

*Boston Public Gardens Entrance Gate*



**City of Boston  
Auditing Department**

Boston City Hall  
One City Hall Plaza • Room M-4  
Boston • Massachusetts 02201  
(617) 635-4671 • Fax: 635-4339

December 27, 2002

*The Honorable Mayor and  
Members of the City Council:*

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Boston (City) for the fiscal year ended June 30, 2002. The accuracy of the financial statements together with the completeness and fairness of their presentation are the responsibility of the City's management. The enclosed data is accurate in all material respects and all disclosures necessary have been included to fairly present the financial position of the City. The financial position and results of operations of the various funds have been prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). All requirements of State finance law of the Commonwealth of Massachusetts and the City Charter have also been satisfied.

This report is presented in three sections: (1) the Introductory Section includes general information about the City and summarizes financial activity for the fiscal year; (2) the Financial Section includes the Independent Auditors' Report on the City's Basic Financial Statements, Management's Discussion and Analysis, the Basic Financial Statements and the Combining and Individual Fund Financial Statements and Schedules for the various funds including required supplemental information; and (3) the Statistical Section includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City.

In addition to the Basic Financial Statements of the City, this report includes information pertaining to component units included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City as required by GASB Statement No. 14. The State-Boston Retirement System (SBRS) has been presented as a blended component unit because it provides services almost exclusively to the primary government. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the City but are included because the City is financially accountable for and is able to impose its will on the organizations. The following component units have been discretely presented in the Basic Financial Statements: Boston Public Health Commission, Boston Redevelopment Authority, the Trustees of the Public Library of the City of Boston, and the Economic Development Industrial Corporation.

Thomas M. Menino, Mayor  
Sally D. Glora, City Auditor

## **Economic Conditions and Outlook**

The City of Boston is the economic hub of both the Commonwealth of Massachusetts and the New England region. It is a center for professional, business, financial, higher education and medical services as well as transportation, communication, export, cultural and entertainment activities. Boston is also the state capital and the host to several federal agency offices. High technology, tourism, research and development, manufacturing, and wholesale distributions also contribute to the economy of the City and its suburbs. The City's economy continued to perform favorably despite the economic slowdown starting in mid-2001, which was compounded by the events of September 11, 2001.

Each year since 1996 Boston has been upgraded by one of its rating agencies. The financial markets expressed their confidence in Boston's fiscal health when Standard & Poor's upgraded the City's bond rating from AA- to AAA in February 2002. Fitch also upgraded the City's bond rating, assigning a rating of AAA in February 2002, which was up from AA-. Credit ratings as of June 30, 2002 assigned by Moody's, Standard & Poor's and Fitch are Aa2, AA- and AA- respectively. Factors contributing to the confidence in Boston are its dominant role in the New England economy, the established track record of effective financial management and the City's continued conservative debt management and capital planning.

## **Overview of Local Economy**

As a result of the events of September 11, Boston's nine-year economic expansion came to an end as an economic slowdown took hold in 2001. The number of jobs in the City reached an all-time high in the year 2000, while partial data for 2001 reveal a much smaller increase than in 1999 and 2000. Although unemployment started to rise in early 2001, the City's rate remains better than the nation's average as of June 2002. Boston's diverse economy is made up of financial and business services, research and development, health care and higher education, tourism and retail trade. Boston's housing market remained strong in 2001, although the office, hotel, and tourism segments slowed down somewhat.

### ***Employment***

The calendar year 2001 annual unemployment rate for the City reached 4.1% compared with Massachusetts's unemployment figure of 3.7%. The nation's rate is 4.8%. Even though Boston's 2001 rate was well above the 2000 rate of 2.9%, it remains better than the national rate.

### ***Commercial Office Market***

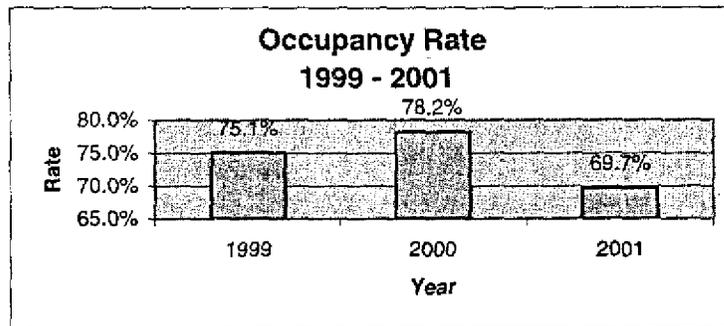
As of December 31, 2001, Spaulding & Slye, a local real estate broker, reported the vacancy rate at 5.2% and an availability rate of 11.7% when space for subletting was included. Clearly, the office market was affected by the economic slowdown in 2001. However, Boston still had the fifth lowest office vacancy rate of the top twenty markets according to CB Richard Ellis, an

Office Vacancy Index. CB Richard Ellis is the world's largest commercial real estate services company. The average rent is down from \$55 to \$40 per square foot this year.

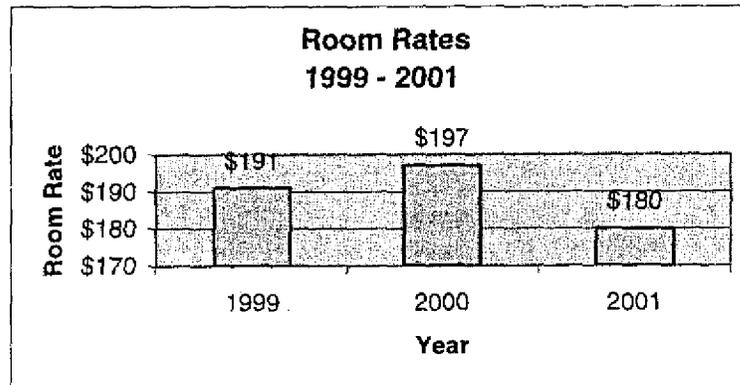
Three office projects, totaling 1.2 million square feet of space, were completed in 2000. Additionally, three projects, amounting to 2.0 million square feet of space, opened in 2001. As of December 2001, five major downtown office projects, with 3.1 million square feet of new office space, were under construction for completion during the 2002 to 2004 time period. Beyond 2004, several more projects are in the planning stages.

**Hotel Market**

Boston's hotel market, which had been one of the nation's strongest, suffered from the economic slowdown beginning in mid-2001 and the effects of September 11 on travel and tourism. Below is a comparison of the most recent data from 1999 through 2001:



After a 3.1% increase from 1999 to 2000, the rate in 2001 declined by 8.5%.



Per diem room rates also took a fall after the economic slowdown in 2001, finishing at \$180.

Hotel room construction has added 2,569 rooms from July 1997 to March 2002. An additional 779 rooms will be added with the completion of four new hotels currently under construction. Sixteen additional hotel projects have either received approval or have filed for approval with the Boston Redevelopment Authority (further referred to in this document as BRA). If built, there is potential for another 5,072 rooms.

### ***Housing Market***

Throughout the City there were 7,996 residential sales during the first ten months of calendar year 2001, a drop of 10.4% from 2000. Median prices for an existing single-family home escalated from the fourth quarter in 2000 to the fourth quarter in 2001 by 21.8%. Prices for a single-family home during the fourth quarter of 2001 averaged \$229,000. Prices for a condominium averaged \$252,250 at year-ending 2001.

### ***Retail Market***

Retail markets remain strong. There are now 21 neighborhood business districts selected for the Main Streets Program, which is a public-private initiative of the City, established in 1995 to revitalize neighborhood commercial districts through locally established organizations. As of December 2001, it has generated 386 new and expanded businesses, created 2,761 new jobs, and provided for 227 storefront improvements. Through December 2001, the Main Streets Program generated \$638,000 in public sector investment. This came in the form of physical improvement grants, which in turn leveraged an additional \$2.0 million in private investment.

Additionally, three major retail developments are now operational. These include the 200,000 square feet of retail and theater space at Millennium Place on Lower Washington Street, two buildings in Dudley Square (Palladium Hall and Fairfield Building) renovated to include first floor retail space, and a 74,000 square foot retail complex in the Grove Hall section of Dorchester, where the second and final phase was completed and became operational in November of 2001.

### ***Active Construction Projects***

Fiscal 2001 building permit revenues were reported at \$27.2 million for the year. This represents an increase of \$9.3 million from building permit revenues of \$17.9 million reported in fiscal 2000. For fiscal 2002, \$19.1 million in permits was received. Although this is a significant decrease from fiscal 2001, where record revenue was generated from building permits, there is still a 6% increase over 2000 revenue.

Through the year 2004, the Boston metropolitan area continues to be the site of several major public sector projects including the depression of the Central Artery and the construction of a four-lane tunnel under Boston Harbor. During the peak construction years from 1998 through 2001, it is estimated that transportation projects have employed approximately 5,000 on-site workers and 10,000 auxiliary workers.

A long-range capital program of approximately \$3.0 billion has been developed by the Massachusetts Port Authority for improvements to its facilities, most of which are located in the City. Logan International Airport is undergoing a major modernization. Improved walkways, new roadway signage, and major terminal renovations are among the planned changes. A 3,150 car-parking garage and a 600-room hotel are complete and operational. Construction continues on a double-decked roadway system at the airport.

The Massachusetts Water Resources Authority (further referred to in this document as MWRA) is planning to spend an estimated \$1.50 billion for the next ten years on water and wastewater system improvements. The largest expenditures will be for the Walnut Hill Water Treatment Plant to improve water storage facilities and reductions in combined sewer overflows. Small areas of these improvements are located in Boston proper, but are expected to provide major improvements in the infrastructure that serves the City.

The City and the Massachusetts Convention Center Authority (further referred to in this document as MCCA) are in the process of constructing the Boston Convention and Exhibition Center (further referred to in this document as BCEC) on a 60-acre site on Summer Street in the South Boston Seaport District. The 1.6 million square-foot facility, expected to open for operations in fiscal year 2004, will include approximately 516,000 square feet of contiguous exhibition space on one level, 160,000 square feet of meeting space and a 41,000 square-foot ballroom on other levels, as well as banquet and lecture halls. The BRA has been responsible for site acquisition, demolition, site preparation, and environmental remediation, and the BRA will convey the site to the MCCA for a nominal consideration.

In lieu of the recent sale of the Boston Red Sox baseball franchise, the previous owner's plans for a new ballpark are now defunct. This paves the way for the current owners to develop a proposal for renovation of the existing Fenway Park or a new park. Such developments would require approval by the State and City.

### *Tourism*

The Greater Boston Convention and Visitors Bureau (further referred to in this document as CVB) estimated that 12.6 million domestic and international visitors visited the Boston metropolitan area in 2001, down by 6.0% from the 13.5 million visitors in 2000. Visitor data for 2002 is expected to show a decline due to the economic slowdown on travel and the compounding effect of September 11. The latest data on the effects of the economic impact of tourism from the CVB shows that, for the five county region of greater Boston, an estimated \$7.50 billion was spent on hotel accommodations, meals, entertainment, shopping, transportation and other services during 2001.

Boston is an attractive destination for conventions and meetings. In 2001, Boston was estimated to have hosted 2.8 million convention and meeting visitors, including 15 citywide conventions, ranging in size from 3,000 to 27,000 attendees. There were also 64 college commencements in a six-week period in May and June.

### ***Future Economic Outlook***

Boston's economic outlook is for the slowdown which began in mid 2001 to continue. Investment by the private sector for active construction projects was \$3.10 billion in fiscal year 2001. In 2002 total constructions dollars were at \$2.24 billion, or a \$900 million decrease in construction from fiscal 2001. This resulted in permit revenue of \$19.1 million for fiscal 2002.

City revenue sources and those of the Commonwealth of Massachusetts fund the current construction of the BCEC. The City is responsible for \$157.8 million of the total \$700.0 million investment. Once completed, this site will generate 3,000 permanent jobs and increase retail sales activity.

Despite the slower economy, private and public investments in the City's buildings and infrastructure still serve as a generator of jobs, additional federal funds and continued economic growth.

## **Major Initiatives**

Thomas M. Menino, Mayor of the City of Boston, was re-elected in November 2001 to a third four-year term, which expires in January 2006. His commitment to promoting initiatives continues in the areas of public education, public safety, housing and neighborhood development, and economic development within the City.

### ***Public Education***

Efforts continue to reform our schools. Boston is the first major urban public school district to have every school connected to the Internet. The student-to-computer ratio is 6:1. Computers and technology have become more accessible to youth, as a result of a new technology initiative called Kids Compute 2001. Additionally, \$250.0 million from various funding sources is being invested in technology, schoolyards and schools.

Boston is the only school district in the country singled out with a renewal grant from the Annenberg Foundation. The Foundation has awarded Boston a second grant of \$10.0 million for innovative programs in individual schools. The Foundation is a ten-year effort to meet literacy requirements to better prepare students for graduation and continuing education. Unlike the first \$10.0 million grant, the second grant awarded in 2001, which runs through 2006, has no matching requirements. The grant is actually awarded to the Boston Plan for Excellence, a local school foundation. The Boston Plan for Excellence administers the grant in conjunction with the City's school district.

The Boston Public Schools (further referred to in this document as BPS) has a long-running tradition of working with numerous independent organizations to help bring additional resources, expertise, and guidance to the youth of Boston and BPS students. For the Technology Initiative,

over 100 businesses have contributed in the form of direct partnerships with the schools and other forms of system-wide assistance. Read Boston was launched five years ago. It is a literacy campaign that continues to tutor children in reading every week with the assistance of 1,500 volunteers.

### ***Public Safety***

During the nine years that the Mayor has been in office, 750 new police officers have been put on the streets and 250 drug dens have been transformed into safe neighborhood homes. During this time, there were increases in staffing to support the state-of-the-art crime lab at police headquarters. More treatment centers were created to support and counsel people for substance abuse and mental illness. Additionally, the administration launched a campaign program alerting young adults about domestic violence. All of these changes have resulted in the lowest crime level in 30 years.

The Mayor appointed the O'Toole Commission to make recommendations for the operations and organization within the Fire Department. The Fire Department's budget incorporated several of the recommendations made in the O'Toole Commission report. These efforts include a reduction in the number of firefighters injured on duty, improvements in scheduling staff, and a concentrated effort to reverse the pattern of escalating overtime costs. In addition, the department will enhance its emergency management and preparedness program initiatives by creating a Special Operations Command to more efficiently operate, train, equip and staff its emergency services.

### ***Housing and Neighborhood Development***

Over the last decade, Boston has worked with local colleges and universities to create 10,000 dormitory beds to help ease the housing crisis in the neighborhoods. There is approximately \$600.0 million in pending State Legislation that could be used to build housing for Massachusetts' families and there is a \$13.0 million commitment by the City for further appropriation for the "Leading the Way" Program

The City cannot solve its housing crisis without a commitment from the federal government. The HOME Investment Partnership Program is an entitlement grant from HUD to support the development of affordable housing. Boston expended \$8.8 million in this program in FY01 and \$8.0 million in FY02. Eligible activities include new construction or rehabilitation of housing, tenant-based rental assistance for up to two years, and assistance to first-time homebuyers. All HOME funds are used to benefit low and moderate-income households. Fifteen percent of HOME funds are set aside for projects sponsored by Community Housing Development Organizations and 5% are set aside for their operating costs.

HUD also awarded a Shelter Plus Care grant to the City of Boston in the amount of \$5.3 million in November 2001. The Department of Neighborhood Development administers the Shelter Plus Care grant that provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs.

### ***Economic Development***

Public and private investments in entertainment and infrastructure are providing additional revenue and future growth for the City and its residents.

The Office of Environmental Services, in conjunction with Save the Harbor/Save the Bay, plans to build the South Bay Harbor Trail. On April 22, 2001, Mayor Menino, announced a \$2.0 million state grant to Public Works Economic Development for infrastructure improvements, including pedestrian and bicycle amenities, to the Crosstown Center development which will abut the proposed South Bay Harbor Trail at Melnea Cass Boulevard and Massachusetts Avenue.

Ten percent of the City's population resides in the area designated as the Empowerment Zone (further referred to in this document as EZ). The population of this area has an unemployment rate of 16.1%, and 43% of adults over the age of 25 have less than a high school diploma (These figures are as of the 1990 Census). Goals of the EZ include: job creation, business development, home ownership opportunities, affordable housing creation, transit system improvements, computer technology training, and job training and educational efforts.

Section 108 Loan Project funds are available to eligible cities from HUD on an application basis. The Economic Development Initiative Program (further referred to in this document as EDI) is a special HUD program that makes grants available to cities to spur economic opportunity. EDI grants must be used in conjunction with Section 108 Loan funds. The City secures these funds, which can only be used for economic development projects. The City received a multi-year grant of \$22.0 million to be used in conjunction with \$22.0 million in Section 108 Loan funds for use within the EZ.

### ***Other***

The Mayor has created the Mayor's Energy Advisory Committee bringing City departments together to think strategically about energy management. The committee and working groups composed of key players in City departments work in conjunction with industry energy experts. The Committee, established in FY02, has created a partnership among industry officials, academics, and local government officials. Issues range from ensuring a high level of service, obtaining affordable and competitive pricing, and monitoring consumption, reducing demand and meeting energy conservation commitments to evaluate emergency/public safety considerations.

## **Current Projects**

### ***Government Effectiveness***

A number of innovative steps to improve traditional functions of City government have been undertaken by the Administration. Departments and Cabinets are constantly challenged to

rethink existing programs, improve service delivery and pursue new opportunities and partnerships.

The Police and Fire Departments are continuing efforts to implement positive change. Management continues to negotiate with collective bargaining units to work to improve contractual language that will allow opportunity for increased productivity and the ability to create efficiencies.

The Boston Administrative Information Systems (BAIS) are citywide integrated applications that provide the City with timely and accurate reporting of financial and human resource information. These systems position City managers to be responsive to controlling staffing and budgets throughout the fiscal year. The BAIS Support Program provides the maintenance and support of the City's financial and human resource management systems. The BAIS applications are the foundation for the City's administrative and financial functions.

During fiscal 2001, Asset Management applications were developed, ensuring compliance with GASB 34 requirements effective for fiscal 2002 reporting. Workflow was developed to improve a paper intensive procurement process and address documentation of receipt of goods and services. In February 2002, an upgrade to Version 8 to the City's Human Resource Management (HRMS) was completed and implemented. Also, work to upgrade the BAIS Financial System has begun with a completion date set for fiscal year 2003.

The Office of the Chief Operating Officer and the MIS Department have launched a collaborative effort with City departments to efficiently provide cellular phone communication services that will result in the reduction of the number of cellular phones and match the necessary cellular phone functionality to meet the departments' needs. This program is projected to reduce cellular phone communication costs by 40%.

### ***Public Education***

The Math Support Plan, which began in fiscal year 2001, will initiate a broader math effort across all grades. The Kids Compute 2001 Initiative, combined with computer technology upgrades, is designed to enhance computer literacy across Boston's student population. Additionally, the Write Boston program, with an effort to further improve Massachusetts Comprehensive Assessment System scores of Boston's students, is geared to writing skills and proficiency in all grades.

Current focus is also on the purchase of new instructional materials in history, social studies and world languages. Ongoing support for high schools to meet accreditation standards and a reinvention of the School Department's human resources function to increase capacity to recruit and hire the highest-quality teachers in future years was completed during fiscal year 2001.

This fall began the fifth and final year of the "Focus on Children" reform plan. Its primary goal is to improve teaching and learning in the classroom to enable all students to attain high standards of achievement. Also, in an effort to prepare students for continuing education and the

workforce, the Summer Jobs Program places more than 11,000 teenagers in jobs that help build valuable life-long skills.

This administration's "No Child Left Behind" policy, established during the cyclical reauthorization of the Elementary and Secondary Education Act, promises resources geared toward improving the quality of education for every child. "No Child Left Behind" funds come with substantial new programmatic requirements. Its major concepts are better targeting of parents, flexibility for states and districts, accountability, and scientifically-based instructional strategies and academic content.

BPS is the beneficiary of a consortium of higher education institutions. According to the Boston Higher Education Partnership, 28 colleges and universities have formed a consortium that provides the largest amount of funding and services to a single urban school district in the entire country. This steadily increasing assistance comes in the form of scholarships, pro bono assistance, and external grants.

### ***Public Safety***

Traffic safety is the focus of the Neighborhood Policing strategies of the Boston Police Department, the traffic calming initiatives of the Transportation Department and the "Walk This Way" pedestrian safety program coordinated by the Public Health Commission. In fiscal 2002, the City earmarked \$300,000 to install new school zone traffic signals at crosswalks and intersections around schools.

The Police Department's grant funding at both the federal and state level has focused mostly upon adding police officers and community policing. "Same Cop Same Neighborhood" is a policing program based on the belief that police officers and private citizens working together can help address community problems related to crime. Having the same officer patrolling the same neighborhood every day, results in the officer knowing the community and its residents better. The program, supported with a grant awarded by the Massachusetts Executive Office of Public Safety, has a total of \$3.7 million in both FY01 and FY02.

Committing to making public safety a top priority, the Boston Public Crime Stoppers Program was established. It highlights unsolved crimes of violence in the local media, appealing to the public for information. A toll free tip line is set up and answered by police officers and trained personnel who forward the information to the appropriate investigators. If information results in the arrest and indictment of an offender, the informant will be eligible for an award of up to \$1,000.

Additionally, the Boston Police Department, in coordination with the District Attorney's Office and other law enforcement agencies, will put new squads on the streets in the City's most crime-impacted neighborhoods to focus exclusively on unsolved shooting incidents and unlawful gun use.

### *Housing*

“Leading the Way”, a comprehensive strategy to increase and protect Boston’s housing supply, lays the groundwork for the City to accomplish its goal to create more affordable housing. The City has committed \$33.0 million in resources from the sale of surplus property. The first \$13.0 million toward that commitment was appropriated during fiscal year 2001. The next \$13.0 million is to be appropriated after the sale of 154 Berkeley Street (the old Police Headquarters building) has been finalized. “Leading the Way” is a three-year housing strategy. It will create 7,500 new units of housing, preserving 5,342 affordable rental units and making 1,000 City-owned lots available for development. This will cut the number of abandoned homes across the City in half.

As of FY02, Boston has secured four elderly housing projects under Section 202 – a federal subsidy program for elderly housing. Also during fiscal 2002, Boston has invested \$4.0 million at the Long Island Shelter for the homeless.

Mayor Menino signed an inclusionary development policy, which established the Housing Linkage Program, that requires large residential developments set aside 10% of the units for people with moderate and low incomes. With the support of the City Council, Boston will be better positioned to work on solutions with builders, nonprofit groups, and other levels of government.

The Community Development Block Grant (further referred to in this document as CDBG) is a sizable annual entitlement grant from HUD to the City of Boston designed to fund a variety of neighborhood development activities. The City expended approximately \$26.8 million in CDBG funding in FY01 and spending was at \$30.9 million in FY02. In addition to CDBG, other federally funded grants that are administered by HUD totaled \$14.8 million in funding for FY02.

### *Other Projects*

The Silver Line is a major subway-enhancement project. The Massachusetts Bay Transit Authority (further referred to in this document as MBTA) is constructing a new line to operate as part of its core downtown transit system. This Silver Line will combine bus rapid transit services along Washington Street (in Downtown, Chinatown, the South End, and Roxbury) and the South Boston Piers Transitway (on the South Boston waterfront) into a single line. Eventually, Silver Line service will continue through subway tunnels to the new convention center and Logan Airport. The first leg of the Silver Line is not scheduled to open until early in the summer of fiscal 2003, with the opening of ten new stations. South Station, Courthouse Station, and World Trade Center Station are scheduled to open later in fiscal 2003. The current five-year spending program for this Silver Line Project is \$307.1 million, 40% of the systems expansion effort. The majority of this effort is devoted to the South Boston Piers Transitway.

In fiscal year 2002, Boston created a partnership with Fleet Bank. Fleet Bank is working with the City to create a \$1 million revolving loan program so low-income families can purchase

home computers. This effort shows the bridge Boston is building to help families and young people learn the skills they need to improve their lives.

## **Future Projects**

### *Capital Plan*

The City's 2003-2007 Capital Plan proposes new long-term investments over the next 5-7 years, as well as several studies to lay the groundwork for future growth. In total, over \$1.39 billion of City and non-City sources of funds have been proposed to be spent on Capital Projects. These expenditures will be used for improvements to schools, public safety, libraries, parks and recreation, roads and bridges, community centers, technology upgrades, public health and environmental initiatives. In view of the proven economic and social benefits of consistent, long-range capital planning, the City remains committed to moving forward with its capital program.

The Police Department's Capital Plan includes authorized funding for the construction of a new neighborhood station in the South End and renovations to the West Roxbury station. The Fire Department will be purchasing a new fire radio system and has undergone fire station repairs in 2002. In light of the tragic events of September 11, 2001, Governor Tom Ridge of Pennsylvania, Director of Homeland Security, came to Boston to announce the First Responder Initiative that gives cities and towns direct access to \$3.50 billion in federal funds. The City will put those funds to work by increasing local police, fire, and public health services.

Prompted by the events of September 11, the Fire Department will revise its training plans, obtain and issue additional equipment and improve incident command systems to respond to any new threats to the City. As a result a Special Operations Command has been created to more efficiently operate, train, equip, and staff HazMat, Rescue, Confined Space, Scuba and Marine services.

The BPS Capital Plan includes the construction of 3 new schools; masonry repairs at 20 schools; roof replacements at 5 schools; construction and installation of modular classrooms facilities at 2 schools; the design of full electrical and technology wiring upgrades at 29 schools and the construction and renovation of 15 schoolyards and the design of another 8 schoolyards. These items are highlights of school projects and are accompanied by a wide assortment of maintenance projects for schools including window replacement, roof maintenance, boilers and HVAC systems. Included in these school renovations are a new gymnasium, cafeteria, and expanded library at Burke High School and upgraded science laboratories at Brighton High School.

Thanks to a major grant from the Bill and Melinda Gates Foundation, the City will have a new high school, which will be called Tech Boston Academy. This will be a new technology high school that will prepare students for careers as engineers, programmers, and technicians.

This new high school will draw students from across the City to a centrally located building in the Roxbury section of Boston.

In FY03, the Public Works Department will save nearly \$300,000 due to a new energy-efficient heating and cooling system at its Central Maintenance Facility. These capital investments will create operating budget savings that would otherwise be unavailable for other City services. Also, during the next fiscal year, Public Works will expand its Street Lighting Unit as it takes over streetlights formerly owned by NSTAR.

Capital investment continues to support the City's commitment to efficient, effective municipal management by building a physical infrastructure that is strong and adaptive. Substantial investment has been made in capital improvements, technological advances, and equipment for maintenance programs to improve safety conditions, decrease operating costs and provide better service delivery.

### ***Economic Development Activities***

The BRA has released the Seaport Public Realm that describes the development of the over 1,000-acre South Boston waterfront area. The BCEC is the keystone of the seaport development and is expected to attract thousands of new visitors and millions of new dollars into Massachusetts each year. It will serve as a catalyst for the development of new hotels in the area. The South Boston Waterfront will be a destination for workers, residents and visitors. Areas have been identified for cultural facilities, parks, and gateways to Boston Harbor and the Islands.

A variety of studies are planned to enhance economic development activities. Included are water transportation for the Aquarium/Central Wharf; Boston 2000, exploring land use and development for new areas created by the Central Artery/Third Harbor Tunnel Project; and Boston 400, a comprehensive master planning process to determine infrastructure investment and economic development for this century.

With 51% of the City's real estate being off the tax rolls, controlled by tax-exempt institutions, there will be a new era of partnerships with the City's colleges, universities, and nonprofits. Boston will work with these institutions to create scholarships or help unemployed workers learn new skills to get a better job. Preliminary discussions with Harvard University and its President, Dr. Lawrence Summers, have been initiated to expand its medical school complex to Crosstown in Roxbury. This would not only strengthen the neighborhood, but also create more jobs.

### **Service Accomplishments**

One in four Bostonians was born in another country. Collectively, more than 100 languages are spoken by Bostonians. Lack of English proficiency is a common barrier for many new immigrants. This past year, "English for New Bostonians", a public-private partnership, was

introduced. In fiscal year 2002, this program, with the help of businesses and community organizations, provided an additional 400 seats in English classes across the city.

“Focus on Children”, began in 1997 as a five-year education reform plan to improve student achievement. It serves as a guide to help bring about whole school change. Some of the goals include changing the BPS structure to focus on serving the community and improving teaching and learning through the Transition Program and the Math Support Plan, to enable all students to achieve high standards of performance. Pilot schools can serve as useful examples of cutting-edge education practices. They provide a “laboratory” where innovative and exciting educational ideas can be developed and shared with the entire district. The Boston Arts Academy and the Young Achievers Pilot School opened in fiscal 2002. In fiscal 2002, there were a projected 2,500 students educated in Boston’s pilot schools.

As of September 2001, a total of 69 schools - more than two thirds of the City of Boston’s elementary and middle schools operated after-school programs. After-school programs had \$19.0 million leveraged in fiscal 2002 from public and private sources in partnership with public and private agencies to expand the number of children served in quality programs.

Renovations were undertaken to enhance and expand the parks within the City. Boston’s usable park system expanded by 25% to include land over the new Central Artery, the Harbor Islands, and numerous neighborhood pocket plans. Millennium Park, a 100-acre park located in the West Roxbury section of the City, was created. Millennium Park is larger than the Boston Common and the Public Garden combined.

The Public Works Department continued the “Pave the Way” program. The program provided for the resurfacing of over 100 miles of roads and reconstructed over 40 miles of sidewalks through the 2002 fiscal year.

Boston has made advancements in technology. During the past fiscal year, it was recognized as one of the top technological cities for Internet use. Boston was one of the big movers in an annual survey of America’s most Internet-savvy cities. The City jumped 12 places to number four in this year’s survey, published in the May edition of *Yahoo! Internet Life* magazine. In addition to basic statistics, the formula used for measuring and ranking cities includes: the extent to which businesses are online in the City; sophistication of the users in that city; evaluation of content available in the area, and a more subjective standing of how well local government uses the Internet.

The City is proud of its contributions to improving the quality of life and education as well as the strength of the Boston economy. While the City is proud of its accomplishments, it recognizes the need for continual change to meet the needs of Boston citizens and its economy.

## Accounting System and Budgetary Control

The accounts of the City are organized on the fund basis. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, fund balance, revenues and expenses. An integrated computerized financial accounting system is maintained by the Auditing Department to record transactions within these accounts. This system is an encumbrance accounting system, which monitors the City's purchase orders for goods, services and other contractual commitments. The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Commonwealth of Massachusetts. This basis of accounting differs from accounting principles generally accepted in the United States of America.

The City's management is responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded from loss, theft or misuse. In addition, the internal control structure reasonably assures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. The City Auditor is responsible for evaluating the adequacy and effectiveness of the control structure, and the Auditing Department conducts a periodic evaluation of the control structure's effectiveness.

As a part of its internal control structure, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the legally mandated budget adopted by the City Council. Activities of the General Fund are included in the annual budget. The budget within the Special Revenue Fund is established based on specific grant requirements or specific legislation, but is not subject to City Council approval. The Capital budget reflects long-term needs financed primarily through the issuance of bonds. This multiyear plan is subject to approval by the City Council. Specific budgets are established for each capital project prior to its inception.

The function and activity within the individual fund establishes the level of budgetary control. Budgetary control in this context defines the level at which expenditures cannot legally exceed the appropriated amount. In the case of the General Fund, this control is at the department level. In the case of the Special Revenue and Capital Projects Fund, the control is at the grant or project levels respectively. All of these budgetary controls reside within the City's financial system and are monitored by the Office of Budget Management and the Auditing Department to ensure compliance.

The Auditing Department initiates a fiscal year closing process that limits and controls departmental appropriation reserves through encumbrances and closely monitors the amount of prior year reserves carried forward. The process allows for the year-end closing and accompanying financial statements to be completed in an efficient and timely manner.

The Federal Single Audit Act requires the City to have an annual independent audit conducted on the federal financial assistance it has received. This audit is conducted simultaneously with the City's annual financial statement audit.

A significant portion of the Single Audit work is devoted to evaluating the City's internal control structure. The evaluation includes tests of a significant number of individual federal grant transactions that occurred during the fiscal year. The Single Audit work also requires that the auditors determine whether the organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations.

The City's Single Audit report for the year ending June 30, 2002 included no instances of material weaknesses in the internal control structure, nor were any significant violations of the applicable laws and regulations reported. The report is publicly issued under a separate cover. In addition to the annual audit of the federal financial assistance programs, the City also identifies specific grants received from the State for compliance and internal control review by the independent auditors.

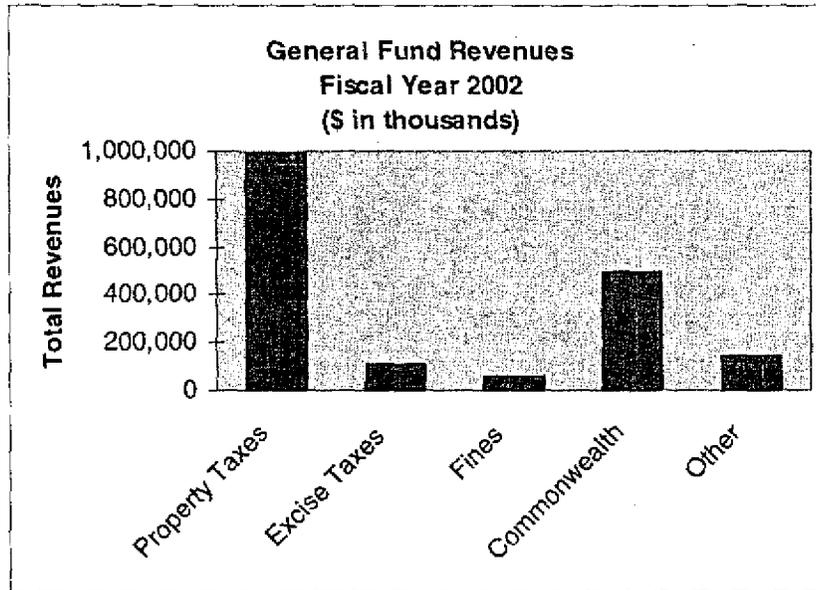
## **Governmental Activities**

The City of Boston, incorporated as a town in 1630 and as a City in 1822, now exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts, which, as amended, constitute the City's Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers and departments. The legislative body of the City is the City Council, which consists of thirteen elected members serving two-year terms. The Mayor and City Council serve as the County Commissioners of Suffolk County.

The following sections include selected financial data reported on a GAAP basis. Presented are the operations of the General Fund, Special Revenue Fund, Capital Projects Fund, Other Governmental Funds and Internal Service Fund as well as Fiduciary Funds administered by the City.

**General Fund**

The general fund is the main operating fund of the City accounting for the revenue received of over \$1.80 billion. The major sources of funding are presented below:



<u>Revenues:</u>	<u>2002</u>	<u>%</u>	<u>2001</u>	<u>%</u>	<u>Inc (Decr)</u>	<u>% Change</u>
Property Taxes	\$ 990,848	55.0%	874,868	51.7%	115,980	13.3%
Excise Taxes	111,114	6.2%	72,645	4.3%	38,469	53.0%
Payments in Lieu of Taxes	36,332	2.0%	72,720	4.3%	-36,388	-50.0%
Fines	60,601	3.4%	57,840	3.4%	2,761	4.8%
Investment Income	14,596	0.8%	26,289	1.6%	-11,693	-44.5%
Licenses and Permits	33,325	1.8%	36,795	2.2%	-3,470	-9.4%
Department and Other Revenue	62,200	3.5%	58,306	3.4%	3,894	6.7%
Commonwealth	492,299	27.3%	493,278	29.1%	-979	-0.2%
	<u>\$ 1,801,315</u>	<u>100.0%</u>	<u>\$ 1,692,741</u>	<u>100.0%</u>	<u>\$ 108,574</u>	<u>6.4%</u>

### *Revenues*

Modest revenue growth continued in fiscal year 2002. There were shortfalls in four revenue sources. The Payments in Lieu of Taxes decreased primarily due to the inability of the Massachusetts Port Authority to make a full payment on its agreement due to the losses incurred during and after September 2001. It is expected that this shortfall will be made up at a later date. The decrease in Investment Income is the result of a weaker market performance and low interest rates yielding poor returns on otherwise favorable cash balances. The Licenses and Permits decrease is due to the unsustainable record revenue generated the prior year from building permits for commercial (i.e., office towers, hotels, etc.) and residential construction projects undertaken throughout the City. Commonwealth Distributions fell slightly by only 0.2% from fiscal year 2001. The most significant revenue increase was in Excise Taxes. Revenues recognized from Room Occupancy Excise Taxes are transferred from the Convention Center Fund to the General Fund at year end after satisfying funding requirements for debt service. Department and Other revenue also increased due to an artificially low base in collections in fiscal year 2001, strong reimbursement of municipal Medicaid claims, and receipt of one-time revenues from prior years. Property Taxes have increased 13.3%, while Fines rose 4.8%. Changes from 2001 to 2002 are presented in the previous graph. Components within the graph in the "other" category include Payments in Lieu of Taxes, Investment Income, Licenses and Permits, Department and Other Revenue.

### *Expenditures*

Overall fiscal year 2002 expenditures increased from the previous year. Spending for Public Safety increased \$32.4 million (8.7%) due to the execution of collective bargaining agreements for the current year. The increase in Public Works for collective bargaining was off set by a decrease of \$6.2 million in snow removal costs, the result of a mild winter. The overall effect being a decrease of \$2.6 million (4.5%) for Public Works. Property & Development increased \$7.4 million (18.1%) due to collective bargaining and Boston's continuing effort to support additional affordable housing programs. Schools increased \$16.3 million (2.7%) due to the Transition Program, Math Support Plan, "Focus on Children" policy, school resource allocations, and collective bargaining. Other Employee Benefits expenditures rose by \$17.2 million (19.0%), due to higher participation in Medicare and the increased cost of health insurance. Retirement Costs decreased by \$2.9 million (3.5%) as a result of an increase in the reimbursement rate for Teachers' Retirement. Human Services (\$1.0 million), Parks and Recreation (\$0.7 million) and Capital Outlays (\$1.3 million) increased slightly, while County (\$1.5 million), Judgments and Claims (\$2.7 million) and Library (\$1.7 million) decreased. Changes from 2001 to 2002 are presented in the next chart and table

Comparative General Fund Expenditures

GAAP Basis

<u>Expenditures:</u>	<u>2002</u>	<u>%</u>	<u>2001</u>	<u>%</u>	<u>Inc (Decr)</u>	<u>% Change</u>
Gen Govt	\$ 77,019	4.4%	\$ 67,913	4.1%	\$ 9,106	-13.4%
Publ Safety	405,844	23.4%	373,362	22.4%	32,482	8.7%
Publ Works	74,651	4.3%	77,241	4.6%	(2,590)	-3.4%
Prop & Dev	48,774	2.8%	41,300	2.5%	7,474	18.1%
Schools	627,653	36.2%	611,368	36.7%	16,285	2.7%
Public Health Programs	64,537	3.7%	62,476	3.8%	2,061	3.3%
Retirement	82,034	4.7%	84,970	5.1%	(2,936)	-3.5%
Other Employee Ben	107,701	6.2%	90,501	5.4%	17,200	19.0%
State & Dist. Assess	67,769	3.9%	66,788	4.0%	981	1.5%
Debt Service	115,366	6.7%	123,977	7.4%	(8,611)	-6.9%
Other	63,797	3.7%	66,469	4.0%	(2,672)	-4.0%
	<u>\$ 1,735,145</u>	<u>100.0%</u>	<u>\$ 1,666,365</u>	<u>100.0%</u>	<u>\$ 68,780</u>	<u>4.1%</u>

The undesignated fund balance of the City of \$345.8 million was reported at June 30, 2002 as compared to \$182.0 million in 2001.

***Special Revenue Fund***

The Special Revenue Fund is used mainly to account for the activities of the City that are funded by the Federal and State governments.

Funds received from the Federal and State governments during 2002 increased 19.5%. The increase resulted from the City applying for and obtaining new grants to help support education, after-school programs and public safety initiatives.

Spending in the Special Revenue Funds has also increased, as additional Federal and State funds have become available.

***Capital Projects Fund***

Capital projects fund is used mainly to account for construction activities of the City. These activities are primarily funded from bond proceeds or other external funding sources. Revenues for the Capital Projects Fund decreased significantly by \$52.8 million to \$22.3 million in fiscal year 2002, mainly due to a decrease in subsidies from the Commonwealth of Massachusetts. One main project for the State subsidy was for the Convention Center. Expenditures decreased by \$45.8 million to \$139.6 million for the period ending June 30, 2002. This can be attributable to an increase in spending for school projects, a decrease in outlays for the convention center spending, and overall conservative spending.

In 2002, major portions of capital spending focused on the construction of two new middle schools, one new K-8 school, and ongoing school building renovations and technology upgrades. In addition, the Parks and Recreation Department and Public Works Department continued on their programs of refurbishing parks, playgrounds, and public ways.

### ***Internal Service Fund***

The Internal Service Fund accounts for the City's Health Insurance Trust Fund. Blue Cross/Blue Shield (BC/BS) acts as a third party agent for the City's employees, retirees and their dependents for payment of expenses incurred under various health indemnification plans utilized by the City. Costs incurred under the BC/BS plans are shared, with 25% paid by employees and retirees and 75% paid by the City. Operating revenues for the Internal Service Fund in 2002 were \$71.9 million and expenses totaled \$64.8 million. The fund balance at June 30, 2002 was \$308,000, as compared to a fund balance deficit of \$7.4 million at June 30, 2001.

### ***Debt Administration***

At year-end the City had \$829.5 million in General Obligations bonds outstanding – an increase of 3.5% over last year.

In February 2002, the City received the proceeds of a \$100.0 million General Obligation Bond Issue and a \$62.0 million Bond Anticipation Note for school projects. In May of 2002, the City of Boston retired two Convention Center Bond Anticipation Notes that totaled \$157.8 million. Additionally, the City received the proceeds of a \$116.9 million Special Obligation Bond Issue in April of 2002. This revenue bond will permanently finance costs incurred in connection with the development of the Boston Convention and Exhibition Center.

### ***Cash Management***

The City's Collector-Treasurer establishes investment policies of the City. Portions of Massachusetts General Laws Chapter 29 and 41 govern these policies. Generally, the City's investment policy centers on receiving a competitive yield for its investible cash while ensuring safety. The balances held in the City's General Fund for investment are ultimately used to meet liability obligations and, therefore, are not available for what would be considered long-term investing. The duration of time during which funds are available for investment does vary; therefore, the City must carefully select the investment type most suitable for the given time frame to optimize income while maintaining safety and sufficient liquidity requirements. The City requires that repurchase agreements, certificates of deposits and sweep vehicles will be collateralized

Additionally, the Collector-Treasurer working in tandem with the trustee(s) of the various trusts funds has developed a detailed Investment Guidelines and Policy Statement for an individual or Common Fund. General Laws of Massachusetts Chapter 203 (Uniform Common Trust Act) provides that the City of Boston may establish common trust funds. The pooling of individual trust

funds into a Common Trust allows for greater diversification of investment in asset classes, as well as reduced management cost.

### ***Risk Management***

The City is self-insured in most areas of risk including general liability, property and casualty workers' compensation, certain employee health care costs, and unemployment compensation. The City's Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Except for certain health care costs, judgments and claims are charged to the General Fund.

The City's health insurance program purchases insurance coverage for the City's employees and retirees through a number of health maintenance organizations (HMOs). Blue Cross and Blue Shield of Massachusetts (BC/BS) acts as a third party agent for the City's self-insured indemnity health care plans. Costs incurred for the operation of the BC/BS plans are accounted for in an Internal Service Fund. Costs to the City for the HMOs are accounted for in the General Fund.

The Risk Management Program works to limit unnecessary asset losses due, for example, to worker illness and injury, third party liability claims and property losses due to fire and natural events. Particular progress has been made in asset and loss quantification and tracking, identification and analysis of key areas for improvement, and specific improvements in reducing related costs.

The City's catastrophic property insurance policy covers all City property assets up to \$400.0 million. This insurance policy limits the City's property loss exposure to \$10.0 million per incident. The City's established risk retention reserve pays for the premium of this policy.

### **Fiduciary Operations**

The City participates in a contributory retirement system, the State-Boston Retirement System (SBRS). The City is the largest member of SBRS, a cost sharing multiple employer public employee system operated under Chapter 32 of the Massachusetts General Laws (MGL) as amended by Chapter 306 of the Acts of 1996. The SBRS provides retirement, disability and death benefits to plan members and beneficiaries. Each participating employer's share of the total annual contribution is determined on the basis of active payroll.

The City is committed to funding based upon a schedule approved by the SBRS and the State actuary, which includes paying the current year's estimated present value of benefits earned during the year (normal cost) and an annual contribution toward reducing the unfunded liability to zero by the year 2020. The schedule is subject to update and approval at least every three years by the Public Employee Retirement Administration Commission (PERAC), a State agency established to oversee all 104 local Massachusetts public retirement systems. The annual

appropriation, based on the approved funding schedule, is a legal obligation of the City that must be included as part of the tax rate certification by the Commonwealth of Massachusetts.

Cost of living adjustments are considered by the SBRS Board on an annual basis. As part of the annual review process, the Board considers the fiscal conditions of the City and whether the granting of the COLA would substantially impair the City's funding schedule. Cost of living adjustments are set each year at the CPI, or an amount up to but not greater than, 3% on the first \$12,000 of a retiree's annual payment. The Board approved a 3% COLA for 2002.

The City also operates the Boston Retirement System (BRS). BRS is the predecessor to SBRS and is closed to new members and is funded on a pay-as-you-go basis. The operations of BRS are not material to the City as a whole.

## **Other Information**

### ***Independent Audit***

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected the firm of KPMG LLP to perform the June 30, 2002 audit. This audit is conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City also undergoes an annual audit of its Federal grant funds as required by the Single Audit Act. KPMG LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Single Audit Act and Office of Management and Budget Circular A-133.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2001. This was the seventh consecutive year that the City of Boston has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe that our current report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Boston also received the GFOA's Award for Distinguished Budget Presentation for its Annual Budget document for the fiscal year beginning July 1, 2002. The City of Boston's budget document was judged to be proficient in several categories including policy documentation and financial planning.

*Acknowledgements*

We would like to express our appreciation to the staff of the Accounting and Financial Reporting Program and all the members of the Auditing Department staff whose professionalism and dedication made the timely preparation of the CAFR possible. We also wish to thank the professional staff of KPMG LLP for their counsel, technical assistance and encouragement in the preparation of this CAFR. Several other City departments and agencies provided additional information and assisted in the CAFR preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City, and for the planning and support necessary to conduct the City's financial operations in a responsible manner.

Respectfully submitted,



Sally D. Glora  
City Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boston,  
Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

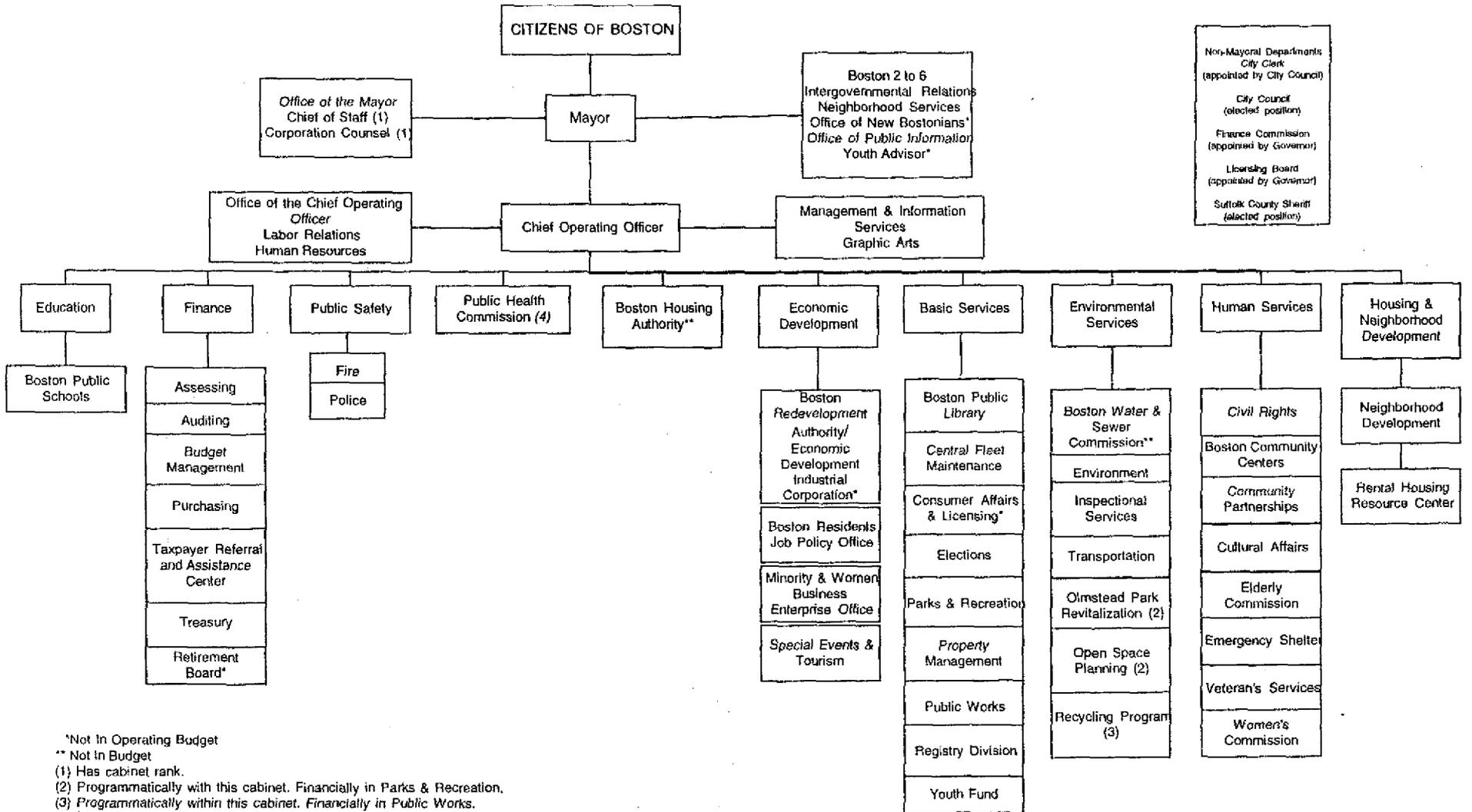
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy A. Brewer*  
President

*Jeffrey L. Essler*  
Executive Director

# ORGANIZATION OF CITY GOVERNMENT



Non-Mayoral Departments  
 City Clerk (appointed by City Council)  
 City Council (elected position)  
 Finance Commission (appointed by Governor)  
 Licensing Board (appointed by Governor)  
 Suffolk County Sheriff (elected position)

City of Boston, Massachusetts

\*Not in Operating Budget  
 \*\* Not in Budget  
 (1) Has cabinet rank.  
 (2) Programmatically with this cabinet. Financially in Parks & Recreation.  
 (3) Programmatically within this cabinet. Financially in Public Works.  
 (4) The Boston Public Health Commission is an independent authority created in June 1996.

**ELECTED and APPOINTED OFFICIALS**

*Mayor*

THOMAS M. MENINO

*City Council Members*

Michael F. Flaherty, Jr.(President) .....	At-Large
Maura A. Hennigan .....	At-Large
Stephen J. Murphy .....	At-Large
Francis M. Roache .....	At-Large
Paul J. Scapicchio .....	District 1
James M. Kelly .....	District 2
Maureen E. Feeney .....	District 3
Charles C. Yancey .....	District 4
Robert J. Consalvo .....	District 5
John M. Tobin .....	District 6
Chuck Turner .....	District 7
Michael P. Ross .....	District 8
Brian J. Honan .....	District 9

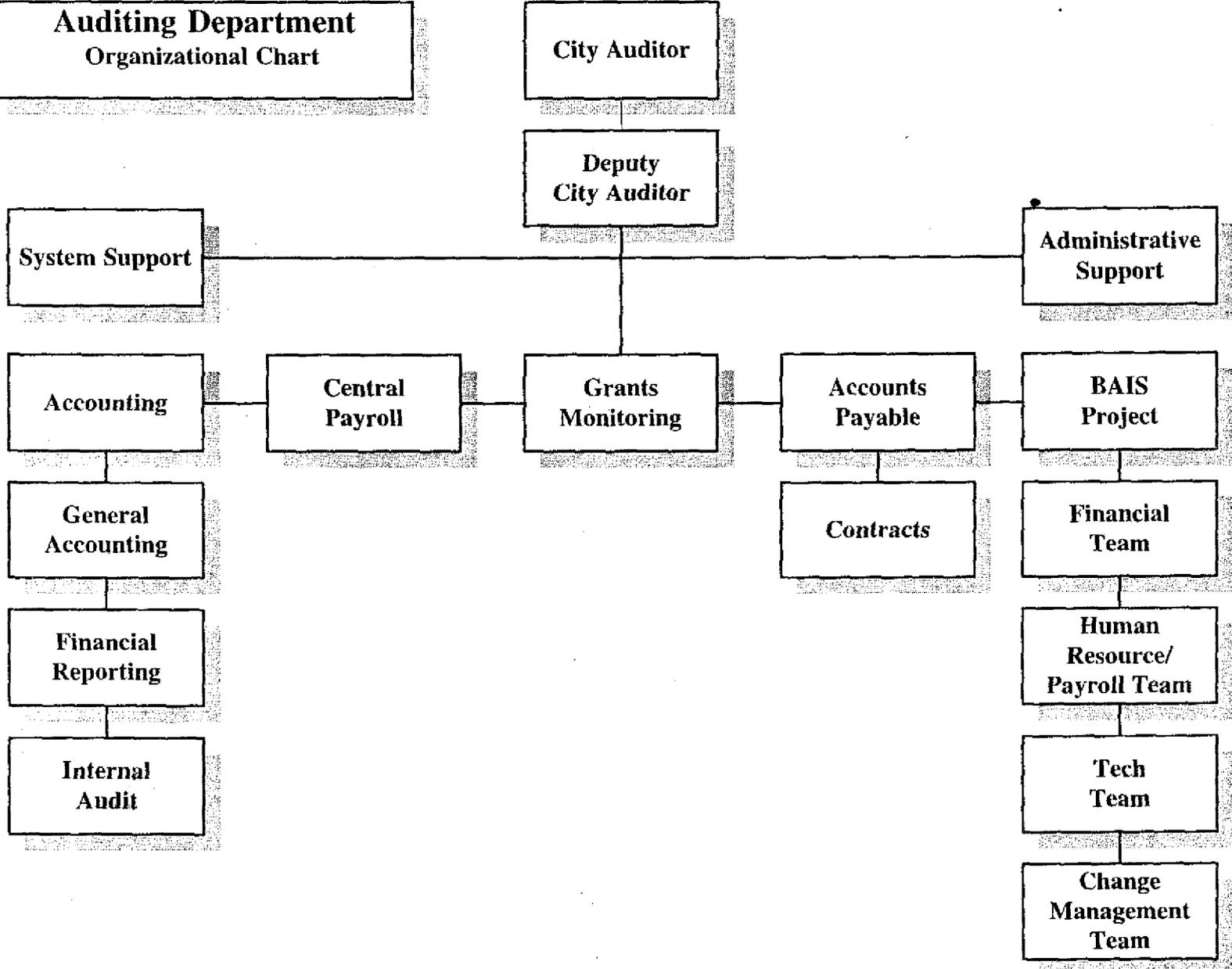
*Suffolk County Officials*

Richard Rouse .....	Sheriff
Daniel F. Conley .....	District Attorney

*Appointed City Executive Branch Members*

Peter M. Welsh.....	Chief of Policy & Planning/Acting Chief of Staff
Dennis A. DiMarzio.....	Chief Operating Officer
Edward J. Collins, Jr.....	Chief Financial Officer and Collector-Treasurer
Mark Maloney.....	Chief Economic Development Officer
Thomas W. Payzant.....	Chief of Education
Juanita Brooks-Wade.....	Chief of Human Services
Michael Galvin.....	Chief of Basic Services
Andrea d'Amato.....	Chief of Environmental Services
Sandra B. Henriquez.....	Chief of Public Housing
Charlotte Golar-Richie.....	Chief of Housing
Paul E. Evans.....	Chief of Public Safety (Police Department)
Paul A. Christian.....	Chief of Public Safety (Fire Department)
Merita A. Hopkins.....	Corporation Counsel
John M. Auerbach.....	Chief of Public Health

**Auditing Department  
Organizational Chart**



**Auditing Department Personnel**  
**Sally D. Glora, City Auditor**  
**Dennis J. Coughlin, Deputy City Auditor**

Daniel Adam  
Allan M. Brodsky  
Domenica Cabral  
Elvira Carnazzo  
Michelle E. Castillo  
Mattie Crouse  
Leo Entwistle  
Diane O'Malley  
Allen Hurley  
Cynthia Johnson  
Medina Lucien  
Mary C. Maiullo  
Luis Carlos Martinez  
Mary Ann Mason  
Sheila A. McGonagle

Carolyn Michelman  
Christine M. Opila  
Michelle Pacitta  
Charles T. Panagopoulos  
Mary L. Raysor  
Magnolia Rojas  
Christopher Sargeant  
Lori Shilling  
Lisa Stone  
Ming C. Su  
Donna Seel  
Julie A. Tippet  
Stanley J. Wallace  
Paul F. Waple

**Auditing Department Personnel (BAIS Project)**

Carmen V. Andrade  
James Collins  
Emily C. Crocker  
Mary A. Foley  
Jonathan D. Handy  
Patricia Holland  
June Jenkins  
Kyle Jordan  
Linda J. Kupstis  
Jenny F. Larm  
Li Liu  
Janine L. London  
Sherlock M. Mason  
John A. McKenna  
Kevin Monahan

Nelly Lopez  
Maureen E. Murphy  
Patricia A. Murphy  
David P. Nero  
Kenneth E. Niles  
Richard Petrucelli  
Gloria Pizzarella  
Charles H. Rigg  
Scott Ross  
Alvin Shiggs  
Rhoda Tillack  
Priscila Torres  
Talena Wilson  
Kai H. Yuen