

**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, 2022

Draft 9.13.2022

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Transmittal Letter



FY2022



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 June 30, 2022.

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

FY22 was the year of the pivot. To continue providing the best hybrid public service to our patrons, the BPL simultaneously began to reopen its doors for service and programming while continuing to lay the groundwork for a fully reopened BPL system. This involved facing challenges of staffing engendered by the Great Resignation, managing through ongoing shifts in COVID-related protocols, and rebuilding an in-person work culture after 18 months of remote work.

Returning to in-person service has meant implementation of critical technology plans, preparations for the return of our Special Collections to public use, staffing positions that offer critical human service related functions, while continuing the work of making the Boston Public Library a more equitable, diverse, and inclusive institution.



FY22 Major accomplishments

Economic empowerment

Economic empowerment was – and continues to be – a key priority for the BPL.

To ensure that Boston residents are able to come out of the pandemic with the skills and tools they need to return to work, the Kirstein Business Library and Innovation Center (KBLIC) continued to cultivate relationships with partner organizations to offer recurring, quality mentorship, consultations, and programming.

Building Partnerships -- Over the year, KBLIC has offered 43 workforce development workshops, including contracting two career consultants, who provided 22 workshops focusing on career skills and motivation. A new and critical partnership this year was our relationship with Google Business, with whom KBLIC offered a series of skill building workshops including email marketing, Google Ads, reaching customers, training on how to get your business on Google Search and more.

KBLIC also continued its partnerships with Goodwin Law, who offer pro-bono small business clinic sessions; with Babson College, with their Financial Literacy Project offering bimonthly programming on topics including investing, credit cards, student loans, and insurance, among others. KBLIC also continued its partnership with the Legal Services Center, with monthly virtual mentoring on navigating SNAP benefits, Morgan Stanley Financial Advisors for pro-bono workshops on 529 plans, cyber security, and women and wealth.

Financial empowerment – Ensuring financial empowerment also means helping patrons become financially literate. For the first time, KBLIC offered a three-part financial literacy program entirely in Spanish, in order to facilitate financial literacy in patrons for whom English is not their native language. In addition, KBLIC offered programs including Banking 101; Ins and Outs of Credit Cards, and Taking Stock of the Stock Market.

Skill building – KBLIC continues to offer patrons the opportunity to come out of the pandemic with a broader skill set, while also providing the materials and spaces in which to do that.

The InnoLab continues to be a hub of creativity, helping creatives launch their projects including a podcaster who interviews people of color about their side hustles; recording capabilities for a veteran musician specializing in funk and soul music, and an artists documenting his Black Lives Matter mural with the assistance of KBLIC's Adobe software.

KBLIC also hosted creative software workshops on a variety of topics, including website design, audiobook creation, Audacity, podcasting, freelancing, infographics, and Canva graphic design tutorials.

The virtual #CoffeWithKBLIC series offered streaming broadcasts of classes promoting community partners and resources such as JVS' Bridges to College program; Sources for your Small Business, and Nubian Square's Reevx Lab co-working space.

Serving the Community

A dedicated department – this year saw the creation of an entirely new department at the BPL – Community Learning, which will coordinate the delivery of needed social services across the system; instruction in literacy and English as a second language; citizenship resources; basic education and skill building; health and wellness; and news literacy.

To ensure that patrons can learn about these services in a centralized manner, the highly-visible Information desk on the second floor of the Boylston Street building has been repurposed as a central location for Community Learning staff to provide services and referrals in this area of work.

Staffing for service – working with the Boston Public Library fund, the Library Services division has been able to create key staff positions in order to better service our patrons with the highest needs. These include a Nutritional Literacy Coordinator, a Volunteer Coordinator, a Literacy Instructor, a Library Social Worker and a Mobile and Outreach Services Supervisor, along with a Career Counselor and Workforce Development Librarian.

Strengthening English language learners – Among the programs offered to the more than 15,000 patrons who took advantage of BPL's ESL programs was an innovative partnership between our ESL staff and our Community History staff, who coordinated the first ever ESL neighborhood walking tours, in which ESL students explored Boston's neighborhoods in their own language of origin.

The virtual environment led to a major expansion of ESL classes for multiple levels of learning, with new ESL classes focused around news literacy, reaching and discussion, Spanish language, singing, and workforce preparedness. In addition, the return to service allowed for the long-delayed in person ESL classes and conversation groups at branches, including a group specifically for Haitian Creole speakers at the Mattapan branch.



Increasing access to our special collections

Special Collections renovation preparing for public reopening – Construction has now completed on the \$15.7 million [Rare Books and Manuscripts renovation project](#) and the beautiful new spaces for staff and public are being prepared for reopening. In April, approximately 275,000 bound volumes and over 2,000 linear feet of manuscripts returned from offsite storage and reshelfed on over 7 miles of newly constructed stacks. The renovation features state-of-the art environmental controls, fire suppression, security, and storage conditions. Staff is now moving into the space and focused on technology implementation, hiring, and collection maintenance tasks in preparation for the September 2022 reopening.

Founding Research Collection project launched – In 2020, the library received \$2.1 million in private funding to preserve, catalog, and make the Founding Research Collection discoverable by the public. This groundbreaking collection—amassed over nearly a century and now totaling well over 500,000 items—is an expansive, non-circulating repository of books, pamphlets, journals, and many other kinds of materials that provide broad coverage across a wide variety of subjects. A project manager has now been hired to develop and oversee implementation of this work; next steps include vendor selection for cleaning and inventorying the volumes in preparation for a major cataloging project.

National newspaper digitization grant underway – Through the assistance of the Boston Public Library Fund, BPL was awarded a \$200,000 grant from the National Endowment for the Humanities to join the [National Digital Newspaper Program](#), a long-running effort coordinated by the Library of Congress to build and maintain a free online digital library of historical newspapers from all U.S. states and territories. BPL’s Digital Services staff has convened an advisory committee of scholars and experts to identify significant newspapers from the library’s extensive microfilm and print archives for inclusion in this national collection, which will then be digitized and made available via [Chronicling America](#), a web site providing full-text searching and display of over 18 million pages from over 6,000 newspaper titles published from 1777 to 1963.

Collection Storage Study completed – This City-funded study was conducted to determine current and future collection space requirements in the Research and Special Collections at the Central Library and the City of Boston Archival Center (COBAC). The study’s primary goals included supporting preservation, facilitating retrieval, and providing lasting public access. Components included an assessment of existing space conditions and constraints, measurement of the various collections by format and subcollection (including over 400,000 linear feet of books on shelves), and developing options for acceptable storage, including current space needs and projected growth.



Enriching our neighborhoods

Community Celebration of Roxbury – In October, the BPL held a community celebration of the recently renovated Roxbury Branch. The Roxbury Branch in Nubian Square (formerly Dudley) underwent a \$17.2 million, 27,000 square foot renovation that began in November 2017 and was completed in October 2020. Due to the COVID-19 pandemic, the community was not able to come together and fully celebrate the completion of the new building until then. The BPL presented a series of interactive, family-friendly activities in partnership with the Boston Book Festival, including crafts for kids and a storytime with local authors, who read a book they wrote about growing up in Roxbury.

Resilient Garden kits – For the third year, BPL is holding its annual distribution of seed kits for gardeners. The Resilient Garden Kits originally started as a streamlined way for branch libraries to convert their seed library supplies into ready-to-go kits for folks to pick up at their branches during the early months of the pandemic. Each kit has a preselected assortment of 8-10 seeds, in one of two themes: The original Resilient Garden Kits, to grow herbs and vegetables for cooking, and popular Herbal Wildflower Kits, with an assortment of flowers that double as pollinators with home uses.

Spice Bank Collective – This year, BPL launched the first ever Spice Bank Collective, in collaboration with the Greater Boston Food Bank (GBFB). Patrons are encouraged to bring unopened spices and dried herbs to their local participating branch. With the help of the GBFB, each branch will select a local food pantry to donate to. Additionally, donations dropped off at the Newsfeed Café, located at the Central Library in Copley Square, will be matched by the Café.

By providing access to spices, the BPL hopes to offer a way to maintain a sense of cultural identity and family traditions, encourage creative and nutritious cooking, and promote the abundant cultural make up that is found in Massachusetts.



Continued demand for collections

By the numbers –

Digital circulation		Physical Circulation		Total Circulation	
FY18	1.8m	FY18:	3.0m	FY18	4.8m
FY19	2.2m	FY19	2.8m	FY19	5.m
FY20	3.2m	FY20	2.0	FY20	5.2
FY21	3.1m	FY21	1.4m	FY21	4.5
FY22	3.6m	FY22	1.9m	FY22	5.5

Visitors

FY18	3.5 million
FY19	3.5 million
FY20	2.3 million
FY21	235,000
FY22	2.2 million

Deploying Opening Day Collections – In a year that not only saw a return to in person service but also the reopening of two major branches – Adams Street and Roslindale – the Collections Team oversaw the delivery, layout and shelving of 10,000 newly purchased and 20,000 stored items at those locations, the storage and delivery of 5000 new collection items at the refreshed Hyde Park branch and worked with branch staff at Faneuil branch to ensure the branch layout and size meet patron need and, with branch staff, began the process of selecting 10,000 items to refresh the collection for opening.

New, more equitable ways of ordering books – BPL implemented a new collections ordering plan, creating 16 selections teams, consisting of 56 staff members. As part of this process, BPL created and assigned funds to branch locations for discretionary books and collection spending, distributing 150,000 among 23 locations.

Year Long Reading Challenge – For the first time, Reader Services coordinated a yearlong reading challenge to promote community reading and to challenge patrons to explore new reading habits. The challenge included monthly themes, recommended lists featuring titles each month that were available digitally, and monthly book discussions for children, teens, and adults, led by various staff members.

Genre-based newsletters – in collaboration with BPL's Communications team, Reader Services rolled out six genre-based newsletters, focused on Science Fiction and Fantasy; Fiction, Mysteries, Romance, Biography and Memoir, and Historical fiction. These newsletters are remarkably successful, with a nearly 50 percent open rate.



Working to close the digital divide

Outdoor WiFi Zone expansion – In partnership with the Mayor’s Office of New Urban Mechanics and the City of Boston’s Environment Department, the BPL’s outdoor WiFi zones at the East Boston, Egleston Square, Codman Square, Brighton, Mattapan, and Grove Hall branches received additional seating, shade, lighting and cooling facilities. In addition, in November 2021, the Outdoor Wi-Fi Zone program received an AARP Community Challenge Grant to extend the program through spring 2022. We also added additional winter workstations at the Roxbury and Hyde Park branches. These zones provide free, outdoor WiFi 24 hours a day at 14 locations, with over 24,000 wireless sessions taking place between August 2020 and December 2021.

Long Term Device Lending program – BPL rolled out its pilot Long Term Device Lending program in partnership with the Boston Housing Authority. In order to target the unmet digital needs of vulnerable and eligible library patrons in public housing, the program distributes Chromebooks and WiFi devices through the Boston Housing Authority’s communities. These devices will be sent directly to eligible patrons under long-term loan agreements. The BPL and BHA are currently reaching out to key vulnerable constituencies, including seniors, disabled citizens, new immigrants, and veterans, with plans to broaden outreach to all residents who lack home internet or a device.

Recovery from a significant cyberattack – The BPL was victim of a significant cyberattack this year. When the attack was discovered, there was grave concern that significant portions of our data had been lost, which would have significantly impacted the BPL’s functioning for the foreseeable future, but our IT team, working together with DoIT and external consultants, were able to reconstruct critical systems and return the BPL to full functionality with an extremely minimal loss of data.

Bringing equity to the forefront

Equity Program Officer – This year, the BPL welcomed Roudnie Celestin, its first-ever Equity Program Officer, a new position created to help the BPL fulfill its mission of becoming a more equitable and anti-racist institution. The BPL’s Equity Program Officer’s role is to make the BPL’s racial equity statement actionable, primarily through leading eight working groups across the organization. The working groups cover hiring and recruiting, professional development, internal communications, decision-making, collection development and affinity groups for employees of color. The Equity Program Officer will guide the groups toward concrete steps in becoming an anti-racist organization.

Launch of EDI working groups – As part of the work undertaken with YW Boston to chart a path forward to making the BPL a more equitable and anti-racist organization, an employee cohort identified four working groups to analyze internal processes and promulgate recommendations.

These groups will work on issues including professional development; recruiting & hiring; internal communications; and collaborative, transparent decision making. The work of these groups will align with the City of Boston's activities in this area, including the City's REAL Training Program.

Through soliciting additional employee feedback, BPL has also launched another series of workgroups, including the BIPOC Resource Group, an Indigenous Peoples' Issues group and a Climate Change Response Team.

New booklist – The Boston Public Library printed and published its first-ever “Native Lives, Native Stories” booklist and special events. The booklist features 63 works published in the last year concerning the experiences of Native and Indigenous communities throughout North America. Copies were distributed at all library locations, and the list also appears on the [BPL website](#). BPL continued to observe the month by holding events including author talks and a book group discussion, and pieces from the BPL collection were highlighted on social media throughout the month.

New Language Access and Communications working group – The Chief of Communications and Chief of Adult Services have convened a new working group to ensure that the BPL is in compliance with all City of Boston policies and processes around ensuring equitable access to services and programs for English Language Learners.



Improving our services and presence through capital projects

Opening of the Roslindale Branch – Mayor Michelle Wu and the Boston Public Library celebrated the renovation of the Roslindale branch of the BPL. The branch underwent an \$11.7 million, 14,855 square foot renovation that began in October, 2019.

The programming, design and construction of the branch was managed by the City of Boston's Public Facilities Department, with consultation from the Mayor's Office of Arts & Culture and architecture firm Leers Weinzapfel Associates.

Opening of the Adams Street Branch – The new Adams Street branch of the Boston Public Library opened in July. The programming, design, and construction of the \$18.3 million reconstruction project was managed by the City of Boston's Public Facilities Department, with consultation from the Mayor's Office of Arts & Culture, architecture firm NADAAA, and J&J Contractors, Inc. The new branch was designed with the input of the Dorchester community, and entirely reimaged the prior space to prioritize inclusivity, transparency, access, and outdoor programming.

McKim Master Plan complete – Thanks to an investment of \$800,000 from the City of Boston's Capital plan, the BPL was able to undertake a master planning project in partnership with the City of Boston's Public Facilities Department and Operations Cabinet, along with architecture firms Shepley Bulfinch and designLAB. The project was designed to explore how the BPL can improve access and performance within the building while providing opportunities for education, interpretation, and engagement. The plan also included an evaluation of the existing building systems, art and architecture conditions, special collections, back-of-house operations, public interfaces, exterior façade, and issues of accessibility in order to uncover opportunities for improvement.

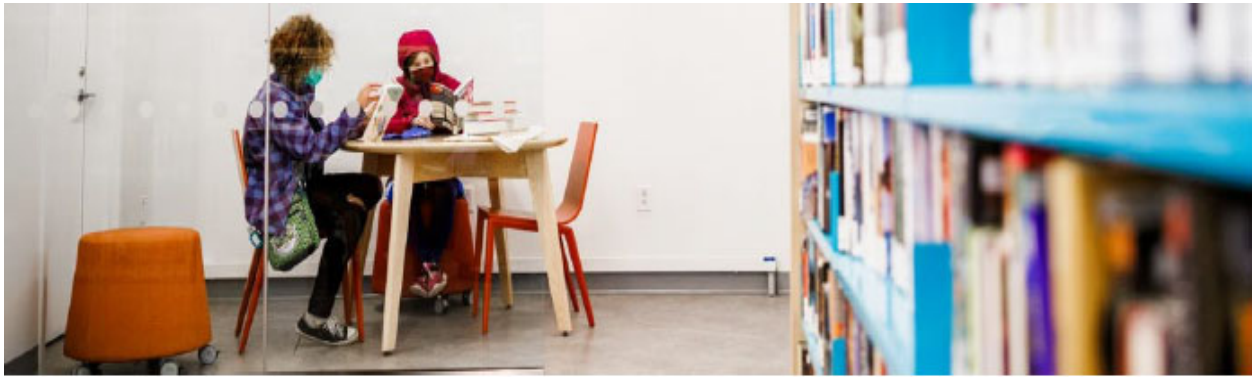
The two focus areas of the McKim Master Plan were the third floor, along with the front entry and plaza to the building. The third floor of the McKim building has fallen into disrepair and has been closed off to the public for many years. The master plan envisions restoring this space to its former glory and returning it to public service as a one-stop reference space that includes reading rooms, multipurpose program spaces, small study rooms, and upgraded technology.

The front entrance of the McKim building is currently only accessible through a temporary metal ramp, while the plaza in front is in need of repair due to broken stones and has much more potential as a space for public gatherings and activities. The master plan envisions creating sloped walkways on either side of the front doors to provide an accessible entrance that compliments the architecture and also envisions seating areas and greenery on the plaza to create places for people to gather and to enjoy Copley square.

The next step for the master plan is to determine a phased approach to complete and fund all the work described in the plan.

National and local recognition of our capital projects – the following page contains a list of all awards that have been won by BPL's new and newly-renovated capital projects.

Branch	Awarded by	Awards	Year
Adams	Society of Registered Architects	Unbuilt Award	2019
	Architect's Newspaper	Best of Design, Unbuilt	2019
	Interior Design Magazine	Best of Year Award, Library Category	2021
	American Architecture Awards	Unbuilt Award	2021
	Architect's Newspaper	Best of Design Award	2021
	American Architecture Awards	Winner	2021
	Interior Design Magazine	Global Future Design Award, Institutional	2021
	AIANY	Merit Award	2022
Roxbury	ALA/IIDA	Interior Design Award	2021
	AIA/ALA	Library Building Award	2021
	Boston Preservation Alliance	Preservation Achievement Award	2021
	IIDA New England	Award, Community and Culture category	2021
	AIA New England	Award	2021
	Boston Society of Architects	Sustainable Design Award	2021
		Honor Award for Design Excellence	2021
	Architect's Newspaper	Best of Design, Public: Honorable Mention	2021
AIA Committee on the Environment	Top Ten award	2022	
Roslindale	Preservation Massachusetts	Mayor Thomas M. Menino Legacy Award	2022



FY23 Goals and New Initiatives

Library Services

Increase efforts around workforce development + economic recovery – We will be working with the BPL Fund to increase outreach services, partnership opportunities, and career placement services. With the hiring of a new Career Counselor, we will now be able to implement a client-based working model in Community Learning and KBLIC. KBLIC will also host an Entrepreneur in Residence.

Preparing returning citizens for new technologies – For the first time, BPL will conduct a Tech Goes home training program with a cohort of returning citizens, serving a minimum of 40 students.

Enhanced access to basic adult education and services in underserved communities – BPL will survey targeted communities to determine demand for services, to understand whether our offerings are the correct ones. Based on survey results, BPL will create new outreach plans in Community Learning to focus on underserved communities; in addition, plans already include hiring a Mobile and Outreach Supervisor; expanding Conversation Circles and literacy classes to meet demand, and launching an Adult Online High School program statewide by giving out 50 scholarships to prospective adult students. This program offers full high school diplomas, rather than GEDs.

Support new Boston Public School librarians – As a result of the introduction of a new cohort of Boston Public School librarians, BPL will strengthen our support for the Metro Boston Library Network by repositioning the department, and reconfiguring staffing to include new positions that will assist these new librarians.

Return to in person programming – BPL will continue to balance virtual and physical services to best serve the needs of our patrons in Boston, across the State, and beyond, providing large marquee programs in a hybrid virtual/in-person format, while returning to in-person programming as conditions allow. We will continue to bolster outdoor programming opportunities in the spring, summer, and fall.

Better serving our younger patrons – BPL will define a plan for youth engagement work; convening a staff conversation in March with children’s librarians to develop a new way of looking at the Homework Assistance Program. Our Youth Services team will also audit and document our system-wide activities related to STEAM, in order to assess where improvements can be made.

Enhancing professional development in Youth Services – BPL will create new, annual training opportunities for teen and children’s librarians by identifying the needs for professional development from children’s and teen librarians; creating a working group of librarians to identify possible trainings, and creating a budget to support trainings for both children’s and teen librarians.

Increasing access to our special & research collections

Return of special collections to in-person public service -- This year will see the completion and opening of the Rare Books space and the reopening of special collections reading room to public service. This will entail moving the entire staff and collections into the new space; implementing new technology to facilitate tracking materials and patron requests; and preparing to re-introduce our special collections to the public through media outreach, a refreshed presence at bpl.org, and targeted outreach to specific stakeholders.

New focus on archival material – The reopening of Special Collections does not mean the work is over. One major area of focus moves to our archival collections: a new Archives team has been hired and that department’s work will be focused on surveying existing archival collections and establishing physical and intellectual control of more than 500 legacy collections stored throughout the Central Library and COBAC.

Improving access to research collections – Currently, significant portions of BPL’s research collections are stored in multiple locations, as many sections of collections were moved over time during the 2016 renovation of the Central Library and the current Rare Books renovation project. The library will be hiring a new Research Collection Manager to steward these collections and work with staff and stakeholders to evaluate preservation needs and identify and address access issues with these collections.

Enhancing operations and technology to benefit patrons and staff

New Chief Technology Officer – The BPL has hired Keith Gillette as our new CTO. In his role, Keith is bringing a new perspective to transitioning our legacy systems, shoring up our technology infrastructure, further enhancing the BPL’s use of technology to streamline staff communication, and ensure that BPL’s technology security infrastructure is sound and secure.

Videoconferencing in all locations – COVID made it extremely apparent that enhancing ways to communicate in person over systems like Zoom and Teams can be a valuable asset to increasing access to programs and services. To this end, the IT team plans to roll out videoconferencing capabilities across all locations of the BPL.

New data analytics – Benchmarks and data have become even more crucial in a post-pandemic world, as we attempt to discern where we need to point additional efforts to aid patrons in their recovery. BPL will roll out a data analytics program for all staff to be able to run basic reports from anywhere, creating a set of benchmarks and encourage attention to using data to support the decision making process.

Advancing our formal equity program

Making collaborative decisions – working with our Equity Program Officer, BPL will be convening a workgroup to improve and clarify decision making processes and authority at all levels of the organization with a view to reasonableness, inclusiveness, collaborative decision making, and transparency, appreciating the responsibility and accountability of all staff.

Internal communications – A BPL team will be promulgating and implementing recommendations about how to develop functioning internal communication processes across all levels of the BPL that include all voices, particularly staff on the front line. These recommendations will outline various ways to communicate that recognize different needs in effective communication.

Training – This year, BPL will also focus on developing a range of training programs for all staff that encourages cultural competency and respect for knowledge and experience already within our racially and ethnically diverse staff; encourages staff to take advantage of training offerings that support everyone's work success, enhances equity, recognizes non traditional qualifications, and facilitates career advancement.

Focus on continuing to diversify our collections – We will continue to evaluate the new collections ordering plan, convening a staff input session; incorporating a diversity audit for library circulating collections, and creating a staff committee to create criteria for selection and review.

Enhancing community connections

Community outreach plans – To better link community members to library programs and services within the BPL system and beyond, each of the BPL’s 25 neighborhood branches has drafted a formal community engagement plan. Community engagement is the process of working collaboratively with community members – be they library patrons, residents, faculty, students, or local organizations – to address issues for the betterment of the community.

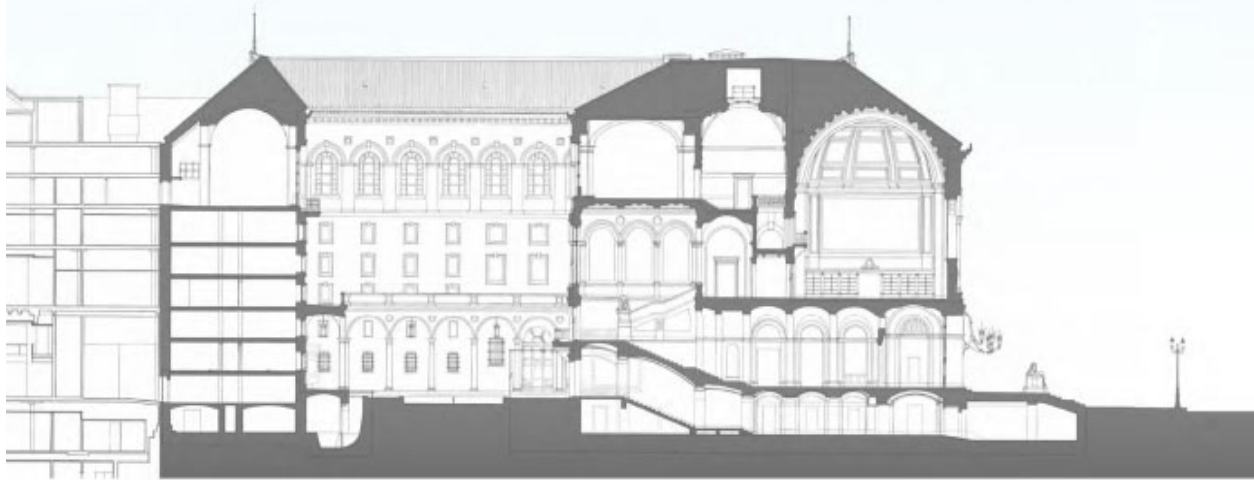
Outreach is an extension of services and programs beyond the physical or virtual spaces of the library and focuses attention on services that are inclusive of traditionally underserved populations. By drafting formal plans, BPL is increasing our accountability to our community, and will not only help us strategically meet our users beyond our walls, but will also help promoting services and programs for non-users, the underserved, and people with special needs throughout the City of Boston.

Improving stewardship of our collections

Continued process improvement of new collections policy – this year, a newly formed Collection Review Committee will review the 2021 collection plan and current selection and maintenance practices, in order to make sure that we are responding to our community needs, and serving underrepresented or underserved members of our community. In addition, they will develop new guidelines to ensure that our collections are regularly reviewed to make sure that our existing materials are relevant and appropriate. BPL will also develop a streamlined selection process to ensure timely ordering and delivery of materials to patrons.

Institute formal goals for collection development – the Collections team will implement new goals for building and maintaining the BPL’s collections. These goals lay out that collections should:

- Feature content both by and about diverse individuals and a range of groups (e.g., races, ethnicities, gender identities, sexuality, disabilities, veteran status, and education level);
- Include collections in languages other than English, which should be regularly updated, maintained, and evaluated;
- Include high interest materials that may be outside the mainstream publishing and reviewing journals;
- Include up to date and accurate resources supporting education and self-improvement;
- Include materials to reach patrons at a variety of reading levels and literacy skills;
- Be accessible in a variety of formats, including books, audio books, large print, graphics, and downloadable + digital formats; and
- Consist of information that is accurate, current, and respectful



Multi Year Projects/Investments

Continuation + Completion of capital projects

- Complete Collections Study
- Complete Codman Programming Study
- Complete construction of Faneuil branch
- Complete Central Façade Study
- Start construction on McKim fire alarm panel
- Start North End programming study
- Start South End programming study
- Start/continue design process for
 - Fields Corner
 - Chinatown
 - Uphams Corner
 - West End
 - Egleston
- Determine strategy and timeline for McKim Master Plan
- Determine direction for work needed at Hyde Park and Connolly Branches

Collections

The BPL 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. The initial stage of the project is underway, and we anticipate it continuing through 2023. Once the first phase of the project is complete, the BPL intends to continue this important work with the remainder of the Founding Research Collection.

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Trustees of the
Public Library of the City of Boston

Report on the Audit of the Financial Statements

Opinions

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 Boston Public Library (Library), a department of the City of Boston, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Boston Public Library Fund, Inc., which represent XX percent, XX percent, and XX percent, respectively, of the assets, net position, and revenues of the government-wide financial statements as of June 30, 2022, and the respective changes in financial position, for the year then ended. 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 Boston Public Library Fund, Inc., is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Emphasis of Matter

Implementation of an Accounting Standard

During fiscal year ended June 30, 2022, the Library adopted GASB Statement No. 87, *Leases*. The impact of this standard increased assets for lease receivables and increased deferred inflows for lease revenue by \$994,648 at July 1, 2021.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **September XX, 2022**, 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 Library's internal control over financial reporting and compliance.

Providence, RI
September XX, 2022

**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, 2022

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) 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 \$85,986,226 (net position).
- The Library's total net position decreased \$12,418,208.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$2,155,293, or 23.2% of the 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 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.

**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, 2022

Government-Wide Financial Statements (Continued)

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.

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 purchase, 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 Boston Public Library Fund, Inc.. Although legally separate, the Boston Public Library Fund, Inc. is financially interrelated to the Library. For the most part, the Boston Public Library Fund, Inc. 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 Boston Public Library Fund, Inc. 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.

**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, 2022

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 Boston Public Library 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.

The Boston Public Library Fund is used to account for and report all financial resources donated by the Boston Public Library Fund, Inc. restricted for the betterment of programming support and facility operations.

The nonmajor governmental fund 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 specific 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.

**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, 2022

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This analysis is based on the statement of net position and 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 \$85,986,226 at the close of the fiscal year and are summarized as follows:

	2022	2021
Assets		
Current assets	\$ 23,654,762	\$ 21,277,763
Noncurrent assets, excluding capital assets	65,216,586	78,111,308
Capital assets, net	345,234	365,836
Total Assets	89,216,582	99,754,907
Liabilities		
Current liabilities	2,596,786	1,350,473
Deferred inflow of resources	633,570	--
Net Position		
Investment in capital assets	345,234	365,836
Restricted	80,339,395	92,887,046
Unrestricted	5,301,597	5,151,552
Total Net Position	\$ 85,986,226	\$ 98,404,434

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.

**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, 2022

Net Position (Continued)

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.

Changes in Net Position

The Library's total net position decreased by \$12,418,208 during the current fiscal year, summarized as follows:

	Governmental Activities	
	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 4,238,527	\$ 1,781,510
Operating grants and contributions	5,604,650	5,376,257
General revenues		
Unrestricted grants and contributions	2,026,506	2,660,418
Unrestricted investment income (loss)	(9,484,998)	20,020,356
Total Revenues	2,384,685	29,838,541
Expenses		
Salaries and benefits	3,284,866	3,375,807
Books and related materials	3,333,896	1,660,370
Programs	1,808,877	706,565
Administrative	1,287,005	965,248
Contractual services and utilities	2,749,359	1,767,282
Equipment, furniture and maintenance	895,266	620,692
E-rate	1,097,044	692,332
Related to in-kind contributions	296,265	222,815
Unallocated depreciation	50,315	29,184
Total Expenses	14,802,893	10,040,295
Change in Net Position	(12,418,208)	19,798,246
Net Position - Beginning of year	98,404,434	78,606,188
Net Position - End of year	\$ 85,986,226	\$ 98,404,434

**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, 2022

Changes in Net Position (Continued)

Governmental activities decreased the Library's net position by \$12,418,208. In the prior year, governmental activities increased the Library's net position by \$19,798,246. The main cause of the change from the prior year relates to significant decreases in investment income as a result of weakened financial market conditions during fiscal year 2022 as well as annual draws.

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 - 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. Nonspendable fund balance was \$64,375,841 at June 30, 2022.

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 \$15,963,554 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 an purpose unless the board of trustees removes or changes the specified use. Committed fund balance was \$34,139 at year-end.

**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, 2022

Fund Highlights (Continued)

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 \$3,082,768 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 \$2,145,290 in unassigned fund balance at the end of the fiscal year.

CAPITAL ASSETS

At June 30, 2022, capital assets, net of accumulated depreciation was \$345,234 which includes machinery and equipment, furniture, fixtures and improvements. The schedule below reflects the changes in capital assets, net of depreciation, from June 30, 2021 to June 30, 2022:

	2022	2021	Change	% Change
Machinery and Equipment	\$ 1,161,059	\$ 1,131,346	\$ 29,713	2.63%
Furniture, Fixtures and Improvements	320,430	320,430	--	0.00%
Total capital assets	1,481,489	1,451,776	29,713	2.05%
Accumulated depreciation	(1,136,255)	(1,085,940)	(50,315)	4.63%
Capital assets, net of accumulated depreciation	<u>\$ 345,234</u>	<u>\$ 365,836</u>	<u>\$ (20,602)</u>	-5.63%

**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, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Library's budget in the next year are as follows:

- The Library is primarily dependent upon the City of Boston for its funding, therefore, the Library is impacted by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends
- Inflationary pressure on utility rates, supplies and other costs
- The economic impacts of COVID-19

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, 2022

	Governmental Activities	Component Unit - Boston Public Library Fund, Inc.
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,440,144	\$ --
Restricted cash and cash equivalents	18,877,110	--
Restricted investments	--	--
Receivables, net of allowance for uncollectible amounts		
Intergovernmental	657,135	--
Departmental and other	361,190	--
Pledges and grants	--	--
Interest and dividends	--	--
Prepaid items	319,183	--
Total Current Assets	23,654,762	--
Noncurrent Assets		
Restricted cash and cash equivalents	1,065,738	--
Restricted investments	63,477,878	--
Receivables, net of allowance for uncollectible amounts		
Pledges and grants	--	--
Lease receivables	672,970	--
Capital assets, net of accumulated depreciation	345,234	--
Total Noncurrent Assets	65,561,820	--
Total Assets	89,216,582	--
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,361,387	--
Advance deposits	491,510	--
Due to City of Boston	743,889	--
Due to Trustees of BPL	--	--
Other liabilities	--	--
Total Current Liabilities	2,596,786	--
Total Liabilities	2,596,786	--
Deferred Inflows of Resources		
Deferred lease revenue	633,570	--
Total Deferred Inflows of Resources	633,570	--
Net Position		
Investment in capital assets	345,234	--
Restricted:		
Nonexpendable	64,375,841	--
Expendable	15,963,554	--
Unrestricted	5,301,597	--
Total Net Position	\$ 85,986,226	\$ --

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

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Primary Government				
Governmental Activities				
Salaries and benefits	\$ 3,284,866	\$ --	\$ 2,374,301	\$ (910,565)
Books and related materials	3,333,896	--	1,341,839	(1,992,057)
Programs	1,808,877	1,682,389	563,357	436,869
Administrative	1,287,005	1,162,829	264,258	140,082
Contractual services and utilities	2,749,359	--	922,885	(1,826,474)
Equipment, furniture, and maintenance	895,266	--	138,010	(757,256)
E-Rate	1,097,044	1,097,044	--	--
In-Kind contributions	296,265	296,265	--	--
Unallocated depreciation	50,315	--	--	(50,315)
Total Primary Government	\$ 14,802,893	\$ 4,238,527	\$ 5,604,650	\$ (4,959,716)
Component Unit				
Boston Public Library Fund, Inc.	\$ --	\$ --	\$ --	\$ --
			Primary Government	Component Unit
Changes in Net Position				
Net (Expense) Revenue			\$ (4,959,716)	\$ --
General Revenues				
Unrestricted grants and contributions			2,026,506	--
Investment income (loss)			(9,484,998)	--
Total General Revenues			(7,458,492)	--
Change in Net Position			(12,418,208)	--
Net Position - Beginning of year			98,404,434	--
Net Position - End of year			\$ 85,986,226	\$ --

The accompanying notes are an integral part of these 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, 2022

	General	Boston Public Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,440,144	\$ --	\$ --	\$ 3,440,144
Restricted cash and cash equivalents	2,087,780	2,900,650	14,954,418	19,942,848
Investments	--	--	63,477,878	63,477,878
Receivables, net of allowance for uncollectible amounts:				
Intergovernmental	657,135	--	--	657,135
Departmental and other	209,318	--	151,872	361,190
Prepaid items	299,120	--	20,063	319,183
Total Assets	<u>\$ 6,693,497</u>	<u>\$ 2,900,650</u>	<u>\$ 78,604,231</u>	<u>\$ 88,198,378</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 647,350	\$ 119,485	\$ 594,552	\$ 1,361,387
Advance deposits	491,510	--	--	491,510
Due to City of Boston	367,467	27,978	348,444	743,889
Total Liabilities	<u>1,506,327</u>	<u>147,463</u>	<u>942,996</u>	<u>2,596,786</u>
Fund Balances				
Nonspendable				
Perpetual permanent funds	--	--	64,375,841	64,375,841
Restricted				
Expendable permanent funds	--	--	9,359,695	9,359,695
Boston Public Library fund gifts	--	2,753,187	--	2,753,187
Associates gifts	--	--	630,065	630,065
MBLC Grant	--	--	21,783	21,783
City-wide Friends programs	--	--	7,455	7,455
Programs	211,258	--	--	211,258
Metro Boston Library Network	1,226,962	--	--	1,226,962
General Trust Holdings	140,001	--	--	140,001
General Trust	--	--	1,613,148	1,613,148
Committed				
Neighborhood outreach	34,139	--	--	34,139
Assigned				
Information technology equipment	714,365	--	--	714,365
Deferrari fund	--	--	1,663,251	1,663,251
Salaries	466,000	--	--	466,000
Furniture	134,610	--	--	134,610
Security	43,316	--	--	43,316
Neighborhood outreach	59,583	--	--	59,583
Employee training	1,643	--	--	1,643
Unassigned	2,155,293	--	(10,003)	2,145,290
Total Fund Balances	<u>5,187,170</u>	<u>2,753,187</u>	<u>77,661,235</u>	<u>85,601,592</u>
Total Liabilities and Fund Balances	<u>\$ 6,693,497</u>	<u>\$ 2,900,650</u>	<u>\$ 78,604,231</u>	<u>\$ 88,198,378</u>

The accompanying notes are an integral part of these 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**

FOR THE YEAR ENDED JUNE 30, 2022

Total Governmental Fund Balances	\$ 85,601,592
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resource and, therefore, are not reported in the governmental funds.	345,234
Lease receivables net of related deferred inflow of lease revenue provided by governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>39,400</u>
Net Position of Governmental Activities	<u><u>\$ 85,986,226</u></u>

The accompanying notes are an integral part of these 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**

FOR THE YEAR ENDED JUNE 30, 2022

	General	Boston Public Library Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental	\$ 5,202,807	\$ --	\$ 150,000	\$ 5,352,807
Special events	1,333,647	--	--	1,333,647
Fees for services	569,413	--	78,258	647,671
Contributions and gifts	47,129	1,914,137	1,141,583	3,102,849
E-Rate	1,097,044	--	--	1,097,044
In-Kind contributions	296,265	--	--	296,265
Investment income (loss)	14,751	--	(9,499,749)	(9,484,998)
Total Revenues	<u>8,561,056</u>	<u>1,914,137</u>	<u>(8,129,908)</u>	<u>2,345,285</u>
Expenditures				
Salaries and benefits	1,870,208	434,656	980,002	3,284,866
Books and related materials	1,682,147	56,487	1,595,262	3,333,896
Programs	212,535	307,012	1,289,330	1,808,877
Administrative	1,016,492	52,054	218,459	1,287,005
Contractual services and utilities	1,920,580	246,569	582,210	2,749,359
Equipment, furniture, and maintenance	796,966	25,186	102,827	924,979
E-Rate	1,097,044	--	--	1,097,044
In-Kind contributions	296,265	--	--	296,265
Total Expenditures	<u>8,892,237</u>	<u>1,121,964</u>	<u>4,768,090</u>	<u>14,782,291</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(331,181)</u>	<u>792,173</u>	<u>(12,897,998)</u>	<u>(12,437,006)</u>
Other Financing Sources (Uses)				
Transfers in	620,451	257,000	3,762,017	4,639,468
Transfers out	(387,042)	(865,450)	(3,386,976)	(4,639,468)
Total Other Financing Sources (Uses)	<u>233,409</u>	<u>(608,450)</u>	<u>375,041</u>	<u>--</u>
Net Change in Fund Balances	(97,772)	183,723	(12,522,957)	(12,437,006)
Fund Balances - Beginning of year	<u>5,284,942</u>	<u>2,569,464</u>	<u>90,184,192</u>	<u>98,038,598</u>
Fund Balances - End of year	<u>\$ 5,187,170</u>	<u>\$ 2,753,187</u>	<u>\$ 77,661,235</u>	<u>\$ 85,601,592</u>

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

**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**

FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (12,437,006)

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. These amounts represent the current year activity.

Capital outlays	29,713
Depreciation	<u>(50,315)</u>

Governmental funds report lease payments as revenues.

However, in the statement of activities, the revenue of those assets is applied against lease receivable, while deferred inflows are amortized straight line over the life of the lease. These amounts represent the current year activity.

Lease receivable	(321,678)
Amortization of deferred inflow	<u>361,078</u>

Changes in Net Position of Governmental Activities \$ (12,418,208)

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 department 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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

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.

DISCRETELY PRESENTED COMPONENT UNIT

The Boston Public Library Fund, Inc., 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 Boston Public Library Fund, Inc. is legally separate from the Library, and the Library is not financial accountable for the Boston Public Library Fund, Inc. The Boston Public Library Fund, Inc. has been included because of the nature and significance of its relationship with the Library. Complete financial statements can be obtained from the Boston Public Library Fund, Inc.'s administrative offices in Boston, Massachusetts.

RELATED ORGANIZATIONS

The Norman B. Leventhal 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

During fiscal year ended June 30, 2022, the Library adopted GASB Statement No. 87, Leases. The impact of this standard increased assets for lease receivables and increased deferred inflows for lease revenue by \$994,648 at July 1, 2021.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and 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.

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 have been eliminated from the government-wide financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONTINUED)

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.

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 *Boston Public Library Fund* is a special revenue fund used to account for and report all financial resources donated by the Boston Public Library Fund, Inc. 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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (CONTINUED)

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 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:

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 circumstance and cannot be reasonably be determined until individual securities are liquidated.

Component Unit Financial Statements – Boston Public Library Fund, Inc.

A hierarchy that prioritizes the inputs to valuation techniques used to measure fair value establishes a framework for measuring fair value. The Boston Public Library Fund, Inc.'s assets measured at fair value as of June 30, 2022 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 Boston Public Library Fund, Inc. has the ability to access.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS (CONTINUED)

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 Boston Public Library Fund, Inc. 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.

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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE (CONTINUED)

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 they are susceptible to accrual.

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 condition or gift is subject.

Interest and Dividends

Interest and dividends receivables consist of accrued investment income.

Pledges and Grants (Boston Public Library Fund)

Pledges are recorded as receivables in the year made. Grants are recorded as receivables when the Boston Public Library Fund 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 Boston Public Library Fund did not recognize an allowance for doubtful accounts for pledges receivable as of June 30, 2022, since management deemed all pledges receivable to be fully collectible.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ITEMS

Prepaid items 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 acquisition 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.

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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Governmental Funds Financial Statements

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

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Library did not recognize any impairments of capital assets in fiscal year 2022.

WORKS OF ART AND HISTORICAL TREASURES

The Library maintains collections including artwork, rare book collection, and historical treasure 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, 2022, 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.

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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION AND FUND BALANCES (CONTINUED)

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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, grants, 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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION AND FUND BALANCES (CONTINUED)

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).

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 the expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as the Trustees of the Public Library. The Library's budget as a component unit of the City is prepared as part of the municipal budget process. Once adopted, the budget may be amended pursuant to the supplemental appropriation process. 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).

The Library's permanent funds (through various trust agreements) have been 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

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

LIBRARY (CONTINUED)

distribution of its investment income to the various participating funds. Participating funds may purchase or redeem unit of the common fund based upon the market value of the underlying investments held in the common funds.

DEPOSITS – CUSTODIAL 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, 2022 \$22,204,444 of the Library’s bank balance of \$22,454,444, was uninsured, uncollateralized, and exposed to custodial credit risk.

The Library’s investments at June 30, 2022 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	\$ 846,109	\$ 846,109
Fixed income mutual funds	4,615,140	4,615,140
Total debt securities	5,461,249	\$ 5,461,249
Other investments		
Fixed income securities	14,585,536	
Equity mutual funds	5,138,304	
Core bond fund	5,401,634	
Private equity funds	33,737,264	
Total other investments	58,862,738	
Total investments	\$ 64,323,987	

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 investment 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, 2022, 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, 2022, 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, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

LIBRARY (CONTINUED)

The Library has the following fair value measurements as of June 30, 2022:

	Total	Level 1
Equity Securities		
Equity mutual funds	\$ 5,138,304	\$ 5,138,304
Equity securities	14,585,536	14,585,536
Total Equity Securities	19,723,840	19,723,840
Debt Securities		
Fixed Income Mutual Funds	4,615,140	4,615,140
Total Debt Securities	4,615,140	4,615,140
Total Investments by Fair Value Level	24,338,980	\$ 24,338,980
Investments Measured at the Net Asset Value (NAV)		
Core bond fund	5,401,634	
Private equity funds	33,737,264	
Total Investments Measured at the NAV	39,138,898	
Total Investments Measured at Fair Value	\$ 63,477,878	

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

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

LIBRARY (CONTINUED)

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.

	Fair Value	Unfunded Commitments
Core Bond Fund ⁽¹⁾	\$ 5,401,634	\$ --
Private Equity Funds ⁽²⁾	33,737,264	--
Total Investments Measured at the NAV	\$ 39,138,898	

⁽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.

⁽²⁾ Private Equity Funds – This type includes five private equity funds. One fund with a value of \$8,884,914 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 \$7,980,498 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 \$3,995,475 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 \$7,096,195 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 or seven days’ notice. The fifth fund with a value of \$5,780,182 seeks an investment return

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

LIBRARY (CONTINUED)

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.

BOSTON PUBLIC LIBRARY FUND, INC.

The Boston Public Library Fund, Inc. 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, 2022, uninsured amounts totaled approximately \$ [REDACTED]. The Boston Public Library Fund, Inc.’s investments at June 30, 2022 are comprised of the following:

	Fair Value
Equities	\$ --
Mutual funds	--
Fixed income	--
	\$ --

NOTE 4 – ACCOUNTS RECEIVABLE

At June 30, 2022, 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	\$ 657,135	\$ --	\$ 657,135
Departmental and other	361,190	--	361,190
Total receivables	\$ 1,018,325	\$ --	\$ 1,018,325

BOSTON PUBLIC LIBRARY FUND, INC.

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

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Machinery and Equipment	\$ 1,131,346	\$ 29,713	\$ --	\$ 1,161,059
Furniture, Fixtures and Improvements	<u>320,430</u>	<u>--</u>	<u>--</u>	<u>320,430</u>
Total Capital Assets Being Depreciated	<u>1,451,776</u>	<u>29,713</u>	<u>--</u>	<u>1,481,489</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(798,648)	(38,265)	--	(836,913)
Furniture, Fixtures and Improvements	<u>(287,292)</u>	<u>(12,050)</u>	<u>--</u>	<u>(299,342)</u>
Total Accumulated Depreciation	<u>(1,085,940)</u>	<u>(50,315)</u>	<u>--</u>	<u>(1,136,255)</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 365,836</u>	<u>\$ (20,602)</u>	<u>\$ --</u>	<u>\$ 345,234</u>

NOTE 6 – DUE TO CITY OF BOSTON

The following represents a summary of amounts owed to the City at June 30, 2022:

	Fair Value
Salary Reimbursements - Library for the Commonwealth	\$ 113,229
Salary Reimbursements - MBLN	13,994
Salary Reimbursements - MBLC	3,209
Salary Reimbursements - Boston Public Library Fund	27,978
Salary Reimbursements - Enterprise Fund	237,167
Salary Reimbursements - Associates of the BPL	126,290
Salary Reimbursements - Friends of Kirstein	218,945
Collection of Fines - Library City Fund	<u>3,077</u>
	<u>\$ 743,889</u>

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2022 are summarized as follows:

Depreciation	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⁾	\$ --	\$ --	\$ 2,766,525	\$ (2,766,525)	\$ --
Annual 5% Distribution to General Funds ⁽¹⁾	309,103	--	--	(309,103)	(309,103)
To Transfer Funds to Trust Fund Corpus	(6,934)	--	--	6,934	6,934
To Fund Programs from Hearst/Humanities Funds	(33,563)	--	33,563	--	33,563
To Fund the Map Center Fund	(178,190)	(865,450)	1,043,640	--	1,043,640
To reimburse hot spot expenses	256,843	--	(256,843)	--	(256,843)
To reimburse Fund for BPL project grant salaries	(257,000)	257,000	--	--	--
Miscellaneous Transfers in/(out)	54,506	--	(54,506)	--	(54,506)
Miscellaneous Transfers in/(out)	88,644	--	(88,644)	--	(88,644)
	<u>\$ 233,409</u>	<u>\$ (608,450)</u>	<u>\$ 3,443,735</u>	<u>\$ (3,068,694)</u>	<u>\$ 375,041</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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 8 – LEASES

The Library is reporting Leases Receivable of \$672,970 at June 30, 2022. For 2022, the Library reported lease revenue of \$321,678 and interest revenue of \$64,005 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
IL Panino, Inc.	\$ 185,866	\$ 40,695	\$ 9,504
Newsfeed	394,616	114,319	20,681
The Catered Affair	92,488	166,664	33,820
	<u>\$ 672,970</u>	<u>\$ 321,678</u>	<u>\$ 64,005</u>

IL Panino, Inc. - On July 31, 2017, the Library entered into a ten-year lease agreement with IL Panino, Inc., for the lease of real property that is part of the Boston Public Library. Based on this agreement, the Library is receiving monthly payments through July 2027. There are no renewal options included in this lease agreement.

Newsfeed - On June 11, 2016, the Library entered into a ten-year lease agreement with The Catered Affair, Inc., for the lease of real property that is part of the Boston Public Library to be used for the Newsfeed Retail and Cafe area. Based on this agreement, the Library is receiving monthly payments through August 2026. There are no renewal options included in this lease agreement.

The Catered Affair - On May 16, 2016, the Library entered into a eight-year lease agreement with The Catered Affair, Inc., for the lease of real property that is part of the Boston Public Library. Based on this agreement, the Library is receiving monthly payments through October 2023. There are no renewal options included in this lease agreement.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 9 – 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, 2022, since persons that perform services for the Library are employees of the City only.

NOTE 10 – 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.

**TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 11 – 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 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 for 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 12 – 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, 2022 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Library at June 30, 2022.

NOTE 13 – RESTATEMENT

In fiscal year 2022, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the Corporation’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated the Corporation’s fiscal year 2022 financial statements and had the follow effect on beginning net position:

Net Positoin, June 30, 2021	\$ 98,404,434
Adjustments:	
Lease receivable	994,648
Deferred inflows - leases	<u>(994,648)</u>
Restated Net Position, June 30, 2021	<u>\$ 98,404,434</u>