near-term inflows and outflows of spendable resources; they also focus on spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term activities.

The Library has three categories of governmental funds; the general fund, the Fund for BPL fund, and the nonmajor governmental funds. Each fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The general fund is the primary operating fund of the Library and accounts for all financial resources except those required to be accounted for in another fund.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Fund Financial Statements (Continued)

The Fund for BPL fund is used to account for and report all financial resources donated by the Fund for BPL restricted for the betterment of programming support and facility operations.

The nonmajor governmental funds consist of special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its constituents.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and the fund financial statements. The notes to the basic financial statements can be found immediately following the financial statements.

FINAL DRAFT

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis is based on the statement of net position and the statement of activities.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Library's assets exceeded liabilities by \$98,404,434 at the close of the fiscal year and are summarized as follows:

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current Assets | \$ 21,277,763 | \$ 18,145,747 |
| Noncurrent Assets, Excluding Capital Assets | 78,111,308 | 61,633,620 |
| Capital Assets, Net | 365,836 | 84,019 |
| Total Assets | 99,754,907 | 79,863,386 |
| LIABILITIES | | |
| Current Liabilities | 1,350,473 | 1,257,198 |
| NET POSITION | | |
| Net Investment in Capital Assets | 365,836 | 84,019 |
| Restricted | 92,887,046 | 73,728,394 |
| Unrestricted | 5,151,552 | 4,793,775 |
| Total Net Position | \$ 98,404,434 | \$ 78,606,188 |

A portion of the Library's net position reflects its net investment in capital assets (e.g., buildings, equipment and machinery and furniture, fixtures and improvements). These capital assets are used to provide services to customers; consequently, these assets are not available for future spending.

A majority of the Library's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Library's ongoing obligations to customers and creditors.

At the end of the current fiscal year, the Library reports positive balances in all three categories of net position.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Changes in Net Position

The Library's total net position increased by \$19,798,246 during the current fiscal year, summarized as follows:

| | Governmental Activities | |
|---------------------------------------|-------------------------|---------------|
| | 2021 | 2020 |
| REVENUES | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,781,510 | \$ 2,361,871 |
| Operating Grants and Contributions | 25,381,175 | 6,386,504 |
| General Revenues: | | |
| Unrestricted Grants and Contributions | 2,660,418 | 1,522,464 |
| Unrestricted Investment Income | 15,438 | 183,218 |
| Total Revenues | 29,838,541 | 10,454,057 |
| EXPENSES | | |
| Salaries and Benefits | 3,375,807 | 3,296,965 |
| Books and Related Materials | 1,660,370 | 1,454,633 |
| Programs | 706,565 | 692,246 |
| Administrative | 965,248 | 1,605,194 |
| Contractual Services and Utilities | 1,767,282 | 1,948,397 |
| Equipment, Furniture, and Maintenance | 620,692 | 1,279,592 |
| E-Rate | 692,332 | - |
| Related to In-Kind Contributions | 222,815 | - |
| Unallocated Depreciation | 29,184 | 64,926 |
| Total Expenses | 10,040,295 | 10,341,953 |
| CHANGE IN NET POSITION | 19,798,246 | 112,104 |
| Net Position - Beginning of Year | 78,606,188 | 78,494,084 |
| NET POSITION - END OF YEAR | \$ 98,404,434 | \$ 78,606,188 |

Governmental activities increased the Library's net position by \$19,798,246. In the prior year, governmental activities increased the Library's net position by \$112,104. The main cause of the change from the prior year relates to significant increases in investment income.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FUND FINANCIAL ANALYSIS

This analysis is based on the fund financial statements.

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Highlights

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financial requirements. Unassigned fund balances in particular may serve as a useful measure of an organization's financial position at the end of a fiscal year.

Nonspendable Fund Balance (Permanent Funds) – Nonspendable fund balance of permanent funds is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support Library programs. The fund balance for nonspendable permanent funds was approximately \$77,942,000 at June 30, 2021.

Restricted Fund Balance – Fund balances are reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, donors or laws or regulations of other governments or is imposed by law through constitutional provisions. Many items in this fund balance reflect gifts to the Library with specific restrictions as to their use. Restricted fund balance was approximately \$14,945,000 at year-end.

Committed Fund Balance – Committed fund balances include amounts that can be used only for specific purposes imposed by formal action of the board of trustees. These committed funds cannot be used for any purpose unless the board of trustees removes or changes the specified use. Committed fund balance was approximately \$37,000 at year-end.

Assigned Fund Balance – Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes, but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the board of trustees or a Library official delegated that authority by charter or ordinance. Assigned fund balance was approximately \$3,424,000 at year-end.

Unassigned Fund Balance – Unassigned fund balance is the residual fund balance for the general fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts. There was a balance of approximately \$1,690,000 in unassigned fund balance at the end of the fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all of the Library's customers, donors, and other interested parties. This financial report seeks to demonstrate the Library's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Boston Public Library, 700 Boylston Street, Boston, MA 02116.

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
STATEMENT OF NET POSITION
JUNE 30, 2021

| | Governmental Activities | Component Unit - Fund for BPL |
|--|----------------------------|-------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 2,862,936 | \$ - |
| Restricted Cash and Cash Equivalents | 16,292,298 | - |
| Restricted Investments | - | - |
| Receivables, Net of Allowance for Uncollectible Amounts: | | |
| Intergovernmental | 858,582 | - |
| Departmental and Other | 811,839 | - |
| Pledges and Grants | - | - |
| Interest and Dividends | 10,758 | - |
| Prepaid Expenses and Other Assets | 441,350 | - |
| Total Current Assets | 21,277,763 | - |
| NONCURRENT ASSETS | | |
| Restricted Cash and Cash Equivalents | 4,269,758 | - |
| Restricted Investments | 73,841,550 | - |
| Receivables, Net of Allowance for Uncollectible Amounts: | | |
| Pledges and Grants | - | - |
| Capital Assets, Net of Accumulated Depreciation | 365,836 | - |
| Total Noncurrent Assets | 78,477,144 | - |
| Total Assets | 99,754,907 | - |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 508,065 | - |
| Accrued Expenses | 158,554 | - |
| Advance Deposits | 451,084 | - |
| Due to City of Boston | 232,770 | - |
| Other Liabilities | - | - |
| Total Current Liabilities | 1,350,473 | - |
| Total Liabilities | 1,350,473 | - |
| NET POSITION | | |
| Net Investment in Capital Assets | 365,836 | - |
| Restricted: | | |
| Nonexpendable | 77,942,459 | - |
| Expendable | 14,944,587 | - |
| Unrestricted | 5,151,552 | - |
| Total Net Position | \$ 98,404,434 | \$ - |

See accompanying Notes to Financial Statements.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| Activities | Expenses | Program Revenues | | Net (Expense) Revenue |
|--|----------------------|-------------------------|--|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | |
| PRIMARY GOVERNMENT | | | | |
| Governmental Activities: | | | | |
| Salaries and Benefits | \$ 3,375,807 | \$ - | \$ 10,752,242 | \$ 7,376,435 |
| Books and Related Materials | 1,660,370 | - | 6,076,643 | 4,416,273 |
| Programs | 706,565 | 42,661 | 2,551,215 | 1,887,311 |
| Administrative | 965,248 | 821,429 | 1,196,715 | 1,052,896 |
| Contractual Services and Utilities | 1,767,282 | 2,201 | 4,179,370 | 2,414,289 |
| Equipment, Furniture, and Maintenance | 620,692 | 72 | 624,990 | 4,370 |
| E-Rate | 692,332 | 692,332 | - | - |
| Related to In-Kind Contributions | 222,815 | 222,815 | - | - |
| Unallocated Depreciation | 29,184 | - | - | (29,184) |
| | <u>\$ 10,040,295</u> | <u>\$ 1,781,510</u> | <u>\$ 25,381,175</u> | <u>\$ 17,122,390</u> |
| COMPONENT UNIT | | | | |
| Fund for BPL | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | Primary Government | Component Unit |
| CHANGES IN NET POSITION | | | | |
| Net (Expense) Revenue | | | \$ 17,122,390 | \$ - |
| GENERAL REVENUES | | | | |
| Unrestricted Grants and Contributions | | | 2,660,418 | - |
| Unrestricted Investment Income | | | 15,438 | - |
| Total General Revenues | | | <u>2,675,856</u> | <u>-</u> |
| CHANGE IN NET POSITION | | | 19,798,246 | - |
| Net Position - Beginning of Year | | | 78,606,188 | - |
| NET POSITION - END OF YEAR | | | <u>\$ 98,404,434</u> | <u>\$ -</u> |

See accompanying Notes to Financial Statements.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

| ASSETS | <u>General</u> | <u>Fund for BPL</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------------|----------------------------|--|---|
| Cash and Cash Equivalents | \$ 2,862,936 | \$ - | \$ - | \$ 2,862,936 |
| Restricted Cash and Cash Equivalents | 2,211,766 | 1,877,767 | 16,472,523 | 20,562,056 |
| Restricted Investments | - | - | 73,841,550 | 73,841,550 |
| Receivables, Net of Allowance for Uncollectible Amounts: | | | | |
| Intergovernmental | 754,984 | - | 103,598 | 858,582 |
| Special Events | - | - | - | - |
| Departmental and Other | 1,056 | 689,620 | 121,163 | 811,839 |
| Interest and Dividends | - | - | 10,758 | 10,758 |
| Prepaid Expenses and Other Assets | 434,755 | 6,595 | - | 441,350 |
| Total Assets | <u>\$ 6,265,497</u> | <u>\$ 2,573,982</u> | <u>\$ 90,549,592</u> | <u>\$ 99,389,071</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 340,843 | \$ 4,518 | \$ 162,704 | \$ 508,065 |
| Accrued Expenses | 5,454 | - | 153,100 | 158,554 |
| Advance Deposits | 451,084 | - | - | 451,084 |
| Due to City of Boston | 183,174 | - | 49,596 | 232,770 |
| Total Liabilities | <u>980,555</u> | <u>4,518</u> | <u>365,400</u> | <u>1,350,473</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Perpetual Permanent Funds | - | - | 77,942,459 | 77,942,459 |
| Restricted: | | | | |
| Expendable Permanent Funds | - | - | 8,988,650 | 8,988,650 |
| Fund for BPL Gifts | - | 2,569,464 | - | 2,569,464 |
| Associates Gifts | - | - | 412,058 | 412,058 |
| Map Center | - | - | 63,311 | 63,311 |
| City-Wide Friends | - | - | 8,284 | 8,284 |
| Programs | 225,888 | - | - | 225,888 |
| Metro Boston Library Network | 1,008,693 | - | - | 1,008,693 |
| General Trust Holdings | 91,068 | - | - | 91,068 |
| General Trust | - | - | 1,577,171 | 1,577,171 |
| Committed: | | | | |
| Neighborhood Outreach | 36,942 | - | - | 36,942 |
| Assigned: | | | | |
| Information Technology Equipment | 1,002,960 | - | - | 1,002,960 |
| Deferrari Fund | - | - | 1,192,259 | 1,192,259 |
| Salaries | 466,000 | - | - | 466,000 |
| Furniture | 241,607 | - | - | 241,607 |
| Security | 43,316 | - | - | 43,316 |
| Neighborhood Outreach | 59,583 | - | - | 59,583 |
| Employee Training | 24,339 | - | - | 24,339 |
| Operating Fund | 394,158 | - | - | 394,158 |
| Unassigned | 1,690,388 | - | - | 1,690,388 |
| Total Fund Balances | <u>5,284,942</u> | <u>2,569,464</u> | <u>90,184,192</u> | <u>98,038,598</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,265,497</u> | <u>\$ 2,573,982</u> | <u>\$ 90,549,592</u> | <u>\$ 99,389,071</u> |

See accompanying Notes to Financial Statements.

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

| | General | Fund for BPL | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 4,708,144 | \$ - | \$ 138,125 | \$ 4,846,269 |
| Special Events | 42,500 | - | - | 42,500 |
| Fees for Services | 19,311 | 3,811 | 130,594 | 153,716 |
| Contributions and Gifts | 750,650 | 2,088,290 | 1,020,721 | 3,859,661 |
| E-Rate | 692,332 | - | - | 692,332 |
| In-Kind Contributions | 222,815 | - | - | 222,815 |
| Investment Income | 16,330 | - | 20,004,918 | 20,021,248 |
| Total Revenues | <u>6,452,082</u> | <u>2,092,101</u> | <u>21,294,358</u> | <u>29,838,541</u> |
| EXPENDITURES | | | | |
| Salaries and Benefits | 1,771,563 | 770,958 | 833,286 | 3,375,807 |
| Books and Related Materials | 804,378 | 57,005 | 798,987 | 1,660,370 |
| Programs | 138,904 | 170,839 | 396,822 | 706,565 |
| Administrative | 668,798 | 24,661 | 271,789 | 965,248 |
| Contractual Services and Utilities | 1,193,471 | 36,035 | 537,776 | 1,767,282 |
| Equipment, Furniture, and Maintenance | 742,538 | 25,982 | 163,173 | 931,693 |
| E-Rate | 692,332 | - | - | 692,332 |
| Related to In-Kind Contributions | 222,815 | - | - | 222,815 |
| Total Expenditures | <u>6,234,799</u> | <u>1,085,480</u> | <u>3,001,833</u> | <u>10,322,112</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 217,283 | 1,006,621 | 18,292,525 | 19,516,429 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 600,134 | 142,154 | 3,023,201 | 3,765,489 |
| Transfers Out | (499,002) | (77,709) | (3,188,778) | (3,765,489) |
| Total Other Financing Sources (Uses) | <u>101,132</u> | <u>64,445</u> | <u>(165,577)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 318,415 | 1,071,066 | 18,126,948 | 19,516,429 |
| Fund Balances - Beginning of Year | <u>4,966,527</u> | <u>1,498,398</u> | <u>72,057,244</u> | <u>78,522,169</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 5,284,942</u> | <u>\$ 2,569,464</u> | <u>\$ 90,184,192</u> | <u>\$ 98,038,598</u> |

See accompanying Notes to Financial Statements.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2021**

| | |
|--|-----------------------------|
| Total Governmental Fund Balances | \$ 98,038,598 |
| Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | <u>365,836</u> |
| Net Position of Governmental Activities | <u><u>\$ 98,404,434</u></u> |

FINAL DRAFT

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

| | |
|---|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 19,516,429 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the related activity of the current period.</p> | |
| Capital Outlays | 311,001 |
| Depreciation | <u>(29,184)</u> |
| Changes in Net Position of Governmental Activities | <u>\$ 19,798,246</u> |

FINAL DRAFT

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

Reporting Entity

The Trustees of the Public Library of the City of Boston (the Library), a nonprofit, educational corporation, was established in 1848 to benefit and facilitate the needs of the City of Boston's (the City) public library system. A board of trustees (the Trustees), which is appointed by the City's Mayor, governs the City's public library system. The majority of the Library's assets are held in trust in accordance with the conditions imposed by the donors. The principal of the trust funds is invested to generate income that, in turn, is used to serve the Library's needs that relate to the specific trust agreements. In addition, the Library receives significant support through state and federal government appropriations and private sources.

The Library is a Section 501(c)(3) organization, exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. In addition, the Commonwealth of Massachusetts (the Commonwealth) has classified the Library as a nonprofit organization in nature, and, as such, it is exempt from payments of income taxes to the Commonwealth.

Separate and distinct from the Trustees' Section 501(c)(3) organization, operations of the Boston Public Library are also conducted as a department of the City. These financial statements only represent the operations of the Trustees' Section 501(c)(3) organization.

The Library is considered a component unit of the City for financial reporting purposes and it places substantial reliance upon the City to fund its daily operations. The City funds the majority of the Library's costs of operations. The City pays the Library employees' salaries; therefore, payroll liabilities and related costs of compensated absences are recorded on the City's government-wide financial statements.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the Library.

The Library has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Library are such that exclusion would cause the Library's basic financial statements to be misleading or incomplete.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discretely Presented Component Unit

The Fund for the Boston Public Library (Fund for BPL), a component unit of the Library, was formed on March 2, 1992, as a nonprofit organization, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, to support the physical restoration and the enhancement of the public visibility of the Library. The Fund for BPL is legally separate from the Library, and the Library is not financially accountable for the Fund for BPL. The Fund for BPL has been included because of the nature and significance of its relationship with the Library. Complete financial statements can be obtained from the Fund for BPL's administrative offices in Boston, Massachusetts.

Related Organizations

The Norman B. Levanthal Map Center, Inc., the Associates of The Boston Public Library, the City-Wide Friends, and the Friends of Branch Libraries support library objectives and raise funds for the Library. Currently, the Library's accountability for these organizations does not extend beyond receiving their support.

Implementation of New Accounting Principles

For the year ended June 30, 2021, the Library implemented GASB Statements No. 84, *Fiduciary Activities*, No. 90 *Majority Equity Interests*, No. 93 *Replacement of Interbank Offered Rates* and No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The implementation of these Statements had no reporting impact.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) report information on all nonfiduciary activities of the primary government (the Library) and its discretely presented component unit. Governmental activities are primarily supported by contributions, intergovernmental revenues, and investment income.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Grants and contributions that are restricted to meeting the operational requirements of a specific function or segment.

Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Items not identifiable as program revenues are reported as general revenues.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for certain claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Revenues are considered available if they are collected within 60 days after the end of the fiscal year. Investment income is susceptible to accrual. Other receipts become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *Fund for BPL fund* is a special revenue fund used to account for and report all financial resources donated by the Fund for BPL restricted for the betterment of programming support and facility operations.

The *nonmajor governmental funds* consist of special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its constituents.

Cash and Investments

Government-Wide and Fund Financial Statements – Library

Cash and cash equivalents are considered to be cash on hand, demand deposits, money market mutual funds and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value; with the exception of money market mutual funds which are carried at amortized cost. Fair value is based on quotations from a national securities exchange except for pooled funds and alternative investments, for which fair value is determined as follows:

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

Government-Wide and Fund Financial Statements – Library (Continued)

Pooled Funds

The fair value of shares in managed investment pools is based on unit value reported by the funds.

Core Bond Fund and Private Equity Funds

The core bond fund and private equity funds are recorded at fair value based on market values provided by investment firms after consideration of pertinent information, including current financial position and operating results, price-earnings multiples and available market prices of similar companies' securities, the nature of securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated.

Component Unit Financial Statements – Fund for BPL

A hierarchy that prioritizes the inputs to valuation techniques used to measure fair value establishes a framework for measuring fair value. The Fund for BPL's assets measured at fair value as of June 30, 2021 are categorized as Level 1 in the fair value hierarchy. Level 1 assets represent valuation at unadjusted quoted prices for identical asset or liabilities in active markets that the Fund for BPL has the ability to access.

Common stock, corporate bonds, U.S. government securities, and mutual funds are valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund for BPL believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure-driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure-driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

The Commonwealth's Board of Library Commissioners (the Board) has designated the Library as the Library for the Commonwealth (LFC). Accordingly, the LFC's operations are included in the Library's financial statements. The LFC provides reference and research services and materials for the Commonwealth and retains personnel with expertise and bibliographic skills needed to develop and provide access to reference and research collections.

The LFC operates under a cost reimbursement arrangement granted by the Commonwealth. The LFC is assessed certain salaries and benefits, for reimbursement to the City of Boston, and purchases books and related materials for the benefit of the Commonwealth.

Special Events

Special events receivables consist of amounts owed for events held at the Library, such as weddings, parties, meetings, and tours. Special events receivables are recorded in the fiscal year the events are held.

Departmental and Other

Departmental and other receivables are recorded as receivables in the fiscal year accrued.

Contributions and Gifts

Contributions and gifts receivables are recorded as receivables in the fiscal year in which the Library has met all the required conditions to which the contribution or gift is subject.

Interest and Dividends

Interest and dividends receivables consist of accrued investment income.

Due from City of Boston

Due from City of Boston receivables consist of grant receivables which are owed directly to the Library from the City of Boston.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Pledges and Grants (Fund for BPL)

Pledges are recorded as receivables in the year made. Grants are recorded as receivables when the Fund for BPL has fulfilled specific requirements. Pledges and grants scheduled to be received over the next 12 months are reflected as current receivables while pledges and grants scheduled to be received in subsequent years are reflected as long-term receivables in the statement of net position and have been discounted to present value. All pledges are considered to be available for unrestricted use unless specifically restricted by the donor.

Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. Intergovernmental and interest and dividends receivables are considered 100% collectible. The allowance for uncollectible amounts for special events and departmental and other receivables is immaterial and therefore not reported. The Fund for BPL did not recognize an allowance for doubtful accounts for pledges receivable as of June 30, 2021, since management deemed all pledges receivable to be fully collectible.

Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Prepaid Expenses

Prepaid expenses consist of monies paid in advance for subscription and license renewals.

Capital Assets

Government-Wide Financial Statements

Capital assets, which consist of buildings, machinery and equipment and furniture, fixtures and improvements, are reported in the government-wide financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their estimated fair market value at the date of donation.

Purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than two years if title/ownership of the underlying assets belongs to the Trustees. For such purchases (including books and related) and construction costs for which the title/ownership of the underlying assets belongs to the City of Boston, costs are not capitalized by the Trustees.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Government-Wide Financial Statements (Continued)

Capital assets are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

| <u>Capital Asset Type</u> | <u>Estimated Useful Life (in years)</u> |
|---------------------------------------|---|
| Machinery and Equipment | 3-10 |
| Furniture, Fixtures, and Improvements | 5 |

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Funds Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

Works of Art and Historical Treasures

The Library maintains collections including artwork, rare book collection, and historical treasures that have been purchased or donated. These items are preserved and cared for and many are displayed in public exhibitions. The Library does not have a formal policy that requires that proceeds from the sale of these items be used to expand the collections through additional acquisitions. However, historically, the Library has not sold works of art and historical treasures and as of June 30, 2021, the Library has no intention to sell its works of art and historical treasures and not use the proceeds to either restore current holdings or expand the collection through additional acquisitions. Therefore, in accordance with the Governmental Accounting Standards Board (GASB), the Library does not capitalize collections meeting all of the above factors.

Advance Deposits

Advance deposits consist of monies received in advance for special events held at the Library and customer balances in the pay-for-print program.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “due from other funds” or “due to other funds” on the balance sheet.

Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

Net Position and Fund Balances

Government-Wide Financial Statements (Net Position)

Net position represents the residual difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net position reported as “Net Investment in Capital Assets” includes capital assets, net of accumulated depreciation and any related debt.

Net position is reported as “restricted” when amounts are restricted by outside parties for a specific future use. Net position has been restricted for the following:

Nonexpendable – represents the principal value of amounts held in trust restricted by various trust agreements.

Expendable – represents the investment earnings on amounts held in trust which may be expended in accordance with various trust agreements, amounts which may be expended in accordance with various grant agreements, and other restrictions placed on assets from outside parties.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balances (Continued)

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., inventory) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – represents amounts that can be used only for specific purposes imposed by a formal action (ordinance or resolution) of the Trustees, which is the highest level of decision-making authority for the Library. Committed amounts may be established, modified, or rescinded only through actions approved by the Trustees.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. In the general fund, assigned amounts represent intended uses established by the Trustees or a Library official delegated that authority by charter or ordinance.

Unassigned – represents the residual fund balance for the general fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Total Column

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Library's annual budget consists of two parts; its budget as a component unit of the City and its annual budget as the Trustees of the Public Library. The Library's annual budget as a component unit of the City is prepared as part of the annual municipal budget process. Once adopted, the budget may be amended pursuant to the supplemental appropriation process, in which the Mayor submits such requests to the City Council for approval. The Library's City budget is not part of these financial statements. The Library's annual Trustees' budget is prepared under the direction of the Library's management and Trustees. The Library's Trustees' budget is included as an external fund budget in the City's annual operating budget.

NOTE 3 DEPOSITS AND INVESTMENTS

Library

The by-laws of the Trustees authorize the Library to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Library (Continued)

The Library's permanent funds (through various trust agreements) have expanded investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments. Generally, the Library's investment activities are managed under the custody of the City Treasurer. The Library's investing of funds in its custody is performed in accordance with investment policies approved by the Trustees. Certain permanent funds have investments in a common fund where investments are pooled. The pooled fund makes a distribution of its investment income to the various participating funds. Participating funds may purchase or redeem units of the common fund based upon the market value of the underlying investments held in the common funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Library's deposits may not be recovered. The Library does not have a policy for custodial credit risk of deposits. As of June 30, 2021, \$14,100,303 of the Library's bank balance of \$14,350,303 was uninsured, uncollateralized, and exposed to custodial credit risk.

The Library's investments at June 30, 2021 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

| Investment Type | Total | Investment Maturities (in Years) <u>< 1</u> |
|---------------------------|---------------|---|
| Debt Securities: | | |
| Money Market Mutual Funds | \$ 3,696,668 | \$ 3,696,668 |
| Fixed Income Mutual Funds | 8,227,694 | 8,227,694 |
| Total Debt Securities | 11,924,362 | \$ 11,924,362 |
| Other Investments: | | |
| Equity Securities | 17,805,616 | |
| Equity Mutual Funds | 4,135,879 | |
| Core Bond Fund | 4,289,534 | |
| Private Equity Funds | 39,382,827 | |
| Total Other Investments | 65,613,856 | |
| Total Investments | \$ 77,538,218 | |

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Library (Continued)

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Library does not have a policy for interest rate risk of debt securities.

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's policy is for all investments to be insured, registered, or held by the Library's agent in the Library's name. As of June 30, 2021, the entire balance of investments are insured, registered, or held by the Library's agent in the Library's name and are not exposed to custodial credit risk.

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Library's policy for investments in individual debt securities is for all securities to be of investment grade (BBB rating or better).

As of June 30, 2021, the Library's investments that are classified as debt securities consisted entirely of mutual funds that were unrated by national credit rating organizations. The Library's investment in the IR&M Core Bond Fund, which is classified as an alternative investment, consists of various fixed income and other debt security investments that are all rated BBB or better by Moody's and Standard and Poors.

Investments – Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Library (Continued)

The Library has the following recurring fair value measurements as of June 30, 2021:

| | <u>Total</u> | <u>Level 1</u> |
|--|-----------------------------|-----------------------------|
| Equity Securities: | | |
| Equity Mutual Funds | \$ 4,135,879 | \$ 4,135,879 |
| Equity Securities | <u>17,805,616</u> | <u>17,805,616</u> |
| Total Equity Securities | 21,941,495 | 21,941,495 |
| Debt Securities: | | |
| Fixed Income Mutual Funds | <u>8,227,694</u> | <u>8,227,694</u> |
| Total Debt Securities | <u>8,227,694</u> | <u>8,227,694</u> |
| Total Investments by Fair Value Level | 30,169,189 | <u><u>\$ 30,169,189</u></u> |
| Investments Measured at the Net Asset Value (NAV): | | |
| Core Bond Fund | 4,289,534 | |
| Private Equity Funds | <u>39,382,827</u> | |
| Total Investments Measured at the NAV | <u>43,672,361</u> | |
| Total Investments Measured at Fair Value | <u><u>\$ 73,841,550</u></u> | |

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments – Fair Value Measurements

The valuation method for investments measure at the net asset value (NAV) per share or its equivalent) is presented on the following table.

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Core Bond Fund ⁽¹⁾ | \$ 4,289,534 | \$ - |
| Private Equity Funds ⁽²⁾ | <u>39,382,827</u> | - |
| Total Investments Measured at the NAV | <u><u>\$ 43,672,361</u></u> | |

(1) Core Bond Fund – This type includes one core bond fund that invests primarily in investment-grade fixed income securities. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the System’s ownership interest in partners’ capital. This investment can be redeemed as needed, with a redemption notice period of four days.

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JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Library (Continued)

⁽²⁾ Private Equity Funds – This type includes five private equity funds. One fund with a value of \$10,516,754 invests to seek income and capital appreciation by investing in equity and equity-linked securities of non-U.S. companies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Library's ownership interest in partners' capital. The investment can be redeemed as needed, with notice provided five days before the end of each month. The second fund with a value of \$10,003,847 seeks to approximate, as closely as practicable, before expenses, the performance of the S&P 500® Index over the long term while investing in securities which meet certain social or environmental criteria. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Library's ownership interest in partners' capital. The investment can be redeemed as needed within two days' notice. The third fund with a value of \$5,426,470 invests to seek an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index over the long term. The investment can be redeemed as needed within two days' notice. The fourth fund with a value of \$8,082,543 seeks to invest in Global Resource Optimization Funds. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Library's ownership interest in partners' capital. The investment can be redeemed at the end of each month as needed within three to seven days' notice. The fifth fund with a value of \$5,353,213 seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Bloomberg Barclays U.S. Treasury Index over the long term. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Library's ownership interest in partners' capital. The investment can be redeemed as needed without advance notice.

Fund for BPL

The Fund for BPL maintains cash balances at financial institutions, and at times during the year these balances may exceed the federally insured limit. Management monitors the financial condition of these financial institutions, along with its balances in cash, to keep this potential risk at a minimum. At June 30, 2021, uninsured amounts totaled approximately \$OPEN.

The Fund for BPL's investments at June 30, 2021 are comprised of the following:

OPEN – TO BE INSERTED UPON COMPLETION OF FUND FOR BPL AUDIT

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 ACCOUNTS RECEIVABLE

At June 30, 2021, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|------------------------|---------------------|---------------------------------|---------------------|
| Intergovernmental | \$ 858,582 | \$ - | \$ 858,582 |
| Departmental and Other | 811,839 | - | 811,839 |
| Interest and Dividends | 10,758 | - | 10,758 |
| Total Receivables | <u>\$ 1,681,179</u> | <u>\$ -</u> | <u>\$ 1,681,179</u> |

Fund for BPL

Pledges receivable are primarily from long-time supporters located throughout Massachusetts. The long-term portion of receivables is discounted at 3.0%.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|------------------|--------------------|
| Capital Assets Being Depreciated: | | | | |
| Machinery and Equipment | \$ 2,087,976 | \$ 311,001 | \$ (1,267,631) | \$ 1,131,346 |
| Furniture, Fixtures, and Improvements | 482,362 | - | (161,932) | 320,430 |
| Total Capital Assets Being Depreciated | 2,570,338 | 311,001 | (1,429,563) | 1,451,776 |
| Less Accumulated Depreciation for: | | | | |
| Machinery and Equipment | (2,060,361) | (5,918) | 1,267,631 | (798,648) |
| Furniture, Fixtures, and Improvements | (425,958) | (23,266) | 161,932 | (287,292) |
| Total Accumulated Depreciation | <u>(2,486,319)</u> | <u>(29,184)</u> | <u>1,429,563</u> | <u>(1,085,940)</u> |
| Total Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 84,019</u> | <u>\$ 281,817</u> | <u>\$ -</u> | <u>\$ 365,836</u> |

NOTE 6 DUE TO CITY OF BOSTON

The following represents a summary of amounts owed to the City at June 30, 2021:

| | Amount |
|--|-------------------|
| Salary Reimbursements - Library for the Commonwealth | \$ 169,400 |
| Salary Reimbursements - MBLN | 7,844 |
| Salary Reimbursements - General Trust | 6,514 |
| Salary Reimbursements - Associates of the BPL | 43,082 |
| Pay for Print | 4,752 |
| Collections of Fines | 1,178 |
| Total | <u>\$ 232,770</u> |

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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JUNE 30, 2021**

NOTE 7 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2021 are summarized as follows:

| Description | General Fund | Fund for BPL | Nonmajor Governmental Funds | | |
|--|-------------------|------------------|-----------------------------|-----------------------|-----------------------------------|
| | | | Library Managed Funds | City Managed Funds | Total Nonmajor Governmental Funds |
| Annual 5% Distribution to Library Managed Funds ⁽¹⁾ | \$ - | \$ - | \$ 2,640,160 | \$ (2,640,160) | \$ - |
| Annual 5% Distribution to General Funds ⁽¹⁾ | 296,506 | - | - | (296,506) | (296,506) |
| To Transfer Funds to Trust Fund Corpus | (284,318) | - | - | 284,318 | 284,318 |
| To Fund Programs from Hearst/Humanities Funds | 195,474 | - | (195,474) | - | (195,474) |
| To Fund the Map Center Fund | (69,976) | (26,193) | 96,169 | - | 96,169 |
| To transfer funds restricted for youth programs | 51,516 | (51,516) | - | - | - |
| To reimburse Fund for BPL project grant salaries | (142,154) | 142,154 | - | - | - |
| Miscellaneous Transfers In/(Out) | 56,638 | - | (56,638) | - | (56,638) |
| Miscellaneous Transfers In/(Out) Transfers, Net | (2,554) | - | 2,554 | - | 2,554 |
| | <u>\$ 101,132</u> | <u>\$ 64,445</u> | <u>\$ 2,486,771</u> | <u>\$ (2,652,348)</u> | <u>\$ (165,577)</u> |

(1) Since fiscal year 2003, it is the Trustees' policy to authorize the City to distribute 5% of the Library's perpetual permanent fund balances (using a three-year average of market values) to help fund the Library's operations

NOTE 8 PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

Persons that perform services for the Library are employees of the City only. City employees participate in the City's retirement plan. The City is responsible for contributions to the State-Boston Retirement System (the System), a cost-sharing, multiemployer, defined benefit pension plan. The System provides retirement disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available financial report, which can be obtained through the State-Boston Retirement System, Boston City Hall, Boston, Massachusetts.

In addition to providing pension benefits, the City is required to provide certain health care and life insurance benefits for retired employees of the City. Substantially all of the Library's employees may become eligible for these benefits if they reach retirement age while working for the Library. Eligible retirees are required to contribute a specified percentage of health care benefit costs which is comparable to contributions required from employees.

In accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, no liability has been recorded on the Library's financial statements since the City has not allocated any portion of other postemployment benefit liabilities to the Library as of June 30, 2021, since persons that perform services for the Library are employees of the City only.

TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
(A COMPONENT UNIT OF THE CITY OF BOSTON)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 RISK FINANCING

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. For the previous three years, coverage has remained consistent and there were no losses which exceeded coverage.

NOTE 10 RELATED PARTY TRANSACTIONS

The Library receives support from the City as a component unit. This support is received for expenditure assistance and various programs. Per a mutual agreement with the City, appropriations for salary and retirement expenses and general and administrative expenses of the Library have been omitted from these basic financial statements, as those costs are included in the City's budget. Capital asset purchases made by the City for the benefit of the Library, the value of the main Library buildings and its land, have also been excluded from these basic financial statements. All of the aforementioned amounts, and the related receivables and accruals, appear in the audited financial statements of the City.

NOTE 11 CONTINGENCIES

Various legal actions and claims are pending against the Library. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Library at June 30, 2021.

DRAFT

Gifts, Grants, Donations to the Boston Public Library FY2021

| Donor | Purpose | Amount |
|--|---|------------------|
| Fund for the Boston Public Library | Founding Research Collection Project/Collection Acquisition | 899,038 |
| | Youth Programs Homework Help | 309,360 |
| | Community Learning | 137,825 |
| | Lowell Lecture | 101,211 |
| | Roxbury Nutrition Lab | 88,350 |
| | Other | 610,744 |
| Total Fund for the Boston Public Library | | 2,146,528 |
| Associates of the Boston Public Library | Salary Support | 755,532 |
| | Founding Research Collection Project | 110,000 |
| | Other | 77,000 |
| Total Associates of the Boston Public Library | | 942,532 |
| Marilee Wheeler 2005 Trust | Unrestricted | 400,000 |
| Dr. Miliades Karamechedis Trust Fund | Preservation Fund | 235,710 |
| Estate of Thomas O'Brien | Unrestricted | 107,551 |
| Marathon Team | | 10,610 |
| Charity Alker | Dorothy Alker Trust for the Uphams Corner Branch | 5,000 |
| Marcos & Nika Elugardo | Friends of the Parker Hill Branch | 1,500 |
| Carlos Vasquez | Children's Books | 1,500 |
| Friends of Jamaica Plain | Museum Passes | 1,310 |
| Friends of West Roxbury | Museum Passes | 1,140 |
| Friends of East Boston | Museum Passes | 400 |
| Friends of Grove Hall | Museum Passes | |
| Friends of Hyde Park | Museum Passes | 400 |
| Friends of Parker Hill | | 220 |
| Friends of Connolly | Museum Passes | 195 |
| Colin Joy Project | South Boston Branch | 600 |
| Other | | 4,064 |
| | | |
| | | <u>3,859,260</u> |