

CITY OF
BOSTON, MASSACHUSETTS



INFORMATION STATEMENT
Dated March 25, 2024

This Information Statement contains certain general and financial information concerning the City of Boston, Massachusetts (the “City” or “Boston”). The information is authorized by the City to be distributed to prospective purchaser in connection with bonds or notes offered for sale by the City, and to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System (“EMMA”) for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission. This Information Statement may not be reproduced or used in whole or in part for any other purpose without the express written consent of Ashley Groffenberger, Chief Financial Officer and Collector-Treasurer, Boston, Massachusetts.

Any statements in this Information Statement involving matters of opinion, whether or not expressly so stated are intended merely as opinion and not as representations of fact. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Information Statement nor any sale made pursuant to any official statement or offering memorandum to which it is appended, in which it is included by reference or with which it is distributed shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

This Information Statement contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions of the City, the inclusion in this Information Statement of such forecasts, projections and estimates should not be regarded as a representation of the City that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

If and when included in this Information Statement, the word “expects,” “forecasts,” “projects,” “plans,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, force majeure events, pandemics, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date of this Information Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

A wide variety of other information concerning the City, including financial information, is available from various City departments, City publications and the City’s website, which includes individual webpages for City departments, including Auditing, Budget and Treasury. Any such information that is inconsistent with the information set forth in this Information Statement should be disregarded. No such information is a part of or incorporated into this Information Statement, except as otherwise expressly noted herein.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Information Statement.

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SECTION 1: THE CITY

The City, incorporated as a town in 1630 and as a city in 1822, exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of The Commonwealth of Massachusetts (the “Commonwealth”) which, as amended, constitute the City’s Charter. For more detailed information regarding the Charter, see “Financial Operations — Budget Process.”

The Mayor is the chief executive officer of the City. Michelle Wu, the Mayor of the City, was elected Mayor in a special election held concurrently with the regular election on November 2, 2021 following the resignation of former Mayor Martin Walsh in April 2021 and the transfer from Acting Mayor Kim Janey after the election results were certified in November 2021. Her first four-year term began in November 2021.

The Mayor has general supervision of and control over the City’s boards, commissions, officers, and departments. The portion of the City budget covering appropriations for all departments and operations of the City, except the School Department and the Boston Public Health Commission, is prepared under the direction of the Mayor. Prior to her service as Mayor, Mayor Wu was a member of the Boston City Council from January 2014 to November 2021, serving as the Council President from January 2016 to January 2018.

The legislative body of the City is the thirteen-member City Council. The City Council enacts ordinances and adopts orders, which the Mayor may either approve or veto. Ordinances and orders, except orders for the borrowing or the reorganization of City departments, may be enacted by the City Council over the Mayor’s veto by a two-thirds vote. The City Council may reject, reduce, or amend a budget submitted to it by the Mayor, but any budget amended by the City Council shall not be for a higher total budget than originally submitted by the Mayor. For a description of the budget process, see “Financial Operations— Budget Process” herein.

The current members of the City Council, all of whose terms will end in January 2026 are set forth below in Table 1.

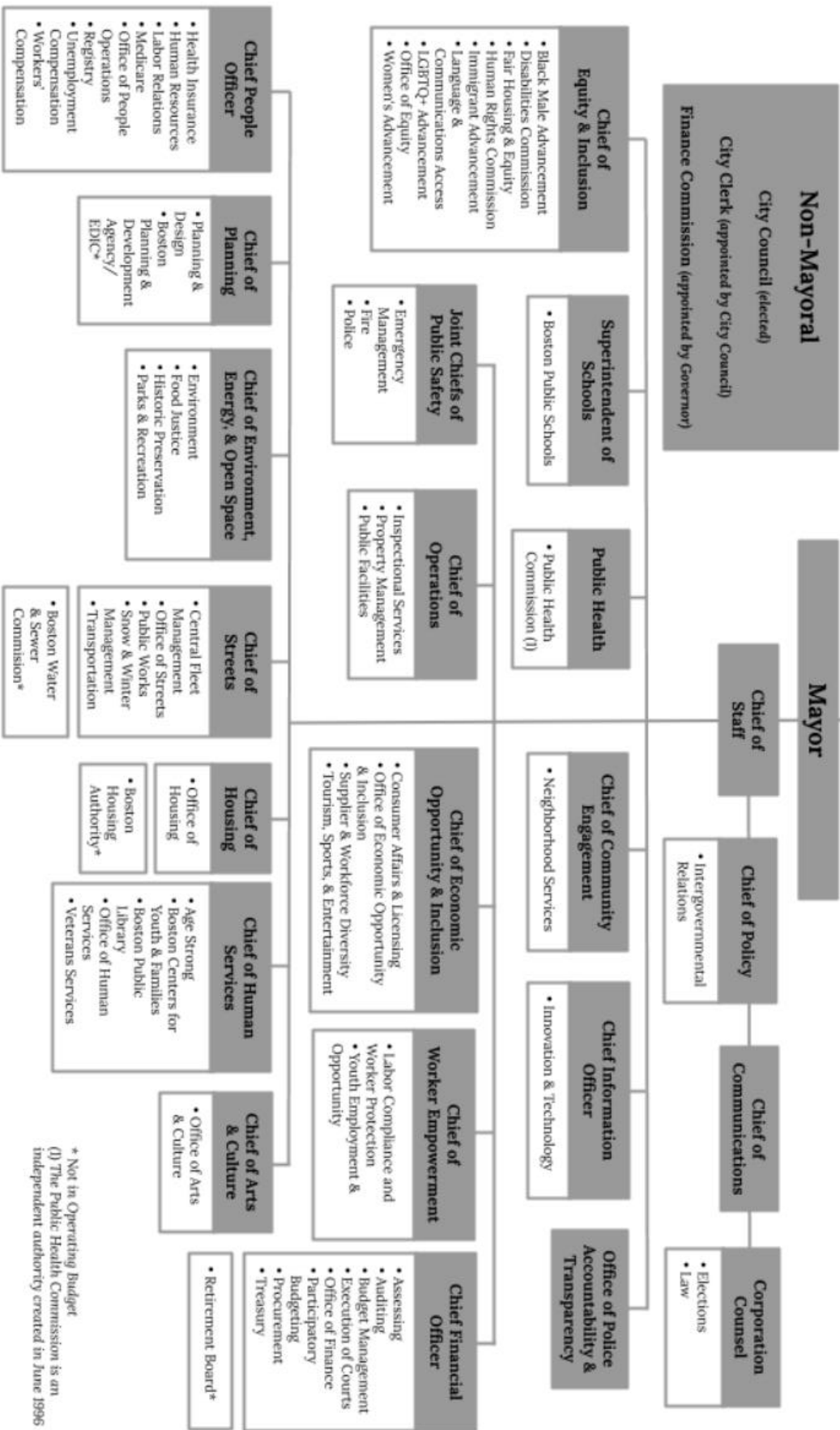
Table 1. City of Boston City Councilors

Ruthzee Louijeune (President).....	At-Large
Julia Mejia.....	At Large
Erin Murphy.....	At Large
Henry Santana	At Large
Gabriela Coletta	District 1
Edward Flynn	District 2
John Fitzgerald.....	District 3
Brian Worrell	District 4
Enrique Pepen	District 5
Benjamin Weber	District 6
Tania Fernandes Anderson.....	District 7
Sharon Durkan	District 8
Liz Breadon	District 9

Organization of City Government

The City of Boston operates under a cabinet form of government, facilitating the coordination and execution of the work of City government. The structure of the Mayor’s cabinet is set forth in the organizational chart on the following page. The organizational chart was submitted as a part of fiscal 2024 budget that became effective in July 2023 and is subject to change.

PEOPLE OF BOSTON



* Not in Operating Budget
 (1) The Public Health Commission is an independent authority created in June 1996

With the exception of the Police Commissioner, who serves a term of five years, and the Superintendent of Schools, the City officials profiled below serve at the pleasure of the Mayor.

Chief of Staff

Tiffany Chu was appointed Chief of Staff in January 2022. Ms. Chu is the former CEO & Co-founder of Remix, a software platform for transportation planning, and a former Commissioner of the San Francisco Department of the Environment. The Chief of Staff is charged with supervising and directing the operations of the Mayor's Office, including but not limited to scheduling, security, policy and planning, press, constituent services and intergovernmental relations.

Chief of Policy & Strategic Planning

Mike Firestone was appointed Chief of Policy & Strategic Planning in November 2021. Prior to his appointment, he served as the Director of the Coalition to Protect Workers' Rights. Mr. Firestone was previously Chief of Staff to Massachusetts Attorney General Maura Healey. The Chief of Policy & Strategic Planning is responsible for the development and implementation of all policy initiatives for the City.

Chief of Operations

Dion Irish was appointed Chief of Operations in March 2021. Prior to his appointment, he served as Commissioner of the Inspectional Services Department. Mr. Irish is a veteran of city government in Boston with over 25 years in various leadership positions. The Chief of Operations oversees all operational activities that intersect with the management of central facilities and is responsible for the Property Management Department, the Public Facilities Department, and the Inspectional Services Department.

Corporation Counsel

Adam Cederbaum was appointed Corporation Counsel in November 2021. Prior to his appointment, Mr. Cederbaum served as the Chief of Government Services where he led the City's in-house counsel team on its work of advising the Mayor and City departments on municipal law and authority, negotiating contracts, and representing the City's regulatory bodies. The Corporation Counsel has supervisory authority over all City attorneys and legal affairs. The Law Department provides a comprehensive array of legal services including formal and informal opinions and advice to the Mayor, the City Council, the Boston School Committee and other officials in matters relating to their official duties, and also represents all of the foregoing entities and individuals in litigation of all types. In addition, the Law Department reviews all City contracts, pursues claims on behalf of the City through affirmative litigation, and pursues foreclosure proceedings on tax delinquent property.

Chief Communications Officer

Jessicah Pierre was appointed Chief Communications Officer in January 2022. Prior to her appointment, she served on Mayor Wu's campaign as the press secretary and as communications staff in Wu's City Council office. In addition to Ms. Pierre's work with Mayor Wu, she has been a publicist, business strategist, and writer. The Chief Communications Officer oversees all press activity and serves as an advisor on overall communications and media relations strategy.

Chief Information Officer

Santiago "Santi" Garces was appointed Chief Information Officer in March 2022. Prior to his appointment, Mr. Garces was the Executive Director of the Department of Community Investment in South Bend, Indiana, and previously served as CIO of South Bend and also of Pittsburgh, Pennsylvania. The Chief Information Officer oversees the Department of Innovation and Technology ("DoIT"), responsible for supporting and expanding the use of technology to drive efficiencies and improve the business of government and delivery of service.

Chief Financial Officer & Collector-Treasurer

Ashley Groffenberger was appointed Chief Financial Officer & Collector-Treasurer in August 2022. Prior to her appointment, she served as the Budget Director for the City and County of San Francisco. Before that, Ms. Groffenberger served in both the House and Senate Committees on Ways and Means in the Massachusetts state legislature. The Chief Financial Officer and Collector-Treasurer is responsible for all aspects of financial management including Treasury, Collecting, Assessing, Auditing, Budget, and

Procurement and is the custodian of over 300 City trust funds and an *ex-officio* member of the Massachusetts Convention Center Authority Board.

The City officials with principal responsibility for the City's finances are as follows:

Budget Director

James Williamson was appointed Budget Director in January 2022. Prior to his appointment, Mr. Williamson has worked in various roles in the City's budget office for over 30 years, most recently as Deputy Budget Director. The Budget Director is responsible for the supervision of the Office of Budget Management which develops and oversees the operating budget for all departments and operations of the City except the School Department. The Budget Office prepares the City's Capital Plan, monitors the City's capital budget and coordinates strategic and long-range capital planning for City departments.

City Auditor

Maureen Joyce was appointed City Auditor in June 2019. Prior to her appointment, Ms. Joyce served as the Chief Financial Officer for the Benjamin Franklin Institute of Technology. The Auditor is responsible for monitoring the City's internal controls, managing grant funds, providing financial reports, maintaining the books and records of the City, and approving all payments made by the City. The Auditor is also an *ex-officio* member of the Boston Retirement System Board. The Auditing Department acts as the primary point of contact to the City of Boston Audit Committee and the City's external auditors.

Commissioner of Assessing

Nicholas Ariniello, Esq. was appointed Interim Commissioner of Assessing in June 2019. Prior to his appointment, Mr. Ariniello worked for the City of Boston Assessing Department for 13 years, serving as counsel to the department and then as the Director of Tax Policy. The Commissioner of Assessing is responsible for supervision of the City's Assessing Department and the valuation for purposes of the tax levy of real and personal property located in the City.

First Assistant Collector-Treasurer

Maureen Garceau was appointed First Assistant Collector-Treasurer in August 2021. Prior to her appointment, Ms. Garceau worked for the City in the Treasury Department for over 20 years, most recently as the Director of Accounts Receivable. The First Assistant Collector-Treasurer serves as the director of the City's Treasury Department and is responsible for all debt issuance processes, management of the City's cash balances and payment functions, and receipt and recognition of all City revenue. At the direction of the Collector-Treasurer, the First Assistant Collector-Treasurer also manages the custodial, investment, and operational activities of over 300 City trust funds. The Treasury Department acts as the primary point of contact to the rating agencies and the investor community.

Chief of People Operations

Alex Lawrence was appointed Chief People Officer of the newly established People Operations Cabinet in June 2022, where she oversees the Office of Human Resources, the Office of Labor Relations, and the Registry Department. Prior to her appointment, Ms. Lawrence has served in various leadership roles in the City's Department of Information Technology, including interim Chief Information Officer.

Chief of Economic Opportunity & Inclusion

Segun Idowu was appointed Chief of Economic Opportunity & Inclusion in January 2022. Prior to his appointment, Mr. Idowu served as the President and CEO of the Black Economic Council of Massachusetts. The Economic Opportunity and Inclusion Cabinet works to spur economic development in all neighborhoods across the City. The Chief of Economic Opportunity and Inclusion oversees the Office of Economic Opportunity and Inclusion, Office of Consumer Affairs & Licensing, Office of Tourism, Sports, and Entertainment, and the Office of Supplier and Workforce Diversity.

Superintendent of Schools

The Boston School Committee appointed Mary Skipper as Superintendent of Schools in June 2022. Prior to her appointment, she served as the Superintendent of Somerville Public Schools. Ms. Skipper previously spent over 20 years in the Boston Public Schools in various roles, including as a teacher and

Network Superintendent of High Schools. For a description of the student population, staffing, curricula, and governance of the Boston Public Schools, see “The City-Principal Governmental Services-Schools” below.

Joint Chiefs of Public Safety

Michael Cox was appointed Police Commissioner in August 2022. Prior to his appointment, he served as the Chief of the Ann Arbor Police Department in Ann Arbor, Michigan. Prior to his appointment to that position in 2019, Commissioner Cox was a 30-year veteran of the Boston Police Department.

Paul Burke was appointed Fire Commissioner & Chief of the Boston Fire Department in June 2022. Commissioner Burke has been a member of the Boston Fire Department for over 32 years and has served the department in multiple leadership positions.

Shumeane Benford was appointed Chief of the Office of Emergency Management in November 2018. Prior to his appointment, he served as Deputy Chief of the Boston Public Health Commission Police. Mr. Benford is a veteran of the Boston Police Department with nearly 25 years of law enforcement experience. The Office of Emergency Management has oversight of the City of Boston’s emergency planning, training and exercise programs and manages relationships with regional, state and federal homeland security partners.

The City’s Police and Fire Departments provide and promote public safety and protection services, firefighting and fire prevention services. The Office of Emergency Management is responsible for obtaining, allocating and managing state and federal funds designated for homeland security initiatives, and to facilitate communication and cooperation across towns and cities in specific disciplines, such as law enforcement, fire service, emergency management, emergency medical services, public health, healthcare, and government administration. For a description of Police and Fire Department resources and personnel see “The City—Principal Governmental Services—Public Safety” below.

Chief of Environment, Energy & Open Space

Reverend Mariama White-Hammond was appointed Chief of Environment, Energy & Open Space in April 2021. She was the founding pastor of New Roots AME Church in Dorchester and a fellow with the Green Justice Coalition, which brings together social and environmental justice groups from around Massachusetts. The Chief of Environment, Energy and Open Space oversees policy and programs on energy, climate change, sustainability, and open space and is responsible for the Environment Department, Parks and Recreation, Historic Preservation, and Food Justice. Rev. White-Hammond also serves as liaison to Boston’s utility companies and the Boston Water and Sewer Commission (“BWSC”), and as a Board member of the Massachusetts Water Resources Authority, the Boston Groundwater Trust, and the Boston Harbor Islands Partnership.

Chief of Housing

In September 2012, Sheila Dillon was appointed Chief of Housing & Director of the Mayor’s Office of Housing (formerly called the Department of Neighborhood Development). Prior to her appointment, she served as Director of the Bureau of Rental Assistance at the Massachusetts Department of Housing and Community Development. Ms. Dillon previously held housing-related positions at the City of Boston, including the Mayor’s housing advisor and Deputy Director of Housing at the Department of Neighborhood Development. The Chief of Housing is responsible for the City’s housing policy, including affordable housing development and preservation, surplus land and building management and disposition, homeowner/homebuyer programs and efforts around housing Boston’s homeless.

Chief of Equity & Inclusion

Mariangely Solis Cervera was appointed Chief of Equity & Inclusion in January 2022. Prior to Ms. Solis Cervera’s appointment, she served on Mayor Wu’s campaign as the Constituency Director, where she developed and implemented community engagement strategies. The Chief of Equity and Inclusion is charged with ensuring that work across City departments is equitable and connected to the energy and voices of Boston residents across every neighborhood. The Equity and Inclusion Cabinet is comprised of departments that collectively seek to promote accessibility, advance racial justice, and social, economic, and health equity in the City of Boston.

Chief of Human Services

Jose Masso was appointed Chief of Human Services in May 2022. Prior to his appointment, he served as the Co-Executive Director at United South End Settlements and before that was the Executive Director of Child Development and Food Insecurity at the YMCA of Greater Boston. Mr. Masso has also held several positions at the Boston Public Health Commission. The Human Services Cabinet is comprised of departments that promote the well-being of the City's residents, particularly the most vulnerable.

Chief of Arts & Culture

Kara Elliott-Ortega was appointed Chief of Arts & Culture in August 2018. Prior to her appointment, she served as Director of Policy and Planning for the Office of Arts and Culture. Previously, Ms. Elliott-Ortega worked with MIT's Community Innovators Lab and served as the Media & Communications Editor for the Society of Architectural Historians. Ms. Elliott-Ortega is responsible for supporting and promoting the arts community in Boston and works to bring the arts to the forefront of City life.

Chief of Streets

Jascha Franklin-Hodge was appointed Chief of Streets in January 2022. Prior to his appointment, he was the Executive Director of the Open Mobility Foundation. Mr. Franklin-Hodge previously worked for the City of Boston as Chief Information Officer. The Streets Cabinet includes the Public Works Department and Transportation Department and works to deliver exceptional city services and manage all programs, projects, and policies related to vehicular and pedestrian traffic safety.

Chief of Community Engagement

Brianna Millor was appointed Chief of Community Engagement in January 2021. Prior to her appointment, Ms. Millor served in Mayor Wu's City Council Office as Administrative Director and Civic Engagement Director. The Community Engagement Cabinet works to improve the delivery of City Services as well as create opportunities for all Boston residents to participate in local government.

Chief of Worker Empowerment

Trinh Nguyen was appointed Chief of the newly formed Worker Empowerment Cabinet in 2023. Prior to her appointment, Ms. Nguyen served as the Director of the Office of Workforce Development. The Worker Empowerment Cabinet was created to advance the well-being of all working Bostonians through skills and career development.

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Principal Government Services

Table 2 below shows the distribution of the City’s fiscal 2024 appropriations by primary government functions and departments.

**Table 2. Purposes of City Appropriations—Fiscal 2024 ⁽¹⁾
(Budgetary Accounting Basis) ⁽²⁾
(\$ in thousands)**

	<u>Amount</u>	<u>Percent of Total Appropriations</u>
General Government	\$192,953	4.50%
Public Safety	828,443	19.30
Public Works	146,983	3.42
Property and Development.....	92,181	2.15
Parks and Recreation.....	38,348	0.89
Library.....	48,379	1.13
Human Services.....	56,747	1.32
Schools	1,445,875	33.69
Boston Public Health Commission.....	130,309	3.04
Judgments and Claims.....	5,000	0.12
Employee Benefits	278,445	6.49
Current Period Retirement Contributions.....	394,601	9.19
Debt Requirements.....	247,843	5.77
State and District Assessments.....	<u>386,057</u>	<u>8.99</u>
Total	<u>\$4,292,164</u>	<u>100.00%</u>

- (1) Represents the fiscal 2024 budget as of January 1, 2024 following the Tax Rate setting process. Totals may not add due to rounding.
- (2) See “Financial Operations–Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2020 to 2023 Actual Results and Fiscal 2024 Budget” below for a definition of budgetary accounting basis.

Source: City of Boston Auditing Department and Office of Budget Management.

A description of certain City principal governmental services follows:

Schools

The City’s School Department provides both basic education and college preparatory curricula as well as specialized vocational educational programs. The school system enrolled 48,927 students for the 2023-2024 school years, which is an increase from the previous year. There are 119 schools in the Boston Public Schools, including: 7 schools for early learners, 41 elementary schools (K-5 or K-6), 31 elementary/middle schools (K-8), 3 middle schools (6-8), 4 middle/high schools (6-12), 1 K-12 school, 18 high schools (7-12 or 9-12), 3 exam schools (7-12), 6 special education schools, and 5 alternative (at-risk) schools and programs.

Pursuant to Chapter 108 of the Acts of 1992, the City’s public schools are under the control of a School Committee, which consists of seven members appointed by the Mayor. Members of the School Committee have staggered four-year terms. In addition to appointing the Superintendent of Schools, the Boston School Committee approves the School Department budget for submission to the Mayor, and by and through the Superintendent, determines educational policy, makes all contracts for the purchase of materials for the operations of the schools, and maintains and operates school properties. The Superintendent of Schools has exclusive authority to make appointments and promotions for all teachers and other School Department personnel except for the positions of Community Superintendent, Chairman, Secretary, or Treasurer of the School Committee, and School Committee Administrative Assistants. The School Committee appoints these excepted positions.

Public Safety

Public Safety is continuing to improve citywide service-delivery through consolidated and shared resources to provide more effective and efficient public safety services to Boston’s communities.

The Boston Police Department maintains 11 neighborhood police stations and one headquarter building. The Department also maintains 12 support locations, consisting of the Charlestown Neighborhood Sub-Station, Police Academy, Firearms Training Range, Harbor Patrol Unit, Fleet Management Division, Telecommunications Division, Evidence and Property Management Division, Special Operations Division, Stress Support Unit, Recruit Investigation Unit, Field Support Division, and the K-9 unit.

The Fire Department maintains 40 facilities consisting of 34 neighborhood fire stations, one marine unit, a training academy, a fire alarm division, a headquarters including a maintenance division, a fire investigation building including a fire prevention division, and a high-pressure pumping station.

The Mayor's Office of Emergency Management coordinates and directs Boston's interdepartmental and multi-jurisdictional homeland security activities by advising the Mayor on issues and obtaining and managing outside funding.

Public Health

The Boston Public Health Commission ("BPHC"), successor to the City's Department of Health and Hospitals, is a body politic and corporate separate from the City created in 1996 when the operations of the City's former acute-care hospital, Boston City Hospital, were consolidated with the operations of Boston University Medical Center Hospital under the control of the Boston Medical Center Corporation ("BMCC"), a private, Massachusetts non-profit corporation. The BPHC is governed by a seven-member board, six of whom are appointed by the Mayor, subject to confirmation by the City Council, and one of whom, as the chief executive officer of BMCC, serves *ex-officio*. The BPHC functions as the City's board of health and operates a wide range of public health programs throughout the City funded from public and private grants and City appropriations. The BPHC is a discretely presented component unit for GAAP reporting purposes in the City's annual audited financial statements. See "Employee Benefits."

Public Works

The Public Works Department constructs and maintains highways, sidewalks, street lighting and bridges, and oversees snow removal, street cleaning, refuse removal and recycling.

The Boston Water and Sewer Commission, is an independent body politic and corporate and a political subdivision of the Commonwealth created in July 1977, and is responsible for the operation and maintenance of the City's water, sewer, and storm water drainage systems, the construction of improvements to those systems, and the collection of user charges for its services. See "City Indebtedness—Debt of Agencies Related to the City—Boston Water and Sewer Commission" below.

Other Services

The Boston Public Library system is made up of the Central Library in Copley Square, which includes the Leventhal Map Center and Kirstein Business Library, 25 neighborhood branches throughout the City, and online services including digital content, access to the catalog, and education. The Parks and Recreation Department manages approximately 2,300 acres of active, passive and historic parkland. The 2,300 acres of land include 272 parks, playgrounds, squares, malls, plazas, and other miscellaneous sites; 16 historic and three active cemeteries; one greenhouse facility; and approximately 35,000 street trees. The Department also oversees the City's Animal Care and Control division, which includes operating the City's Animal Shelter.

Suffolk County

While existing state law provides that the Mayor and City Council serve as the Commissioners of Suffolk County, which includes the cities of Boston, Chelsea, Revere and the Town of Winthrop, all of the functions and costs of county government (including the county courts, registry of deeds and the Office of the Suffolk County Sheriff) have been assumed by the Commonwealth, except for an annual assessment by the Commonwealth for the purpose of funding the unfunded portion of pension liability for retirees of the Office of the Suffolk County Sheriff who retired prior to January 1, 2010. This annual assessment can be no greater than the City's fiscal 2009 appropriation to support the Office of the Suffolk County Sheriff of approximately \$3.0 million, and will terminate when the pension liability of these retirees is fully funded in 2027.

City Employees

Table 3 below shows the number of full-time equivalent City employees by department as of January 1 of each of the indicated years.

**Table 3. Full-Time Equivalent
City Employees by Department ⁽¹⁾**

	<u>2022</u>	<u>2023</u>	<u>2024</u>
<i>City Funded:</i>			
Public Safety ⁽²⁾	4,369	4,287	4,330
Public Works	331	308	305
Other City Departments ⁽³⁾	2,641	2,755	2,900
Boston Public Health Commission ⁽⁴⁾	<u>857</u>	<u>824</u>	<u>862</u>
Subtotal	<u>8,198</u>	<u>8,174</u>	<u>8,397</u>
Schools.....	<u>9,559</u>	<u>9,623</u>	<u>10,050</u>
Total City Funded	<u>17,757</u>	<u>17,797</u>	<u>18,447</u>
<i>Grant Funded:</i>			
Schools ⁽⁵⁾	756	1,096	1,394
All Others ⁽⁶⁾	<u>284</u>	<u>343</u>	<u>345</u>
Total	<u>18,797</u>	<u>19,236</u>	<u>20,186</u>

(1) All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.

(2) Includes the Police Department, the Fire Department, and the Office of Emergency Management.

(3) Includes Boston Retirement System employees.

(4) While funded by the City, Boston Public Health Commission employees are not City employees.

(5) Increase in fiscal 2023 and 2024 FTE's mainly due to grant funded positions from ESSER. See "Departmental Revenues – Grants."

(6) Does not include grants managed by the Boston Public Health Commission.

Source: City of Boston Office of Budget Management and Auditing Department.

Employee Relations

Under Massachusetts General Laws Chapter 150E, most municipal employees in the Commonwealth enjoy the right to join labor unions and bargain collectively over wages and other terms and conditions of employment. The Office of Labor Relations represents the Mayor and the City in all collective bargaining matters with all unions that represent City employees except School Department employees. While reporting to the Executive Director of the Office of Labor Relations, the School Department's labor relations personnel similarly represent the School Committee concerning the unions that represent School Department employees. Additionally, the Office of Labor Relations has actively assisted the Boston Public Health Commission in collective bargaining negotiations with its 8 bargaining units and regularly interfaces with the Boston Public Health Commission on labor and employment matters.

Nearly all of the City's non-school department employees are organized into bargaining units represented by various unions. Most of these unions are affiliated with the AFL-CIO. Three large unions, the American Federation of State, County, and Municipal Employees ("AFSCME") Council 93 (laborer employees), the Service Employees International Union ("SEIU") Local 285 (clerical employees), and the Salaried Employees of North America ("SENA") Local 9158 (middle manager employees) represent the majority of the City's non-public safety employees.

Police officers are represented by four distinct unions: 1) the Boston Police Patrolmen's Association; 2) the Boston Police Superior Officers Federation; 3) the Boston Police Detectives Benevolent Society; and 4) the Boston Police Detectives Benevolent Society, Superior Officers Unit. Firefighters and Fire Chiefs are divided into two bargaining units represented by a single union: the International Association of Firefighters Local 718.

Boston teachers, teacher aides, school nurses, and substitutes are in a collective bargaining unit represented by the Boston Teachers Union, an affiliate of the AFL-CIO.

The Boston Public Schools and the City of Boston maintain a contract with a private vendor to provide bus transportation for City of Boston students who require transportation. The personnel costs under this contract are passed through to the City and the City participates in the collective bargaining negotiations between the vendor and its employees.

Table 4 below represents a summary of the bargaining units representing City employees, the number of City employees represented by each bargaining unit, and the status of the City's contract with each bargaining unit.

Table 4. Collective Bargaining Units

Union	Department	Number of Employees Represented ⁽¹⁾	Contract Expiration Date
Boston Police Patrolmen’s Association	Police	1,427	6/30/2025
Boston Police Superior Officers Federation	Police	252	6/30/2020
Boston Police Detectives Benevolent Society	Police	266	6/30/2025
Superior Detective Benevolent Society	Police	128	6/30/2020
Forensic Group	Police	32	9/30/2023
Police Cadet Association	Police	25	9/30/2023
School Traffic Supervisors Assoc	Police	158	8/31/2023
International Association of Firefighters, Local 718	Fire	1,617	6/30/2024
New England Police Benevolent Association, Local	Property & Construction Mgmt	56	6/30/2023
Municipal Police Superior Officers Association	Property & Construction Mgmt	7	6/30/2023
SEIU, Local 888 ⁽²⁾	Citywide	759	6/30/2027
SEIU, Local 888	Housing	103	9/30/2023
SENA, Locals 9158 and 9158E	Citywide	728	9/30/2023
AFSCME C93 (Citywide & various locals) ⁽²⁾	Citywide	1,002	6/30/2027
AFSCME Local 1526	Library	226	9/30/2023
Professional Staff Association	Library	183	9/30/2023
Park Rangers	Parks	11	6/30/2023
Typographical Union	Police	2	9/30/2023
OPEIU AFL-CIO L16 (Housing Inspectors)	Inspectional Services	28	6/30/2023
IBEW, Local 103	Inspectional Services	11	6/30/2023
Teamsters Local 2	Property & Construction Mgmt	4	6/30/2023
Boston Teachers Union	School	9,879	8/31/2024
BASAS (School Administrators & Supervisors)	School	298	8/31/2024
Administrative Guild	School	257	8/31/2024
Planning & Engineering	School	33	8/31/2026
Boston School Police	School	40	8/31/2024
School Police Superior Officers Assoc.	School	14	6/30/2024
School Custodians Local 1952, Painters & Allied	School	526	8/31/2026
Plant Administrators Association	School	16	8/31/2026
School Bus Monitors USWA Local 8751	School	735	6/30/2023
AFSCME C93, Local 230 Cafeteria Workers/Mgrs	School	338	8/31/2023
Lunch Hour Monitors Association	School	475	8/31/2023
AFSCME C93, Storekeepers & Deliverymen	School	6	8/31/2026
Total		19,642	

(1) Number of bargaining unit members (not Full-Time Equivalents) as of January 1, 2024.

(2) Agreement has been ratified but is subject to appropriation by City Council.

Source: City of Boston Office of Budget Management, Boston Administrative Information Systems/Human Capital Management (BAIS/HCM) and Boston School Department.

The City and the Boston Public Schools (BPS) currently have settled agreements with over one-third of the unions, including Teachers and Boston Police Patrolmen’s Association. Two of the largest non-public safety unions (AFSCME C93 and SEIU Local 888 Citywide) recently ratified four-year contracts through June 2027. Approximately 82% of City employees are currently under contract; negotiations and discussions are ongoing with the remaining unions. Additionally, BPS has begun negotiations with the Boston Teachers Union for a successor agreement to its contract expiring in August 2024. The City budgets for the costs of future contracts through the collective bargaining reserve.

SECTION 2: FINANCIAL OPERATIONS

Budget Process

Charter Amendment

In the November 2021 municipal election, Boston voters approved a change to the City Charter which affects the budget making authority of the Mayor and the City Council. Under this amendment, the Mayor and City Council hold budgetary powers together, with the power to modify and amend appropriation orders. Even as amended, however, only the Mayor may initially submit a budget or appropriation order. Previously, the City Council could adopt or reject a budget, or reduce specific items in a budget. Now, the City Council can amend the budget by reallocating funds among existing line items. The total amount of the City Council's amended version of the budget, however, may not exceed the total amount of the budget proposed by the Mayor. The Mayor may accept or reject the City Council's version of the budget, or amend any line item in the City Council's version of the budget. The City Council now can override the Mayor's veto or amendments by a two-thirds vote. In addition, the Mayor and City Council may amend the Boston Public School budget, but subject to existing laws providing that only the Boston School Committee may originate a school budget or allocate spending within a school budget.

Operating Budget

The City's fiscal year begins July 1 and ends on June 30 of the following calendar year. Pursuant to state law, the Mayor must submit an operating budget to the City Council by the second Wednesday in April for its review and approval. Proposed appropriations for all departments and operations of the City (except for the public schools and public health services) are prepared under the direction of the Mayor in the Office of Budget Management ("OBM"). The Superintendent of Schools must submit a budget to the School Committee by the first Wednesday in February. The School Committee must approve a budget by the fourth Wednesday in March and forward this budget to the Mayor who may approve or reduce the total recommended budget. The Mayor then submits the school budget to the City Council for appropriation by the second Wednesday in May. In practice, the School Department appropriation request has been presented to the City Council in coordination with the Mayor's operating budget request in April. The BPHC must submit to the Mayor a revenue and expenditure budget for public health services by the second Wednesday in March. If the proposed budget provides for expenditures in excess of the BPHC's projected revenues from non-City sources, the Mayor may either approve or reject the budget. If the Mayor accepts the budget, the amount required to fund the revenue deficiency (the "net cost of public health services") is included in the annual budget for the City submitted to the City Council in April of each year. The BPHC must adopt its public health services budget by the second Wednesday in June.

Under the terms of the charter amendment discussed above, the City Council and Mayor have enacted by ordinance an Office of Participatory Budgeting, including an external oversight board, to further public engagement with the budget. This office will in turn create and oversee an equitable and binding decision-making process open to all Boston residents.

The City Council may reduce, reject, or amend any item in the Mayor's proposed budget, including reallocating funding among existing line items, provided that the amended version shall not be for a higher total budget than originally proposed by the Mayor. After approval of the budget and until the property tax rate is officially determined in mid-December, the Mayor may submit to the City Council such supplemental appropriation requests as are deemed necessary, including supplemental amounts for the School Department and the Boston Public Health Commission. The Mayor may also submit to the City Council supplemental appropriation requests subsequent to the setting of the property tax rate provided that an available source of revenue is identified. Under certain circumstances, the Mayor may, by executive order, require expenditures to be limited to an amount less than the appropriated level.

In the event that the City enters a fiscal year without an approved operating budget, the City continues departmental operations on a "one-twelfth" budget, as provided in the City Charter. Under the one-twelfth budget process, (a) payrolls for regular employees cannot exceed the average monthly expenditure of the last three months of the preceding fiscal year, (b) total liabilities incurred in any month cannot exceed amounts spent for similar purposes during any one month of the preceding fiscal year, and (c) monthly expenditures for new departments cannot exceed one-twelfth of their current fiscal year's estimated costs.

By law, the City must establish its property tax rate each year so that the resulting property tax levy complies with the requirements of Proposition 2½. (For a discussion of Proposition 2½, see "City Revenues—Property Taxes—Proposition 2½.") The amount raised in the tax levy equals the sum of (a) the aggregate of all amounts appropriated, granted or lawfully expended since the last annual tax levy and not provided for,

plus (b) all debt and interest charges on general obligation debt of the City maturing during the fiscal year and not otherwise provided for, plus (c) all amounts necessary to satisfy final judgments, plus (d) provision for certain prior years' deficits, less (e) the aggregate of all non-property tax revenues projected to be received in the City's General Fund in amounts certified or approved by the Commonwealth for tax rate purposes. In general, the City is required to raise in the tax levy a deficit incurred on a statutory accounting basis in the prior year's operating budget, or a deficit incurred in the property tax abatement reserves.

The City of Boston maintains a program-based budgeting system to track expenditures and service levels by major functions or "programs." This budgeting system complies with the standards of the Government Finance Officers Association, which has consistently recognized the City's efforts with its Distinguished Budget Presentation Award.

Capital Budget

The Office of Budget Management manages the City's capital plan, including evaluating the condition of the City's capital assets, forecasting the timing and financial requirements of new construction and rehabilitation, and assessing the allocation of current and future resources to meet the City's infrastructure needs. Through an annually updated five-year capital plan, the City refines its capital needs and resources each fiscal year. In April 2023, the Mayor released the fiscal 2024-2028 capital plan and initiated loan orders for City Council consideration. See "City Indebtedness – Capital Planning and Borrowing Program - Current Capital Investment Plans" below for additional information. There is no statutory time frame for requesting or approving such orders. All fiscal 2024 capital authorizations have been approved by the City Council. The next capital plan is expected to be released in April 2024.

OBM also provides ongoing project oversight during the implementation phase of capital projects. The City reviews and approves all capital contracts and monitors project costs and schedules to ensure the adequacy of available funding sources in accordance with the capital plan.

Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2020 to 2023 Actual Results and Fiscal 2024 Budget

The following table shows the City's General Fund budget for fiscal 2024, together with budgetary actual results for fiscal 2020 through 2023. In accordance with state law and regulations, the City's General Fund budget as shown below is prepared on the "budgetary basis" instead of accounting principles generally accepted in the United States of America ("GAAP"). Among the key differences between these two sets of accounting principles are that "budgetary" records property tax as it is levied while GAAP records it as it becomes susceptible to accrual, "budgetary" records certain activities and transactions in the General Fund that GAAP records in separate funds, "budgetary" records as an expenditure any amount raised to cover a prior year deficit, and as a revenue any available funds drawn from accumulated prior year surpluses, while GAAP ignores these impacts from prior years. "Budgetary" records encumbrances and continuing appropriations as the equivalent of expenditures but has no effect on GAAP expenditures. The difference in accounting principles inevitably leads to varying results in excess or deficiency of revenues over expenditures.

**Table 5. Summary and Comparison of Operating Results
Fiscal 2020 to 2023 Actual Results and Fiscal 2024 Budget
General Fund—Budgetary Basis
(\$ in millions)***

	Fiscal 2020 Actual Results	Fiscal 2021 Actual Results	Fiscal 2022 Actual Results	Fiscal 2023 Actual Results	Fiscal 2024 Budget ⁽¹⁾
Revenues:					
Recurring Revenue:					
Property Taxes	\$2,514.2	\$2,680.0	\$2,827.0	\$2,998.9	\$3,188.7
Overlay Reserve ⁽²⁾	(47.3)	(3.7)	(33.2)	(29.8)	(52.0)
Excises	226.0	94.9	191.6	281.3	244.4
Fines	67.4	52.2	61.8	60.6	55.8
Interest on Investments	29.5	3.6	4.4	88.3	29.0
Payments in Lieu of Taxes	44.9	63.1	56.6	56.4	51.6
Urban Redevelopment Chapter 121A	41.5	47.0	54.3	62.7	31.9
Misc. Department Revenue	66.6	67.5	83.6	88.4	69.7
Licenses and Permits	88.4	67.3	84.0	99.4	76.3
Penalties & Interest	10.1	10.3	12.8	12.0	9.5
Available Funds ⁽³⁾	-	20.0	-	-	31.0
State Aid	458.8	468.8	470.0	494.0	516.3
Total Recurring Revenue	\$3,500.0	\$3,571.1	\$3,812.9	\$4,212.2	\$4,252.2
Budgetary Fund Balance	-	40.0	-	-	40.0
Sale of Surplus Property					
American Rescue Plan	-	-	55.0	40.0	-
Total Non-Recurring Revenue ⁽⁴⁾	-	\$40.0	\$55.0	\$40.0	\$40.0
Total Revenues	\$3,500.0	\$3,611.1	\$3,867.9	\$4,252.2	\$4,292.2
Expenditures:					
Total Departmental Expenditures					
City Departments	\$1,412.3	\$1,390.1	\$1,494.3	\$1,539.9	\$1,619.7
Boston Public Health Commission	93.4	106.5	114.8	120.8	130.3
School Department	1,178.6	1,260.5	1,294.7	1,379.5	1,445.9
Collective Bargaining Reserve	2.2	14.0	52.0	40.0	31.3
OPEB Trust Fund ⁽⁵⁾	40.0	40.0	40.0	40.0	40.0
Total Department	\$2,726.4	\$2,811.1	\$2,995.8	\$3,120.2	\$3,267.2
Fixed Costs:					
Pensions ⁽⁶⁾	\$280.6	\$292.1	\$323.7	\$381.9	\$390.6
Debt Service ⁽⁷⁾	178.0	172.3	184.3	198.4	248.3
State Assessments	295.9	316.4	329.7	352.0	383.2
Suffolk County Sheriff Reserve	3.8	3.8	2.9	2.9	2.9
Reserve	-	-	2.3	4.3	-
Total Fixed Costs	\$758.3	\$784.6	\$842.8	\$939.5	\$1,025.0
Total Expenditures	\$3,484.8	\$3,595.7	\$3,838.6	\$4,059.7	\$4,292.2
Excess of Revenues Over Expenditures	\$15.3	\$15.3	\$29.3	\$192.5	\$0.01

* Columns may not add due to rounding.

- (1) Represents the fiscal 2024 budget following the Tax Rate setting process plus supplemental budgets as of January 1, 2024.
- (2) If the City's reserves for abatements prove at the end of the fiscal year to be insufficient to cover the City's abatement liability, the City is required to raise in the following year's tax rate in an amount sufficient to generate additional reserves to cover the shortfall.
- (3) Available Funds is comprised of appropriations from the Parking Meter Fund and the Cemetery Trust Fund. Appropriations from these funds are restricted to specific uses.
- (4) Non-recurring revenue represents the use of available Budgetary Fund Balance of \$40.0 million in fiscal 2024. In fiscal 2023, \$40.0 million in American Rescue Plan Act (ARPA) federal relief funding was used for the purpose of revenue replacement.
- (5) The City's appropriation to the OPEB Trust Fund is currently not mandated by statute. However, the liability it addresses is substantial and recognized by the City. Fiscal 2024 represents the seventeenth consecutive year that the City has made a substantial appropriation for the OPEB Trust Fund. See "Employee Benefits-Other Post Employment Benefits."
- (6) Excludes noncontributory pensions and annuities included in City Departments with expenditures of \$3.5 million in fiscal 2020, \$3.4 million in fiscal 2021, \$3.3 million in fiscal 2022, \$5.6 million in fiscal 2023, and budgeted expenditures of \$4.0 million in fiscal 2024. In addition, the Boston Public Health Commission's funding supports the general fund portion of their pension obligation. Such amounts are \$20.7 million in fiscal 2020, \$21.9 million in fiscal 2021, \$24.7 million in fiscal 2022, \$26.5 million in fiscal 2023 and \$29.8 million is budgeted in fiscal 2024.

(Continued on following page)

- (7) The debt service amount is derived from principal and interest, less certain offsetting revenues. The revenues utilized to offset debt for budgetary and tax rate setting purposes vary from those used in Table 18 “Debt Service Requirements-Fiscal 2021-2024”. See “City Indebtedness-Debt Service Requirements.”

Source: City of Boston Office of Budget Management and Auditing Department.

Fiscal 2020-2022 Actual Results

Revenues

During the fiscal 2020 to 2022 period, the City continued its pattern of producing annual budget surpluses as shown in the prior table. Despite the onset of the COVID-19 pandemic, the City’s property tax base continued to experience notable growth as commercial construction projects came online, combined with an increase in residential development linked to the City’s housing production goals. More detail on these efforts can be found in the *Imagine Boston 2030* plan at <https://www.boston.gov/departments/mayors-office/imagine-boston-2030>. *Imagine Boston 2030* is a strategic roadmap that focuses on housing affordability, new development, and the preservation of existing housing units. Several properties also moved from tax-exempt to taxable status during this time period. The growth and relative stability of property taxes revenues were able to make up for the volatility experienced in on other local revenue accounts. Excises were particularly affected, slipping from \$226.0 million in fiscal 2020 to \$94.9 million in fiscal 2021. Interest on Investments revenues also were affected by lower interest rates between 2020 and 2022. In fiscal 2020, Interest on Investment revenues were \$29.5 million, followed by \$3.6 million in fiscal 2021 and \$4.4 million in fiscal 2022.

In fiscal 2020, the City was able to fund the appropriation to the Other Post Employment Benefits (“OPEB”) Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue. In fiscal 2021, a transfer of \$20.0 million from the Parking Meter Fund was made and Budgetary Fund Balance in the amount of \$40.0 million was used to fund the appropriation to the OPEB Trust Fund.

Expenditures

Fiscal 2020 ended with a \$15.3 million general fund budget surplus. The overall surplus was made up of an appropriations surplus of \$8.8 million and a revenue surplus of \$6.5 million, paced by collections exceeding budgeted amounts for Licenses and Permits, Excises, and Interest on Investments. In fiscal 2020, the City’s expenditures totaled \$3.5 billion including direct expenditures for departmental services and fixed costs, which increased \$136.3 million or 4.1% from fiscal 2019 expenditures. Fiscal 2020 actual expenditures compared with actual fiscal 2019 expenditures are as follows: City Departments increased \$47.3 million or 3.5%; the Public Health Commission increased \$5.4 million or 6.2%; the School Department increased \$51.9 million or 4.6%. Actual fixed costs for fiscal 2020 compared with actual fiscal 2019 fixed costs are as follows: Pensions increased \$17.5 million or 6.7%; Debt Service increased \$0.7 million or 0.4%; and State Assessments increased \$17.1 million or 6.2%.

The fiscal 2020 budget ended with deficits for public safety departments with the Police Department having an \$11.2 million deficit and Fire having a \$5.4 million deficit. These deficits were primarily related to overtime spending, but also reflect decisions made at year-end related to equipment purchases. Additionally, there was a deficit related to the Execution of Courts account at \$2.1 million resulting from a reserve set aside to pay for possible adverse legal rulings. In the spring of fiscal 2020, the City of Boston established two central grant-funded appropriations for COVID-19 related expenditures for the Coronavirus Aid, Relief, and Economic Security (CARES), Coronavirus Relief Fund (CRF) and the Federal Emergency Management Agency (FEMA) Public Assistance Grant provided from the Federal Government through the Commonwealth of Massachusetts. While the vast majority of new coronavirus or COVID-19 expenses were directed to those two grants, approximately \$2.8 million of COVID-19 expenses were absorbed into the fiscal 2020 budget.

Fiscal 2021 ended with a \$15.3 million general fund budget surplus. In fiscal 2021, the City’s expenditures totaled \$3.6 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$110.9 million or 3.2% from fiscal 2020 expenditures. Budgeted fiscal 2021 departmental expenditures compared with fiscal 2020 expenditures are as follows: City Departments decreased \$22.1 million or 1.6%; the Public Health Commission increased \$13.1 million or 14.0%; the School Department increased \$81.9 million or 6.9%. In fiscal 2021, the negative growth in City Departments was a result of targeted budget cuts and controlled employee hiring and operational disruptions related to the pandemic. These targeted budget cuts were implemented directly to respond to revised revenue estimates impacted by the coronavirus emergency and its economic impact. Actual fixed costs for fiscal 2021 compared

with actual fiscal 2020 fixed costs are as follows: Pensions increased \$11.5 million or 4.1%; Debt Service decreased \$5.7 million or 3.2%; and State Assessments increased \$20.5 million or 6.9%.

Overall appropriations deficits were modest at less than \$300,000 with specific appropriation deficits limited to police overtime and settlements and judgments. The Police Department deficit totaling \$18.7 million was driven primarily to overtime spending related to both pandemic-related staffing shortages and providing public safety during civil unrest and protests during the year. Additionally, there was a deficit related to the Execution of Courts account of \$791,000 resulting from judgments and claims exceeding the budgeted amount.

Fiscal 2022 ended with a \$29.3 million general fund budget surplus. In fiscal 2022, the City's expenditures totaled \$3.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$242.9 million or 6.8% from fiscal 2021 expenditures. Budgeted fiscal 2022 departmental expenditures compared with fiscal 2021 expenditures are as follows: City Departments increased \$104.2 million or 7.4%; the Public Health Commission increased \$8.3 million or 7.8%; the School Department increased \$34.2 million or 2.7%. In fiscal 2022, cost controls measures related to the pandemic were eased. Budgetary increases were supported by improved economic conditions which spurred increases in local receipts and Non-Recurring Revenue in the form of federal American Rescue Plan Act (ARPA) funds to replace lost revenue. Actual fixed costs for fiscal 2022 compared with actual fiscal 2021 fixed costs are as follows: Pensions increased \$31.6 million or 10.8%; Debt Service increased \$12.0 million or 6.9%; and State Assessments increased \$13.3 million or 4.2%.

Overall appropriations deficits totaled \$67.4 million with specific appropriation deficits included police and fire overtime, snow and winter management and settlements and judgments. The Police Department deficit totaling \$20.0 million, the Fire Department deficit totaling \$13.7 million, Snow and Winter Management deficit totaling \$6.9 million and Execution of Courts deficit totaling \$29.5 million. These deficits were partially offset by surpluses in other departments.

Fiscal 2023 Actual Results

Revenues

Actual revenues for fiscal 2023 totaled approximately \$4.3 billion, an increase from fiscal 2022 actual revenues of \$384.3 million or 9.9%. Selected fiscal 2023 actual revenues compared with fiscal 2022 actual revenues as follows: The Gross Property Tax Levy (including new growth of \$97.9 million) increased \$171.9 million or 6.1%; Excises increased by \$89.7 million or 46.8%; Department Revenue increased \$4.8 million or 5.8%; Licenses and Permits increased by \$15.4 million or 18.3%; Fines decreased by \$1.2 million or 1.8%; voluntary Payment In Lieu of Taxes ("PILOT") revenues decreased by \$0.2 million or 0.4%; Chapter 121A revenues increased by \$8.4 million or 15.5%; and State Revenue increased \$24.0 million or 5.1%.

Excises, Department Revenue, Licenses and Permits, and Fines increased due to the eased restrictions imposed in response to the COVID-19 pandemic. These restrictions greatly impacted tourism dependent excises like Meals Excise, Aircraft Fuel, and Room Occupancy Excise. Combined these three excises increased \$88.9 million from fiscal 2022. Departmental, licenses and permit revenues were buoyed by strong demand in the construction sector. Building permits increased \$16.2 million or 25.3% in fiscal 2023. Fiscal 2023 PILOT revenue decreased year over year due to the timing of payments between fiscal years. Urban Redevelopment Chapter 121A revenues were boosted by improving economic conditions and new agreements, while the increase in State Revenue is attributable to the higher charter school assessment reimbursements and Chapter 70 education aid payments.

In fiscal 2023, the City was able to fund the appropriation to the OPEB Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue.

Expenditures

Fiscal 2023 ended with a \$192.5 million general fund budget surplus. In fiscal 2023, the City's expenditures totaled approximately \$4.1 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$221.1 million or 5.8% from fiscal 2022 expenditures. Fiscal 2023 departmental expenditures compared with fiscal 2022 expenditures are as follows: City Departments increased \$45.6 million or 3.1%; the Public Health Commission increased \$6.0 million or 5.2%; the School Department increased \$84.8 million or 6.5%. In fiscal 2023, budgetary increases were supported by improved economic conditions which spurred increases in local receipts and Non-Recurring Revenue in the form of federal American Rescue Plan Act (ARPA) funds to replace lost revenue due to the COVID-19 pandemic.

Actual fixed costs for fiscal 2023 compared with actual fiscal 2022 fixed costs are as follows: Pensions increased \$58.2 million or 18.0%; Debt Service increased \$14.1 million or 7.7%; and State Assessments increased \$22.3 million or 6.8%.

Fiscal 2023 ended with \$56.7 million in appropriations deficits. These deficits were largely driven by public safety and Execution of Courts (judgments and settled claims against the City). The Police Department had a \$26.2 million deficit and Fire Department had a \$3.7 million deficit. These deficits were primarily attributable to overtime spending related to pandemic-related staffing shortages. Additionally, there was a deficit related to the Execution of Courts account of \$27.0 million resulting from judgments and claims exceeding the budgeted amount.

Fiscal 2024 Budget

The following is a summary of expectations regarding the City's fiscal 2024 budget on a budgetary accounting basis. The figures cited below are comparisons to fiscal 2023 actual figures. All financial information presented in this Information Statement for fiscal year 2024 is unaudited, preliminary and subject to change. Federal funds from ARPA have been designated for general fund revenue replacement and are not directly connected to specific expenditures; however, spending targeted for recovery efforts are generally made possible with the introduction of federal revenue replacement dollars.

Revenues

Budgeted revenues for fiscal 2024 are expected to total approximately \$4.3 billion, an increase of \$39.9 million or 0.9% from fiscal 2023 actual revenues.

Selected fiscal 2024 budgeted revenues compared with fiscal 2023 actual revenues are as follows: The budgeted Gross Property Tax Levy (including new growth of \$121.8 million) increased \$189.8 million or 6.3%; in fiscal 2023, the City reserved 1.6% of the gross levy for abatements; Excises are budgeted reflecting a decrease of \$36.9 million or 13.1%; Fines are budgeted reflecting a decrease of \$4.8 million or 7.9%; Payments in Lieu of Taxes are budgeted reflecting a decrease of \$4.8 million or 8.5%; Chapter 121A revenues are budgeted reflecting a decrease of \$30.8 million or 49.2%; Miscellaneous Department Revenues are budgeted reflecting a decrease of \$18.7 million or 21.2%; Licenses and Permits are budgeted reflecting a decrease of \$23.1 million or 23.2%; Penalties and Interest are budgeted reflecting a decrease of \$2.5 million or 20.6%; State Aid is budgeted to increase by \$22.4 million or 4.5% and Non-Recurring Revenue is expected to remain the same.

The growth in budgeted Property Tax is due to the allowable increase of the City's levy by 2.5% and strong new growth that is excluded from the levy limit. New growth, as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$121.8 million in fiscal 2024, as compared to \$97.7 million in fiscal 2023. This figure represents a \$24.1 million increase from fiscal 2023. The budgetary estimates consider economic uncertainty from lagged effects of the pandemic, including recent interest rate hikes by the Federal Reserve. Property Tax, the City's largest source of revenue, has become increasingly important to the City's revenue growth given recent fluctuations in state aid from the Commonwealth—the City's second largest single source of revenue, see "City Revenues—State Aid." The City has always increased the Property Tax levy annually by the maximum amount allowed under statutory limits.

The budgetary decreases in budgeted Excises, Fines, Interest on Investments, PILOTs, Miscellaneous Department Revenue, Licenses and Permits, Fines, and Penalties are based on conservative assumptions regarding the City's ongoing recovery from the COVID-19 pandemic and the economic uncertainty stemming from high inflation and interest rates. These revenues are more economically sensitive than Property Tax, and are more likely to decline in a recession. Chapter 121A revenue is expected to decline as agreements related to certain 121A projects expire. State Aid is budgeted based on the final fiscal 2024 State Aid budget. Based on revenue collections year-to-date through January 2024, the City appears likely to meet or exceed budgeted revenues across all revenue categories.

Expenditures

In fiscal 2024, the City's currently budgeted expenditures total approximately \$4.3 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$232.4 million or 5.7% from fiscal 2023 actual expenditures. The majority of this increase comes from the School Department and fixed costs. In fiscal 2024, City Department expenditures are budgeted to increase \$79.8 million, or 5.2% from fiscal 2023 actual expenditures. In fiscal 2023, City departments experienced higher than average public safety overtime costs. Higher overtime costs are anticipated to subside as departments work to fill existing vacancies. School Department budgeted expenditures increased \$66.2 million or 4.8%.

The School Department continues to experience expenditure pressure particularly in the area of student transportation and the increasing costs related to a high needs student population but will continue to explore identifying efficiencies to reduce costs. The School Department much like City Departments made targeted investments to recover from the COVID-19 pandemic with additional supports for families and additional social worker and counselors focused on the students. Other notable budget increases in the School Department stem from collective bargaining contracts. The School Department is not currently anticipating a budget deficit in fiscal 2024.

The Collective Bargaining Reserve decreased by \$8.8 million or 21.9% which reflects the continued drawdown of reserves in fiscal 2024 for contract settlements.

The appropriation to the OPEB Trust Fund is level-funded at \$40.0 million. Budgeted fixed expenses for fiscal 2024 compared with fiscal 2023 actual expenditures as follows: Pensions increased \$8.7 million or 2.3%; Debt Service increased \$49.9 million or 25.2%; and State Assessments increased \$31.2 million or 8.2%.

Pension expenses are mandated by the City's pension funding schedule and are a legal obligation of the City. For more on Pensions, see "Employee Benefits—Retirement Systems." State assessments are also mandatory; the amounts are determined by the Commonwealth. Most of the increase in State Assessments is for charter school tuition, \$29.3 million.

Fiscal 2025 and 2026 Forecasts

At the time of publishing of the fiscal 2024 adopted budget, the City conservatively projected budget deficits in fiscal 2025 and fiscal 2026 of \$38.9 million in fiscal 2025 and \$118.0 million in fiscal 2026. These projected shortfalls are driven in large part by fixed costs, which are expected to increase by approximately \$84.8 million or 8.3% in fiscal 2025, and an additional \$105.1 million, or 9.5% in fiscal 2026. The largest components of fixed cost increases include Pensions, \$34.6 million in fiscal 2025 and \$37.6 million in fiscal 2026, and Debt Service, \$33.1 million fiscal 2025 and \$44.7 million in fiscal 2026. The forecast projected conservative property tax growth in fiscal 2025 and 2026, with additional expected increases in State Aid, Excises, Licenses and Permits, and Miscellaneous Departmental Income. Interest on Investments is projected to increase in fiscal 2025 to \$67.6 million due to the currently high Federal Funds rate, and decrease \$52.6 million in fiscal 2026 due to anticipated Federal Funds rate decreases.

As the City examines projected expenditures for fiscal 2025 and fiscal 2026, expenditures are anticipated to grow at a faster rate than the City's revenue growth requiring active management to balance the budget. In addition to the growth in fixed costs, the City continues to project considerable appropriations growth due to rising employee-related costs.

Financial Statements

The City engages independent certified public accountants to audit and report on its financial statements in accordance with auditing standards generally accepted in the United States of America. An external Audit Committee, appointed by the Mayor, monitors the progress of the annual audit, reviews the recommendations of the accounting firm and reports the Committee's activities and recommendations to the Mayor and the City Council.

The City's audited financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"). The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses. For a discussion of the significant accounting policies employed in preparing the City's fiscal 2023 audited financial statements, see Note 2 to such audited financial statements, which are attached hereto as Exhibit I. The City's fiscal 2023 financial statements received an unmodified opinion.

GAAP accounting differs from the "statutory" accounting or "budgetary" accounting basis prescribed by the Bureau of Accounts of the Commonwealth, for the annual budget and property tax certification process. The major differences are explained in Note 4 to the fiscal 2023 audited financial statements, attached hereto as Exhibit I.

Attached hereto as Exhibit II are Schedules of Comparative Financial Statements for the fiscal years ended June 30, 2023, 2022, 2021, 2020, and 2019, which have been prepared by the City's Auditing Department based on information taken from the City's audited financial statements for those fiscal years.

Summary and Comparison of Operating Results (GAAP Basis)—Fiscal 2019-2023

The following table is a summary of the City’s General Fund operating results as derived from the City’s audited financial statements for fiscal 2019 through 2023, which were prepared in accordance with the GAAP basis of accounting by the City and audited by KPMG LLP, as independent auditor.

Table 6. Summary of General Fund Statements of Revenues, Expenditures, Other Financing Sources and Changes in Fund Equity Fiscal Years 2019-2023 (GAAP Basis)
(\$ in millions)*

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total revenues.....	\$3,549.7	\$3,728.7	\$3,657.2	\$4,047.4	\$4,441.3
Total expenditures.....	<u>3,443.7</u>	<u>3,627.5</u>	<u>3,711.9</u>	<u>3,977.1</u>	<u>4,159.2</u>
Excess (deficiency) of revenues over expenditures.....	106.0	101.2	(54.7)	70.3	282.1
Total other financing (uses) sources.....	<u>(1.5)</u>	<u>(16.3)</u>	<u>(5.7)</u>	<u>33.8</u>	<u>9.6</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses...	<u>104.6</u>	<u>84.9</u>	<u>(60.3)</u>	<u>104.1</u>	<u>291.7</u>
Fund balance, beginning of year	<u>1,082.1</u>	<u>1,186.6</u>	<u>1,271.5</u>	<u>1,211.1</u>	<u>1,315.3</u>
Fund balance, end of year ⁽¹⁾	<u>\$ 1,186.6</u>	<u>\$1,271.5</u>	<u>\$1,211.2</u>	<u>\$1,315.3</u>	<u>\$1,607.0</u>

* Columns may not add due to rounding.

(1) The unassigned fund balances for the General Fund for fiscal 2019, 2020, 2021, 2022 and 2023 were \$794.6 million, \$911.7 million, \$898.2 million, \$994.5 million, and \$1,187.0 million respectively.

Source: City of Boston Auditing Department.

The following is a summary analysis of the City’s financial operations on a GAAP basis over the period fiscal 2019 through fiscal 2023. The figures appearing in this section for the period are derived from the City’s audited financial statements. The analyses of revenues and expenditures in the text that follows are stated using data derived from the audited financial statements. For an explanation of the differences between the GAAP basis and budgetary basis of accounting, see the audited financial statements at Exhibit I, Note 4, “Budgetary Data.”

The City’s major recurring revenue sources during this period were real and personal property taxes, state revenue, Payments In Lieu Of Taxes (“PILOTS”), local excise taxes and departmental revenues, and other intergovernmental sources. The principal expenditures were for public safety, debt service requirements, retirement costs, employee benefits, state and district assessments, and the School Department. Reference is made to Exhibits I and II attached hereto for a detailed presentation of the City’s financial operations.

Fiscal 2019

General Fund revenue increased by \$177.5 million, or 5.3%, from fiscal 2018. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.7 billion or 75.7% of total revenue. Property taxes increased \$122.8 million, representing a positive change of 5.5% from fiscal 2018. Licenses and permits increased by \$8.6 million or 11.6%. Departmental revenue decreased by \$0.9 million or 0.9% in fiscal 2019.

Fiscal 2019 expenditures increased \$169.7 million or 5.2% from fiscal 2018. The City’s largest expenditures were for schools (\$1.1 billion), public safety (\$726.4 million), retirement costs (\$401.0 million), state and district assessments (\$283.4 million), and other employee benefits (\$264.8 million). School expenditures increased from fiscal year 2018 by \$31.1 million or 2.9%, public safety increased by \$36.5 million or 5.3%, retirement costs increased by \$44.7 million or 12.6%, state and district assessments increased by \$16.2 million or 6.1%, and other employee benefits increased by \$3.4 million or 1.3%.

The General Fund’s equity balance as of June 30, 2019 was approximately \$1.2 billion, an increase of \$104.5 million from fiscal 2018.

Fiscal 2020

General Fund revenue increased by \$179.0 million, or 5.0%, from fiscal 2019. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.8 billion or 75.4% of total revenue. Property taxes increased by \$153.7 million, representing a positive change of 6.6% from fiscal 2019. Licenses and permits increased by \$5.6 million or 6.7%. Departmental revenue increased by \$6.0 million or 6.2% in fiscal 2020.

Fiscal 2020 expenditures increased by \$183.8 million or 5.3% from fiscal 2019. The City's largest expenditures were for schools (\$1.1 billion), public safety (\$763.4 million), retirement costs (\$447.2 million), state and district assessments (\$299.7 million), and other employee benefits (\$259.4 million). School expenditures increased from fiscal year 2019 by \$58.2 million or 5.2%, public safety increased by \$37.0 million or 5.1%, retirement costs increased by \$46.2 million or 11.5%, state and district assessments increased by \$16.3 million or 5.8%, and other employee benefits decreased by \$5.4 million or 2.0%.

The General Fund's equity balance as of June 30, 2020 was approximately \$1.3 billion, an increase of \$84.9 million from fiscal 2019.

Fiscal 2021

General Fund revenue decreased by \$71.5 million, or 2.0%, from fiscal 2020. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.9 billion or 78% of total revenue. Property taxes increased by \$151.6 million, representing a positive change of 6.1% from fiscal 2020. Licenses and permits decreased by \$20.3 million or 23.0%. Departmental revenue decreased by \$42.9 million or 41.5% in fiscal 2021.

Fiscal 2021 expenditures increased by \$84.4 million or 2.3% from fiscal 2020. The City's largest expenditures were for schools (\$1.2 billion), public safety (\$735.3 million), retirement costs (\$473.5 million), state and district assessments (\$320.2 million), and other employee benefits (\$261.0 million). School expenditures increased from fiscal year 2020 by \$57.9 million or 4.9%, public safety decreased by \$28.1 million or 3.7%, retirement costs increased by \$26.3 million or 5.9%, state and district assessments increased by \$20.5 million or 6.8%, and other employee benefits increased by \$1.6 million or 0.6%.

The General Fund's equity balance as of June 30, 2021 was approximately \$1.2 billion, a decrease of \$60.3 million from fiscal 2020.

Fiscal 2022

General fund revenue increased by \$390.2 million, or 11% from fiscal 2021. Property taxes, excise taxes, and payments in lieu of taxes totaled \$3.1 billion or 77% of total revenue. Property taxes increased by \$169.6 million, representing a positive change of 6.4% from fiscal 2021. Licenses and permits increased by \$16.9 million or 25%. Departmental revenue also increased by \$64 million or 106% in fiscal 2022.

Fiscal 2022 expenditures increased by \$265.2 million or 7.1% from fiscal 2021. The City's largest expenditures were for schools (\$1.3 billion), public safety (\$797.4 million), retirement costs (\$502.6 million), state and district assessments (\$332.6 million), and other employee benefits (\$258.1 million). School expenditures increased from fiscal year 2021 by \$90.1 million or 7.3%, public safety increased by \$62.1 million or 8.5%, retirement costs increased by \$29.1 million or 6.2%, state and district assessments increased by \$12.4 million or 3.9%, and other employee benefits decreased by \$2.9 million or 1.1%.

The General Fund's equity balance as of June 30, 2022 was approximately \$1.3 billion, an increase of \$104.1 million from fiscal 2021.

Fiscal 2023

General fund revenue increased by \$393.9 million, or 9.7% from fiscal 2022. Property taxes, excise taxes, and payments in lieu of taxes totaled \$3.4 billion or 76.3 of total revenue. Property taxes increased by \$169.3 million, representing a positive change of 6.0% from fiscal 2022. Licenses and permits increased by \$17.4 million or 20.5. Departmental revenue decreased by \$15.6 million or 12.5% in fiscal 2023.

Fiscal 2023 expenditures increased by \$182.1 million or 4.6% from fiscal 2022. The City's largest expenditures were for schools (\$1.4 billion), public safety (\$809.0 million), retirement costs (\$565.8 million), state and district assessments (\$354.9 million), and other employee benefits (\$259.5 million). School expenditures increased from fiscal year 2022 by \$32.5 million or 2.5%, public safety increased by \$11.7 million or 1.5%, retirement costs increased by \$63.2 million or 12.6%, state and district assessments increased by \$22.3 million or 6.7%, and other employee benefits decreased by \$1.4 million or 0.5%.

The General Fund's equity balance as of June 30, 2023 was approximately \$1.6 billion, an increase of \$291.7 million from fiscal 2022.

Cash Balances

The following table represents the end-of-month unaudited cash balances for the City's General Fund and Special Revenue Accounts, commencing with July of fiscal 2021 and ending with February of fiscal 2024, the most recent month for which data is available.

The cash balances presented do not necessarily reconcile with revenue and expenditures for similar accounts calculated on a budgetary accounting basis or on a GAAP basis.

Table 7. End-of-Month Cash Balances for Fiscal 2021-2024
(\$ in thousands)

	2021	2022	2023	2024
July	\$1,794,376	\$1,990,059	\$2,316,004	\$2,845,565
August	1,839,630	2,059,649	2,421,266	2,442,880
September.....	1,692,467	1,951,312	2,263,573	2,334,926
October.....	1,821,211	2,014,092	2,523,088	2,538,546
November.....	1,813,036	1,976,046	2,530,885	2,641,364
December	1,585,417	1,807,610	2,313,322	2,424,907
January	1,765,309	1,998,273	2,655,306	2,708,879
February	2,030,316	2,127,002	2,700,135	3,024,323
March.....	1,767,692	1,936,171	2,417,483	
April.....	1,979,650	2,040,689	2,635,296	
May	2,252,956	2,191,372	2,717,680	
June	2,172,617	2,608,483	2,736,433	

Source: City of Boston Treasury Department.

Financial Administration

Pursuant to state law mandates and policy initiatives, the City has established a system of internal management controls. These controls are designed to maximize revenue collections, monitor operating and capital spending, evaluate infrastructure needs, and enhance the City’s internal control in business procedures. Major components of the City’s system of financial management controls include:

Revenue Collections

The City has implemented a comprehensive accounts receivable management program that coordinates the collection of departmental revenues. The City has afforded taxpayers the ability to remit payment for licenses, permits, fees, and fines with credit and debit cards and has given taxpayers an alternative choice in paying real estate taxes by use of online direct debit or credit card payments. The City secures its statutory lien for delinquent real estate taxes with instruments recorded at the Suffolk County Registry of Deeds (“tax takings”). For more information concerning tax takings and collection of delinquent real estate taxes, see “City Revenues—Property Taxes—Delinquent Taxes and Tax Title.”

Debt Management

The Treasury Department manages all City borrowings. The Treasury Department focuses on the timing of borrowings to take advantage of favorable market conditions and manages the City’s cash flows to help obviate the need for short-term borrowings for operating purposes. The Treasury Department has established a series of debt management guidelines and has instituted a debt policy that directs the City’s approach toward its debt management activities, including rapid debt repayment, the use of a debt capacity model for establishing debt affordability, limitations on the level of variable rate debt the City will employ, if any, maintenance of the relationship between debt and repayment sources, and responding to and communicating with the financial community and the rating agencies. The City has no outstanding variable rate debt. The City also has no debt-related derivatives in its portfolio.

Financial Management

The City of Boston has consistently received unmodified opinions on the audit of its Basic Financial Statements and has been presented with a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its Annual Comprehensive Financial Report (“ACFR”) (formerly Comprehensive Annual Financial Report) since fiscal 1995. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both GAAP and applicable state and local legal requirements.

Financial management is supported through the use of the Boston Administrative Information Systems (“BAIS”). BAIS is an integrated financial and human capital management system that is designed to track and control daily activities and report the financial position of the City. BAIS performs the specialized functions of encumbrance control, budget control, position management, payroll allotment reporting, fund accounting, and capital project and grant management. Real time edits prohibit excessive commitments and overspending, while on-line access to information, including monthly revenue and expenditure reports,

allows department managers to evaluate directly the financial status of individual programs and the entire department. The utilization of these systems supports the rigorous monitoring and reporting requirements enforced by the City.

Investment Policy

The City has adopted and annually reviews, and updates as needed, its investment policy statement that dictates the types of investments made by the City Treasury of City funds, trust funds and other special funds for which the City Treasury is responsible. In September 2023, the City adopted an updated policy governing its investment of operating and reserve cash. The adopted investment policy continues to focus on the balance of safety, liquidity, and yield determined most appropriate for the particular invested funds. Bond proceeds, in conformance with the City's policy, are invested in liquid, high-quality fixed-income investments.

Performance Management and Program Evaluation

Boston's performance management efforts, led by the Citywide Analytics Team, exist to ensure that the City delivers the most effective and efficient services possible. Building the tools to understand how well the City is performing, helping identify obstacles to success, and developing immediate and potential long-term performance and process improvements create lasting improvements for the City.

Boston is committed to an ongoing performance management system which captures the core functions of City departments and citywide strategic goals, assists in the decision-making process, identifies areas of improvement, and effectively communicates performance results to a broad range of stakeholders.

Risk Management

The City's Risk Management strategy focuses on reducing the costs of third party liabilities, worker injuries, employee health care costs, and property damages, through internal claims management, department accountability, and a structured self-insurance program.

Tort liabilities are capped per M.G.L. Chapter 258, and Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Civilian workplace injuries are managed through the City's Workers' Compensation Program. Police and Fire Departments manage their uniformed injury programs under M.G.L. Chapter 42 Section 111F. These costs are budgeted and funded through the General Fund. Departments are charged for their share of costs in order to promote awareness and prevention efforts. Effective February 2019, the City, consistent with amendments to M.G.L. Chapter 149 Section 6 ½, is required to maintain workplace safety standards consistent with those set by the Occupational Safety and Health Administration.

Health benefits for over 30,000 City employees and retirees are managed by the Health Benefits Program. 100% of the City's share of health benefit costs are self-insured through internal service funds established in compliance with M.G.L. Chapter 32B Section 3A. The guiding policy for the City of Boston Health Claims Trust Fund states that accounting for the fund will be in accordance with generally accepted accounting principles, and will ensure that all contributions and actual costs are shared between employers and their subscribers according to predetermined ratios. Actuarially determined reserves are maintained in the funds to stabilize rate increases and protect against large claims or cost increases.

Building damages are managed by individual departments, assisted by the Public Facilities Department and Property Management Department. Large damages are insured through a catastrophic all risk property insurance policy, which provides \$100 million in all risk coverage and additional excess capacity depending on the type of hazard after a \$10 million deductible. Separate insurance policies provide \$300 million coverage for stand-alone terrorism, \$150 million coverage for fine arts, and \$50 million per incident for equipment breakdown.

For unexpected large costs in all categories just described, the City maintains a catastrophic risk reserve, which had an available balance of \$41.8 million at the end of fiscal 2023. The City has not had any insurance claim excess of the City's \$10 million property and stand-alone terrorism deductibles in the last 20 years and has never had a claim or settlement that exceeded any of its insurance policy limits. The catastrophic risk reserve has grown over the years when money remains from the annual budgeted amount for Risk Retention Reserves, which is intended to pay for insurance premiums, broker fees and additional insurance related costs.

SECTION 3: CITY REVENUES

The principal sources of City revenue available to meet operating expenditures are property taxes, state revenue, excise revenues, departmental revenues, and federal and state grants, all of which are described below. Except as specifically noted, all amounts are stated on a budgetary accounting basis.

Property Taxes

Real and personal property taxes are the largest single source of the City's revenue. The City's gross property tax levy for fiscal 2024 equals approximately \$3.2 billion, or 74.3% of expected General Fund revenues of \$4.3 billion budgeted for such period. Certain properties are subject to arrangements that suspend the imposition of real property taxes at normal rates in order to encourage development. See "City Revenues—Property Taxes—Revenues from Chapter 121A Corporations" below.

As discussed below, Proposition 2½ limits the level of property taxation in the City. In fiscal 2024, the City has again levied taxes below the 2.5% ceiling on the overall effective tax rate. The City is not expected to reach the levy ceiling in the foreseeable future due to previous growth in the real estate market.

Proposition 2½

Proposition 2½ is a statewide tax limitation subject to amendment or repeal by the legislature that imposes two separate limits on the annual tax levy of a city or town. The primary limitation of Proposition 2½ is that the property tax levy in any city or town in the Commonwealth cannot exceed 2.5% of the full and fair cash valuation of the taxable real estate and personal property in that city or town (the "2½ ceiling"). The only exception is the temporary exclusion of debt service or capital costs from the levy ceiling restrictions, as described below.

Within the limits of the 2½ ceiling, the Growth Levy Limit is a secondary limitation imposed by Proposition 2½. The Growth Levy Limit prohibits the levy in a fiscal year from exceeding an amount equal to 102.5% of the maximum allowable limit for the preceding year, subject to exceptions for the following: property newly added to the tax rolls and valuation increases other than as a result of a general revaluation ("new growth"); temporary exclusions from the tax levy limitation to pay for capital costs or debt service on indebtedness; and "overrides," which are permanent increases in the tax levy for general expenditures of the city or town. Exclusions and overrides must be approved by a referendum of the voters of the city or town. The levy is permanently increased by the addition of new growth and overrides, except that any override to fund a stabilization fund will not be taken into account in calculating the maximum levy limit in subsequent fiscal years unless the City Council votes to appropriate such increased amount in such subsequent year to the stabilization fund. The exclusion of debt service by referendum temporarily increases the levy amount and the duration of the specific debt excluded. The Growth Levy Limit may be exceeded by an override in any year by a majority vote of the voters. An increase in the Growth Levy Limit under this procedure, however, does not permit a tax levy in excess of the 2½ ceiling since the two limitations apply independently. The applicable tax limits may also be reduced in any year by a majority vote of the voters. The City's gross levy in fiscal 2024 equals \$3.2 billion. In fiscal 2024, the allowable 2.5% increase is \$74.8 million, and "new growth," as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$121.8 million.

In order to mitigate its adverse impact on local government revenues, Proposition 2½ limits the annual rate of increase of aggregate, statewide assessments made upon cities and towns by the Commonwealth and certain of its governmental entities, such as assessments made upon the City and certain other cities and towns for the MBTA, to 2.5% of the prior year's assessment. Proposition 2½ also limits the motor vehicle excise tax rate to 2.5%.

Notwithstanding the provisions of Proposition 2½ described above, the City's Bond Procedure Act of 1983 mandates assessment of taxes in excess of the Proposition 2½ levy limits to the extent that the debt service on City obligations is not otherwise provided for in the tax levy or from other sources, with no allowance made for any other expenditures of the City. See "City Indebtedness—Classification of City Debt."

Table 8. Proposition 2½ Property Tax Levy Limits, Fiscal 2020-2024 ⁽¹⁾
(\$ in thousands)

	2020	2021	2022	2023	2024
Total Assessed Valuation .	\$176,198,905	\$190,652,930	\$197,826,916	\$212,217,474	\$220,853,171
Growth Levy Limit ⁽²⁾	2,509,115	2,675,124	2,823,729	2,993,144	3,188,712
Levy Ceiling ⁽³⁾	4,404,973	4,766,323	4,945,673	5,305,437	5,521,329
Tax Levy ⁽⁴⁾	2,508,767	2,674,860	2,823,323	2,993,144	3,188,712
<u>Under Levy Ceiling</u>	<u>1,896,206</u>	<u>2,091,463</u>	<u>2,122,350</u>	<u>2,312,293</u>	<u>2,331,908</u>

(1) Represents amounts assessed on January 1, and subsequently certified by the Massachusetts Department of Revenue in December of each fiscal year and does not include omitted assessments.

(2) The Growth Levy Limit is the maximum allowable annual levy as determined by Proposition 2½.

(3) 2.5% of Total Assessed Valuation.

(4) For each fiscal year, the amount of the actual Tax Levy is the largest amount possible. The Growth Levy Limit would be exceeded if the tax rate were raised an additional cent (\$0.01).

Source: City of Boston Assessing Department.

Revaluation

Previously, state law mandated a revaluation of all taxable property every three years. The Municipal Modernization Act was signed into law on August 9, 2016 which changed the revaluation schedule to every five years, after an initial “ramp-up” period. These revaluations are reviewed and certified by the Commonwealth. In the years between revaluations, the Commonwealth requires municipalities to establish new values on the basis of market changes, using the most recent revaluation as a basis. The City has adjusted certified property values in accordance with this procedure in years when market conditions indicated such adjustment was necessary.

In November 2020, the City concluded work on its last scheduled revaluation for fiscal 2021, with an assessment date of January 1, 2020. The next revaluation is scheduled for fiscal 2025. For fiscal 2024, assessments are based on market activity leading up to the assessment date of January 1, 2023. Properties across all classes experienced valuation growth due to stable market activity and new construction.

Values of existing commercial property, excluding new growth, dipped slightly in fiscal year 2024 due to the impact of vacancy on office space. As area businesses continue to reevaluate their space needs and balance in person and remote work it is anticipated that offices values will face downward pressure over the short to medium term, especially for non-class A space. Valuation changes of this nature do not impact revenue as they are automatically built into changes in the tax rates.

Abatement Process

Annually, taxpayers have the right to dispute their property valuation by filing an abatement application. These applications can be filed during the month of January after values are finalized and tax rates have been established. The City sets aside money in an overlay account to cover any liability that might exist due to these abatement filings. Abatement filing is a free process, and as such application numbers are more reflective of constituent concerns than they are a direct measure of liability. The City’s most recent abatement application period ended on February 1, 2024, and fewer than 1% of the City’s 170,000 taxable parcels filed abatement applications. The City does not foresee the liability from these filings exceeding the amount the City has set aside in the overlay account.

Taxation by Use; Tax Rates

The property tax base in the City consists of personal property and classes of real estate. The following table shows the classes of taxable real property assessed as of January 1, 2023. The fiscal 2024 tax rates were applied to the January 1, 2023 valuation to determine levy and tax liability for fiscal 2024.

**Table 9. Assessed Valuation of Taxable Real Property by
Real Estate Classes, Assessment Dated January 1, 2023 (\$ in thousands)**

Real Estate Classes	Parcel Count	Residential Valuation	Commercial Valuation	Industrial Valuation	Total Valuation
1-Family (101)	30,439	\$25,502,625	-	-	\$25,502,625
Residential Condominium (102)	71,971	\$60,169,217	-	-	\$60,169,217
Misc. (103, 108, 109, 110)	8,637	\$723,247	-	-	\$723,247
2-Family (104)	16,814	\$15,062,877	-	-	\$15,062,877
3-Family (105)	13,297	\$14,927,466	-	-	\$14,927,466
4-Family & Apartments (111-125)	5,460	\$16,515,686	-	-	\$16,515,686
Residential Land (130-132, 106)	6,030	\$363,600	-	-	\$363,600
Commercial (300-393)	7,350	-	\$59,380,760	-	\$59,380,760
Industrial (400-452)	686	-	-	\$1,403,467	\$1,403,467
Agricultural	3	-	\$671	-	\$671
Mixed Use (012-043)	2,935	\$13,979,704	\$3,653,199	-	\$17,632,903
Total	163,622	\$147,244,423	\$63,034,630	\$1,403,467	\$211,682,520

Source: City of Boston Assessing Department.

**Table 10. Tax Rates, Fiscal 2020-2024
(per \$1,000 of assessed value)**

Fiscal Year	Commercial, Industrial and Personal Property	Residential Property
2024	\$25.27	\$10.90
2023	\$24.68	\$10.74
2022	24.98	10.88
2021	24.55	10.67
2020	24.92	10.56

Source: City of Boston Assessing Department.

The City utilizes five classes of property for taxation purposes: (i) residential, (ii) open space land, (iii) commercial, (iv) industrial, and (v) personal property. Within limits under state law, the City may determine the share of the annual levy to be borne by each of the categories. Under these statutory limits, the residential tax rate cannot be given a discount greater than 50%, while the tax rate on the remaining business classes of property cannot exceed 175% of the overall effective tax rate.

The City may also exempt a portion of the assessed valuation of residential real property when used as the taxpayer's principal residence. For fiscal 2024, the Mayor and City Council elected to set the minimum residential exemption at 35% of the average assessed value of all residential property. For fiscal 2024, each qualifying resident who receives the maximum residential exemption has their taxable assessed value reduced by \$331,241. The residential exemption only has an impact on the residential rate.

Tax Base

The following table shows the assessed valuations of all property in the City subject to taxation.

Table 11. Assessed Valuations—Fiscal Years 2020-2024 ⁽¹⁾
(\$ in thousands)*

Fiscal Year	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Total Valuation
2024	\$147,244,423	\$63,034,630	\$1,403,467	\$9,170,651	\$220,853,171
2023	141,541,580	60,779,084	1,427,979	8,468,832	212,217,474
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916
2021	127,136,167	54,632,352	1,251,386	7,633,025	190,652,930
2020	115,818,107	51,958,597	1,153,869	7,268,332	176,198,905

* Rows may not add due to rounding.

(1) Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2024 assessed values are as of January 1, 2023.

Source: City of Boston Assessing Department.

The City of Boston’s Assessing Department is responsible for the generation of revenue for the City through the valuation of personal and real property. To that end, the Assessing Department uses a number of systems to assist with the acquisition, disposition, and assessment of property records.

The Assessing Department has executed a contract with Patriot Properties (“Patriot”) for a new computer-assisted mass appraisal (“CAMA”) system. The Assessing Department successfully executed the conversion to the new Patriot CAMA system in fiscal 2020. The conversion was reviewed and approved by the Commonwealth, and the Patriot CAMA system was used in finalizing property values for fiscal years 2020-2024.

The following table is a list of all of the taxpayers in the City that had an aggregate tax liability in excess of \$15.0 million for fiscal 2024. Assessed valuations and fiscal 2024 taxes reflect the valuation of property as of January 1, 2023 and the tax liability using applicable tax rates.

Table 12. Largest Taxpayers: City of Boston, Fiscal 2024 ⁽¹⁾⁽²⁾
(\$ in thousands)

Owner	Personal Property Value	Real Property Value	Total Assessed Value	Fiscal 2024 Tax Liability
Alexandria Real Estate	\$0	\$1,092,161	\$1,092,161	\$27,599
Beacon Capital	-	769,012	769,012	19,433
Blackstone Real Estate	207	1,175,134	1,175,341	29,701
Boston Properties	12,919	4,713,341	4,726,260	106,291
Diversified Healthcare Trust	-	1,104,234	1,104,234	27,904
Equity Residential	2,184	1,632,421	1,634,605	20,747
Eversource	3,090,774	177,460	3,268,233	82,588
Fidelity Investments	-	785,309	785,309	19,845
Fortis Property	39	695,055	695,093	17,565
John Hancock	1,139	724,818	725,957	18,345
METLIFE	1,544	1,223,939	1,225,483	30,968
Morgan Stanley	12,699	834,937	847,636	21,420
National Grid	1,172,538	38,691	1,211,229	30,608
National Real Estate Advisors	-	817,788	817,788	16,824
Nuveen	149	1,646,609	1,646,758	41,614
Oxford Properties	57	2,142,193	2,142,249	53,219
Pembroke	-	700,205	700,205	17,694
PGIM Real Estate	-	1,354,810	1,354,810	32,833
Related Beal	-	907,124	907,124	20,277
Rockpoint Group	7,550	1,859,656	1,867,206	47,184
Samuels & Associates	744	1,248,103	1,248,847	18,817
Synergy	299	1,142,775	1,143,074	28,885
Tishman	1,526	1,851,725	1,853,251	40,555
Verizon	630,334	135,299	765,634	19,342
WS Development	-	1,255,492	1,255,492	31,325
Total	\$4,934,702	\$30,028,291	\$34,962,991	\$790,258

(1) The methodology used in creating the table involves the search of the title holder(s) of all major parcels of property in the City, and then further researching to identify common ownership of subsidiaries. This methodology does not necessarily locate all parcels owned by affiliates. If common ownership of a property is identified that value is assigned by allocating the property equally to all owners (e.g. three owners are each assumed to own 33%).

(2) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that may be taxable: business and professional furnishings, machinery used in the conduct of business, and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments.

Real Estate Tax Levies and Collections

The following table shows the level of property tax levies, tax levies net of budgeted reserves for abatements (“Net % Gross”), the gross amount and proportion of each levy collected during the year of levy, the cumulative amount (net of refunds) and proportion of each levy collected as of June 30, 2023 and the total amount (net of refunds) of taxes (current and all prior levies) collected during fiscal 2019 through 2023. Excluded from the following table are receipts from PILOTs and receipts on account of Chapter 121A corporations.

Table 13. Tax Collections In Relation To Property Tax Levies Fiscal 2019-2023
(Statutory Accounting Basis)
(\$ in millions)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30		
	Gross ⁽¹⁾	Net	Net Gross	Gross Amount	Gross Levy	Net Levy	Net Amount	Gross Levy	Net Levy
2023	\$2,996.1	\$2,966.3	99.0%	\$3,001.1	100.2%	101.2%	\$2,971.1	99.2%	100.2%
2022	2,826.2	2,793.0	99.8	2,809.3	99.4	100.6	2,801.0	99.1	100.3
2021	2,678.1	2,674.4	99.9	2,665.8	99.5	99.7	2,647.5	98.9	99.0
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7

(1) Includes additional assessments billed in June of each fiscal year, as well as subsequently deducted residential exemptions.

Source: City of Boston Auditing Department.

The City’s property tax bills are mailed quarterly in July, October, December, and April. The bills mailed in July and October represent preliminary tax bills each equal to one quarter of the previous fiscal year’s liability. The fair cash value of the property or assessment for the purpose of determining the new fiscal year tax liability is reflected in the third and fourth quarter bills, which are mailed in December and April. See “City Revenues—Property Taxes—Taxation by Use; Tax Rates.”

Delinquent Taxes and Tax Titles

Real and personal property taxes (not including motor vehicle, the room occupancy and the aircraft fuel excises) are based on values established by the Assessing Department as of each January 1, and are due in quarterly payments every August, November, February and May. Delinquent real estate and personal property taxes are subject to a 14% per annum interest charge. Subsequent to the end of the fiscal year in which real estate taxes become delinquent, the City secures its lien for such taxes by taking legal title to all delinquent properties, subject to the owners’ right of redemption. After this process, known as a “tax taking,” is complete, interest accrues on outstanding amounts of delinquent real estate taxes at the rate of 16% per annum. If the taxes remain unpaid for a period of six months from the tax taking, the City may petition the Land Court to foreclose the equity owner’s right of redemption.

Tax title receipts were \$12.6 million, \$24.6 million and \$19.6 million in fiscal 2021, fiscal 2022, and 2023, respectively.

Revenues from Chapter 121A Corporations and Statutory Contractual Payment in Lieu of Tax Agreements

A local government in cooperation with its redevelopment authorities may suspend the imposition of real property taxes at normal levels on properties determined to be “blighted” in order to encourage redevelopment of such properties by special corporations organized under Chapter 121A of the Massachusetts General Laws (“Chapter 121A Corporations”). The City receives two principal sources of revenue from Chapter 121A Corporations. The first consists of Section 10 Excise for each Chapter 121A Corporation that are collected by the Commonwealth and distributed to the City. The second are contractual payments resulting from agreements entered into between the Chapter 121A Corporation and the City pursuant to section 6A of Chapter 121A.

There are also instances allowed by statute where the City enters into a contractual payment in lieu of taxes with a private developer. These occur when the development is on property owned by a chapter 121B or 121C entity. These entities and their property are exempt from taxation; however, the enabling legislation under these chapters of the General Laws allows the City to enter into a contractually binding payment in lieu of tax agreement with the exempt entity and the private developer or occupant of the exempt entity’s real estate. These payments are different from the voluntary PILOT payments made by hospitals and universities, which are not included in the amounts below.

Revenues received by the City from Chapter 121A Corporations and contractual payments in lieu of tax agreements for the last five fiscal years are shown in the following table.

Table 14. Revenues to the City from Chapter 121A Corporations and by Contractual Agreement (\$ in thousands)

Fiscal Year Ended June 30	Excise Payments In Lieu of Taxes (Section 10)	Contractual Payments ⁽¹⁾	Total*
2023	\$16,803	\$45,921	\$62,724
2022	19,083	35,227	54,310
2021	21,410	25,561	46,971
2020	13,923	27,592	41,516
2019	19,709	34,697	54,406

* Totals may not add due to rounding.

(1) Contractual Payments include Chapter 121B Section 16 payments, Chapter 121A Section 6A payments, 121C payments and Tax Increment Financing (TIF) agreements.

Source: City of Boston Office of Budget Management.

Community Preservation Act

The Massachusetts Community Preservation Act (the “CPA”) permits municipalities that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the municipality at an

election after such provisions have first been accepted by either a vote of the legislative body of the municipality or an initiative petition signed by 5% of its registered voters.

A municipality may approve a surcharge of up to 3% of the real property tax levy, and it may accept one or more exemptions to the surcharge under the CPA, including an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property, and an exemption for commercial and industrial properties in municipalities with classified tax rates. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Proposition 2½” above). A municipality may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any municipality that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to municipalities that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula which requires that 80% of the amount in the state trust fund be used to match an equal percentage of the amount raised locally by each city and town, and that the remaining 20% of the amount in the fund be distributed only to those municipalities that levy the maximum 3% surcharge based on a formula which takes into account equalized property valuation and population, resulting in larger distributions to those communities with low valuations and small populations. The total state distribution made to any municipality may not, however, exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each municipality that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the municipality regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the municipality may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space and recreation purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes municipalities that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the municipality and are payable from amounts on deposit in the community preservation fund. In the event that a municipality revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the municipality prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City accepted the CPA in November 2016 and set the rate at 1%. The City is utilizing CPA revenues to help achieve its housing and economic goals of creating affordable housing units, restoring open spaces, rehabilitating recreational sites, and preserving historical resources. The City collected \$23.3 million in fiscal 2019, \$27.0 million in fiscal 2020, \$29.5 million in fiscal 2021, \$34.8 million in fiscal 2022, and \$36.7 million in fiscal 2023. For fiscal 2024, the City initially estimated that it would receive approximately \$27.0 million attributable to this surcharge with state matching funds in the amount of \$5.1 million. In fiscal 2023, the City appropriated \$40.7 million to 56 projects including: 27 Historic Preservation projects, 10 Affordable Housing projects and 19 Recreational Use and Open Space projects. In fiscal 2024, the City plans to appropriate \$38.3 million to additional projects.

State Revenue

State revenue from the Commonwealth comprises the second largest single revenue source to the City’s General Fund after the Property Tax. Rather than one singular value, state revenues consist of more than a dozen individual appropriations. These revenues have fluctuated over the course of the past twenty years,

and have generally followed the Commonwealth's economic performance. In addition to revenues, the Commonwealth also charges the City assessments for provided services.

The largest component of state revenues in fiscal 2024 is Chapter 70 aid. This revenue is the Commonwealth's main contribution to the City's public schools. The Student Opportunity Act (Chapter 132 of the Acts of 2019) altered the allocation formula to direct more funds to districts with higher needs populations like Boston's. For fiscal 2024, Boston is scheduled to receive \$230.7 million, up from \$227.2 million in fiscal 2023.

Boston also receives state revenues for its charter schools. Distributions from the Commonwealth charter school reimbursement account are based on a formula to provide transitional dollars to municipalities when a student leaves a district school for a charter school, but this account is subject to appropriation. Prior to the Student Opportunity Act, the Commonwealth underfunded the charter school reimbursement account. The act dramatically increased funding starting in 2021, guaranteeing full funding by 2023. Between fiscal 2021 and 2024, Boston's charter school tuition reimbursement increased by 81.4% to \$55.0 million.

General government expenditures are supported through Unrestricted General Government Aid, "UGGA." After Chapter 70 aid, UGGA is the second largest state revenue line item. In fiscal 2024, Boston is scheduled to receive \$226.5 million. Together UGGA, Chapter 70 aid, and charter school tuition reimbursements account for 99.2% of the City's state revenues.

Following the Great Recession, the City experienced reductions in actual state revenue totaling \$102.9 million or 20.8% between fiscal 2008 and fiscal 2012. Since fiscal 2013 state revenue has generally increased annually, driven by increases in UGGA and charter school tuition reimbursements. Net state aid – defined as total state revenue minus state assessments, including charter school assessment, MBTA, and other items, declined between fiscal years 2013 and 2022. In fiscal 2020 actual net state aid was \$163.0 million, decreasing to \$152.5 million in fiscal 2021, and \$140.3 million in fiscal 2022. Fiscal 2023 featured a modest increase in net state aid to \$142.0 million. The City is budgeting net state aid to decrease by \$8.8 million, or 6.2%, to \$133.2 million in fiscal 2024.

The State Treasurer is empowered to deduct "assessments" from state revenue amounts appropriated to the City. The largest of these assessments is now that for Charter School Tuition followed by that for MBTA. Charter Schools are public schools, open to all students that apply, that are funded by "tuition," 100% of which is paid by the students' home or "sending" school district. A 2010 increase in the legislatively imposed cap on charter school enrollments has caused this cost to grow rapidly. Under the 2010 legislation, the cap ceased increasing in 2017, and now Boston's charter school assessment is capped at 18% of net school spending.

Assessments also include smaller charges for various state-provided services, which may include debt service paid by the Commonwealth on "qualified bonds" and any sums allocable to the Boston Water and Sewer Commission or the City that are due and unpaid on debt issued to the Massachusetts Clean Water Trust ("MCWT"). The City has no "qualified bonds" outstanding and has never had an unpaid amount due to the MCWT.

Under the Massachusetts Constitution and state finance law, the State Treasurer has the authority to delay the allotment of state revenue appropriations under certain circumstances. In addition, the statute governing the distribution of school aid provides that such payments are due only to the extent that sufficient funds are available.

State School Building Assistance

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. The state legislature created the Massachusetts School Building Authority ("MSBA") in 2004 to finance and administer the school building assistance program. The MSBA assumed all powers and obligations of the State Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the MSBA based on the approved project cost and reimbursement rate applicable under the prior law. In fiscal 2020, the City received its final reimbursement payments for projects approved prior to the creation of the MSBA.

In 2008, the MSBA promulgated regulations with respect to the application and approval process for new projects. The reimbursement ranges between 40% and 80% of approved project costs. The MSBA sets the base reimbursement rate for eligible project costs, based on a formula, for cities and towns on an annual basis. The MSBA pays its share of approved project costs pursuant to a project funding agreement between the MSBA and the municipality. The MSBA operates two main programs: the Core Program, which can include extensive repairs, renovations, additions, and new school construction; and the Accelerated Repair Program (“ARP”) which funds boiler, roof, and window/door replacement projects with a focus on the preservation of existing assets through energy-efficient and cost-saving upgrades that will result in direct operational savings for school districts. Beginning in 2024, the MSBA has excluded boiler replacement proposals from the ARP.

Currently, the City has two active school projects in the Core Program. The City expects to receive up to \$54.0 million in grant reimbursements for the Josiah Quincy Upper School project and up to \$26.2 million in grant reimbursements for the Carter School project. The new Josiah Quincy Upper School will open in September 2024. The new Carter School will be ready by September 2025.

Design and construction is underway on eight projects with project completion expected by 2026. The 2021 ARP project budgets total \$22.6 million of which up to \$12.7 million may be eligible for reimbursement by the MSBA. The 2022 ARP projects are in design now with budgets totaling \$18.5 million of which up to \$9.6 million may be eligible for reimbursement. The City’s share of total project costs is approximately \$18.7 million. The MSBA did not have an ARP funding round in 2023. There is an ARP funding round in 2024 and the City anticipates filing Statements of Interests for eight projects.

Excise Revenues

In addition to the major sources of revenue described above, the City receives various other types of revenues. See “COVID-19 STATUS” and “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2020 to 2023 Actual Results and Fiscal 2024 Budget.” The following is a description of those and other significant excise revenue sources of the City. The impact of the COVID-19 pandemic is evident in the marked decline in collections for these revenue sources in fiscal year 2021, with activities related to travel, tourism, and hospitality being particularly affected.

Room Occupancy Excise

As is its option under state law approved in 1985, the City imposed a 4.0% local room occupancy excise upon the transfer of occupancy of any room in a hotel, lodging house or motel. The Commonwealth granted authority to municipalities in 2009 to increase the local option room occupancy excise up to 6.0% (6.5% for Boston). The City increased the local option room occupancy excise to 6.0%, effective October 1, 2009 and again to 6.5%, effective July 1, 2019. The Massachusetts Department of Revenue is responsible for collecting and remitting local option room occupancy excise receipts to the City in arrears. The City’s room occupancy excise receipts totaled \$99.3 million, \$15.6 million, \$75.5 million, and \$129.3 million in fiscal 2020, 2021, 2022, and 2023, respectively. Based on distributions received from the Commonwealth through January 2024, the \$116.0 million budgeted for Room Occupancy Excise revenue in fiscal 2024 appears achievable.

Aircraft Fuel Excise

The City also assesses an aircraft fuel excise upon the sale of jet fuel. The Commonwealth collects this tax and distributes it to the City. The City’s aircraft fuel excise receipts totaled \$32.5 million, \$8.5 million, \$22.8 million, and \$49.6 million in fiscal 2020, 2021, 2022, and 2023, respectively. Based on distributions received from the Commonwealth through January 2024, the \$36.5 million budgeted for Aircraft Fuel Excise revenue in fiscal 2024 appears achievable.

Motor Vehicle Excise

The Commonwealth assesses an excise on the registration of motor vehicles, the proceeds of which are received by the municipality where the vehicle is principally garaged. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. The City’s annual motor vehicle excise receipts totaled \$62.8 million, \$54.2 million, \$60.8 million, and \$59.9 million in fiscal 2020, 2021, 2022 and 2023, respectively. Budgeted Motor Vehicle Excise revenue in fiscal 2024 appears achievable.

Meals Excise

In 2009, the Commonwealth granted the option to municipalities to levy a 0.75% excise on locally sold prepared food and beverages. The Massachusetts Department of Revenue is responsible for collecting and remitting meals excise receipts to the City. The City’s annual meals excise receipts totaled \$28.9 million,

\$14.2 million, \$29.4 million, and \$37.7 million in fiscal 2020, 2021, 2022, and 2023, respectively. Based on distributions received from the Commonwealth through January 2024, the \$34.0 million budgeted for Meals Excise revenue in fiscal 2024 appears achievable.

Vehicular Rental Surcharge

The Commonwealth imposes a \$10 surcharge on each vehicular rental transaction contract in the City. The City's annual share of vehicular rental surcharges totaled \$1.6 million, \$0.6 million, \$0.9 million, and \$1.1 million in fiscal 2020, 2021, 2022 and 2023, respectively.

Departmental Revenues

Several City departments generate significant revenues from fines, fees, charges and reimbursements. While fiscal 2024 projections are not included below, the City expects to meet or exceed budgeted targets.

Parking Fines

The City's annual parking fine receipts totaled \$62.7 million, \$48.5 million, \$57.4 million, and \$56.1 million in fiscal 2020, 2021, 2022 and 2023, respectively. The decrease seen in 2021 was due to reduced economic activity caused by the COVID-19 pandemic. Collections subsequently rebounded in fiscal 2022 and 2023, however remain below pre-pandemic levels.

Building Permit Fees

The Inspectional Services Department performs a variety of functions for which fees are imposed such as the granting of building permits. The City's annual building permit fees totaled \$69.6 million, \$48.7 million, \$64.1 million, and \$80.3 million in fiscal 2020, 2021, 2022, and 2023, respectively, with fiscal 2021 reflecting disruption due to the COVID-19 pandemic.

Municipal Medicaid Reimbursement

The Office of Budget Management oversees a vendor contract to collect federal reimbursements for Medicaid eligible services provided through the Boston Public Schools. The City's annual municipal Medicaid reimbursement revenue totaled \$6.8 million, \$6.0 million, \$10.9 million, and \$5.4 million in fiscal 2020, 2021, 2022, and 2023, respectively. School closures and remote learning arrangements led to a reduction in reimbursable services in fiscal years 2020 and 2021, while 2022 benefited from deferred collections from prior years. The lower revenue total for fiscal 2023 is due in part to a payment being delayed into fiscal 2024.

Other Available Revenues

Under state law, proceeds of the sale of City facilities must be applied to the Surplus Property Disposition Fund to be used to finance capital projects, unless the City Council, with the approval of the Mayor, votes to credit to the General Fund the difference between the sale proceeds and the amount of debt (both principal and interest) incurred in acquiring or improving the sold facility. As of June 30, 2023, there was \$36.6 million remaining in the Surplus Property Disposition Fund.

Grants

The City receives both federal and state grant funds, some of which are determined according to formulas, and others that are awarded competitively. These monies, including federal COVID-19 relief funds, are recorded in special revenue funds and budgeted in the City's external funds budget.

Federal Grants

Some major sources of federal grant funds in fiscal 2023 included: a Community Development Block Grant ("CDBG") Entitlement Program award of \$18.0 million; a Home Investment Partnership Program ("HOME") award of \$6.4 million, a Housing Opportunities for Persons with AIDS Program ("HOPWA") award of \$3.4 million; and an Emergency Services Grant award of \$1.5 million. The Mayor's Office of Housing received an additional \$49.3 million in federal competitive grants, mainly related to the Continuum of Care Program.

Major sources of federal grant funds for programs of the Boston Public Schools included: an Elementary and Secondary Emergency Relief Fund III (ESSER III) award of \$276.0 million a Title I Elementary & Secondary Education Act of 1965 award of \$42.2 million; Special Education Entitlement Grant awards of \$18.3 million; School Lunch Program and Summer Food Program awards of \$46.7 million; and a Title II teacher quality award of \$2.8 million. The Boston Public Schools were also awarded \$17.8 million

from a variety of other federal grant sources during the 2023 fiscal year. Total federal aid to Boston Public Schools in fiscal 2023 was \$403.8 million compared to \$538.5 million in fiscal 2022. The decrease in federal aid to Boston Public Schools from fiscal 2022 to fiscal 2023 is due the timing of awards for the Elementary and Secondary Emergency Relief (ESSER) Fund II and III. ESSER II and III funding was awarded to the City in fiscal 2022. All funding must be obligated by December 31, 2024 and expended by December 31, 2026.

State Grants

In addition to State Revenue, the City also receives state grants. In fiscal 2023, the Boston Police Department received Community Services grant awards that totaled \$6.9 million from the Massachusetts Executive Office of Public Safety and Security.

Boston Public Schools was awarded approximately \$10.8 million for early childhood, elementary and secondary, and adult education, which included additional funding related to COVID-19 relief. In addition, the State paid \$18.9 million in Special Education Reimbursement to the Boston School Department, which amount is consistent with prior fiscal years.

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SECTION 4: CITY INDEBTEDNESS

Classification of City Debt

Direct general obligation debt of the City is debt for which the City's full faith and credit are pledged and for the payment of which all taxable property in the City is subject to ad valorem taxation without limit as to rate or amount. General obligation bonds of the City may also be secured in certain circumstances by a pledge of specific City revenues. The special obligation debt of the City is debt which may be secured solely by a pledge of specific revenues derived from a revenue-producing facility of the City or for the payment of which the City's obligation is subject to annual appropriation.

General Obligation Debt

As of June 30, 2023, the City had outstanding approximately \$1.69 billion of general obligation long-term bonds, all of which bear fixed rates of interest. As of March 1, 2024, the City had approximately \$1.82 billion of general obligation long-term bonds outstanding.

The City is authorized to secure any of its general obligation indebtedness by a pledge of all or any part of any revenues of the City including, without limitation, any tax, such as real property taxes, any fees payable to or for the account of the City, and certain receipts, distributions and reimbursements held or to be received by the City from the Commonwealth. The City currently has no general obligation bonds or notes outstanding secured by such a pledge.

Debt Limits

All debt of the City requires the authorization of the City Council and approval of the Mayor. If the Mayor vetoes a loan order passed by the City Council, the charter of the City provides that the loan order is void and may not be passed over the Mayor's veto. Authorization of bonds under a loan order of the City Council includes, unless otherwise provided, the authorization to issue temporary notes in anticipation of such bonds.

The statutory debt limit for the City consists of a debt limit and a double debt limit. The debt limit is 5%, and the double debt limit is 10%, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Biennially, prior to January 31st, the Commissioner of Revenue establishes a final equalized valuation which is the basis for determining the debt limit for the following two-year period or until another equalization has been established. The equalized valuation of taxable property in the City established by the Commissioner of Revenue in January 2023 equals \$226.37 billion as of January 2022. The Commonwealth certifies the equalized valuations every two years; the next valuation will occur in January 2025. Based on the current equalized valuation, the City's debt limit equals approximately \$11.32 billion, and its double debt limit equals \$22.64 billion as of March 1, 2024.

The City may authorize debt up to its debt limit without state approval. The City may authorize debt over the debt limit up to the double debt limit with the approval of the Municipal Finance Oversight Board, composed of the State Treasurer and Receiver-General, the State Auditor, the Attorney General and the Director of Accounts. As of June 30, 2023, the City had outstanding debt of \$1.59 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$1.87 billion. As of March 1, 2024, the City had outstanding debt of \$1.72 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.57 billion. Based on the City's current debt limit of \$11.32 billion, the City had the statutory capacity to authorize an additional \$7.03 billion of debt as of March 1, 2024.

In addition to statutory constraints, the City has imposed certain policy constraints on its issuance of general obligation debt. Reviewed annually and subject to change, the City's debt management policies currently require the repayment of 40% of principal within five years and 70% of principal within 10 years. Additionally, annual debt service may not exceed 7% of general fund expenditures and variable rate debt outstanding may not comprise more than 20% of the City's total debt portfolio. As of March 1, 2024, the City has no variable rate debt outstanding.

**Table 15. Debt Incurring Capacity
As of March 1, 2024**

	<u>Debt Limit</u>
Normal Debt Limit as of June 30, 2023	\$ 11,318,382,825
Debt Outstanding as of June 30, 2023.....	(1,586,085,890)
Debt Authorized but Unissued as of June 30, 2023	<u>(1,869,259,860)</u>
Available Debt Incurring Capacity under the Debt Limit as of June 30, 2023	\$ 7,863,037,075
New Authorizations approved through March 1, 2024	(938,857,142)
Authorization Adjustments approved through March 1, 2024	(1,267,443)
Principal paid through March 1, 2024.....	<u>109,267,280</u>
Available Debt Incurring Capacity under the Debt Limit as of March 1, 2024	\$ 7,032,179,770

Source: City of Boston Office of Budget Management.

There are many categories of general obligation debt which are not subject to the debt limit and are therefore not included in the Debt Incurring Capacity table above. Some such debt is, however, subject to other debt limits, dollar limitations, or state approval. As of March 1, 2024, the City had a total of \$1.82 billion in debt outstanding, of which \$104.0 million was exempt from the debt limit. As of that date the City also had \$214.2 million of debt that was authorized but unissued and exempt from the debt limit.

**Table 16. Summary of Authorized but Unissued Debt – Within and Outside Debt Limit
As of June 30, 2023 and March 1, 2024***

	<u>Authorized/ Unissued 6/30/23</u>	<u>New Authorizations and Adjustments 7/1/23 to 3/1/24</u>	<u>Authorized/ Unissued 3/1/24</u>
“Within” Debt Limit	\$1,869,259,860	\$699,321,752	\$2,568,581,612
“Outside” Debt Limit	<u>148,951,759</u>	<u>65,290,120</u>	<u>214,241,878</u>
Total:	\$2,018,211,619	\$764,611,872	\$2,782,823,491

* Some columns may not add due to rounding.

Source: City of Boston Office of Budget Management.

Debt Statement

The following table sets forth the City’s outstanding general obligation debt as of March 1, 2024.

**Table 17. Debt Statement as of March 1, 2024
General Obligation Debt ***

<u>Purpose for Which Issued</u>	<u>Principal Outstanding as of 6/30/2023</u>	<u>Issued in Fiscal 2024 as of 3/1/2024</u>	<u>Retired in Fiscal 2024 as of 3/1/2024</u>	<u>Principal Outstanding as of 3/1/2024</u>
General Purpose	\$1,353,917,232	239,357,382	\$(91,997,481)	\$1,501,277,133
MCWT.....	10,428,387	–	(702,818)	9,725,569
Economic Development	8,059,574	10,514	(288,424)	7,781,663
State Urban Development Relocation	52,560,406	9,000,000	(2,307,131)	59,253,276
Schools.....	436,526	–	–	436,526
Public Buildings.....	159,952,226	596,895	(8,301,271)	152,247,850
Public Works.....	99,945,791	1,035,210	(10,061,705)	90,919,295
Cemeteries	33,245	–	(3,988)	29,257
Total	\$1,685,333,387	\$250,000,000	\$(113,662,818)	\$1,821,670,569

* Columns may not add due to rounding.

Source: City of Boston Auditing Department

Debt Service Requirements

The following table sets forth the City’s debt service requirements for general obligation debt for each fiscal year 2021 through 2024. The debt service requirements table shows the gross Debt Service Requirements, offset by revenues received from related sources.

Table 18. Debt Service Requirements—Fiscal 2021-2024 *

Gross Debt Service Requirements Bonded Debt:	2021	2022	2023	2024 (Budget)
Principal.....	\$124,513,912	\$138,878,237	\$139,767,869	\$170,792,818
Interest	<u>51,494,709</u>	<u>49,582,832</u>	<u>60,954,735</u>	<u>70,104,185</u>
Total.....	<u>176,008,621</u>	<u>188,461,069</u>	<u>\$200,722,604</u>	<u>\$240,897,003</u>
Less Revenue Deemed Available From Related Sources: ⁽¹⁾				
1010 Massachusetts Ave Project	2,409,288	2,644,951	2,089,269	–
Pension Management System.....	–	764,640	637,385	45,394
Renew Boston Trust Energy Savings	–	–	973,003	982,733
Premium and Subsidies	3,082,788	2,413,041	234,647	1,896,817
Plus Interest On Temporary Loan Notes and Additional Items:				
Revenue Anticipation	–	–	–	3,000,000
Anticipated Bond Issuance – G.O.	–	–	–	5,416,048
Cost of Issuance	333,123	178,940	157,280	500,000
QSCB of 11/09 Sinking Fund.....	1,454,545	1,454,545	1,454,545	1,454,545
Total Debt Service/Budget Summary.....	<u>\$172,304,213</u>	<u>\$184,271,922</u>	<u>\$198,400,126</u>	<u>\$248,342,653</u>

* Columns may not add due to rounding.

Source: City of Boston Auditing Department and Office of Budget Management.

The related revenues shown in the foregoing Debt Statement and table of Debt Service Requirements are not pledged to the payment of specific indebtedness. However, such revenues may substantially reduce the amount of tax or other revenues of the City that must be raised to pay debt service on the related debt. The City has no debt-related derivatives in its portfolio.

Certain Debt Ratios

The following table sets forth information as March 1, 2024 with respect to the approximate ratio of the City’s long-term general obligation debt to certain economic factors.

**Table 19. Debt Ratios
As of March 1, 2024**

	Amount	Per Capita ⁽¹⁾	Ratio to Assessed Property Value ⁽²⁾	Debt Per Capita as a % of Personal Income Per Capita ⁽³⁾
Gross General Obligation Long-Term Debt ⁽⁴⁾	\$1,821,670,569	\$2,696.19	0.86%	2.78%

(1) Estimated Population as of fiscal 2020: 675,647– Source: U.S. Census Bureau, Population Estimates Program, Vintage 2022 Population Estimates: BPDA Research Analysis Division.

(2) Assessed Property Value equaled \$212.2 billion as of January 1, 2022. State law requires that property be assessed at fair cash value. See “City Revenues—Property Taxes—Revaluation.”

(3) U.S. Department of Commerce, Bureau of Economic Analysis, November 2022, Suffolk County’s 2021 Per Capita Personal Income = \$96,933.

(4) As represented in Table 17: “Debt Statement as of March 1, 2024.”

Source: City of Boston Auditing Department and Boston Redevelopment Authority.

Three-Year Debt Summary

The following table sets forth a three-year summary of the status of the City’s outstanding general obligation debt as of June 30th of each respective fiscal year and certain information concerning the City’s debt service requirements for such fiscal periods.

Table 20. Debt Summary, Fiscal 2021 - 2023
(\$ in thousands)

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Outstanding General Obligation Debt.....	\$1,278,765	\$1,442,722	\$1,685,333
Authorized But Unissued Debt, Budgetary Basis.....	1,730,987	1,689,125	2,018,212
Debt Service, Budgetary Basis.....	171,791	184,093	198,243
Debt Service as a % of Total General Fund Revenues, and Other Available Funds, Budgetary Basis.....	4.8%	4.8%	4.7%
Debt Service as a % of Total General Fund Expenditures, Budgetary Basis...	4.8%	4.8%	4.9%
Debt Service as a % of Total Net Tax Levy, Budgetary Basis	6.4%	6.6%	6.7%
Bonds Issued:			
General Obligation – New Bonds	\$180,545	\$335,215	\$350,000
General Obligation – Refunding Bonds	90,575	–	–
Total Bonds Issued.....	<u>\$271,120</u>	<u>\$335,215</u>	<u>\$350,000</u>

Source: City of Boston Auditing Department.

Short-Term Borrowings

Although the City is authorized to borrow for operating purposes through the issuance of short-term notes in anticipation of revenue receipts, it has not done so in several years. In addition, the City is authorized to issue short-term debt obligations or Bond Anticipation Notes (“BANs”) in anticipation of the issuance of long-term bonds. Currently, no BANs are outstanding.

Special Obligation Debt

In addition to general obligation indebtedness, the Bond Procedure Act of 1983 and various other special acts authorize the City to incur indebtedness which is secured by and payable solely from certain revenues of the City which are pledged for the payment of such indebtedness or which are subject to annual appropriation by the City for such purpose. As of March 1, 2024, the City has no special obligation debt.

Debt of Agencies Related to the City

In addition to general obligation and special obligation indebtedness of the City, the City and certain agencies related to the City are authorized to issue debt which is solely an obligation of the agency or which, although issued by the City, are payable solely from revenues derived from projects financed by such debt. Except as indicated below, such obligations do not constitute a debt of the City.

Boston Water and Sewer Commission

The Boston Water and Sewer Commission (“BWSC”) is an independent body politic and corporate and a political subdivision of the Commonwealth created in July 1977. The BWSC, among its other powers, is authorized to operate and maintain the water and sewer systems of the City, construct improvements to the systems, collect user charges for its services, and finance its activities and its borrowing through its revenues. The City is not obligated on debt issued by the BWSC. The BWSC’s user charges, as required by statute, are designed to produce revenues to the BWSC sufficient to pay all of its current operating and capital expenses. These user charges are anticipated to increase moderately. The City’s property tax base is not used to subsidize water and sewer services.

Economic Development and Industrial Corporation of Boston

The Economic Development and Industrial Corporation of Boston (“EDIC”) is a body politic and corporate and an instrumentality of the Commonwealth with a board of five members, also appointed as the members of the Boston Planning & Development Agency (“BPDA”). EDIC has a variety of powers to assist industrial development projects in the City including the power to issue special obligation revenue bonds to finance economic development projects in the City, which are solely the obligation of EDIC, or the owner or

lessee of the financed project. The City is also authorized to appropriate or borrow monies in aid of EDIC development projects within certain urban renewal debt limitations.

Boston Planning and Development Agency

The Boston Redevelopment Authority (“BRA”) d/b/a Boston Planning and Development Agency (“BPDA”) is a public body politic and corporate constituting the City’s redevelopment authority. It acts as the City’s planning board and exercises certain powers of the state Department of Housing and Community Development. The BPDA board consists of four members appointed by the Mayor, subject to confirmation by the City Council, and one appointed by the state Department of Housing and Community Development. The staff includes architects, economists, engineers, lawyers and urban planners, as well as management personnel and administrative support. The BPDA provides the planning support for major construction, development and redevelopment activity in the City. Although the BPDA is authorized to issue revenue bonds and notes which would not constitute indebtedness of the City, BPDA projects have traditionally been financed through a combination of federal and state grants, the proceeds of general obligation bonds issued by the City and revenues from the lease or sale of land.

Boston Public Health Commission

The Boston Public Health Commission is a body politic and corporate and a political subdivision of the Commonwealth created in June 1996 as the successor to the City’s Department of Health and Hospitals. See “The City—Principal Government Services—Public Health.” The BPHC is responsible for the implementation of public health programs in the City and serves as the board of health of the City. In addition to its other powers, the BPHC is authorized by its enabling act, with the approval of the City Council and the Mayor, to borrow money for any of its corporate purposes from the City or from the Massachusetts Health and Educational Facilities Authority. Debt of the BPHC is not a debt or other obligation of the City. The BPHC has no debt currently outstanding.

The BPHC has required, and can be expected to continue to require, substantial financial support from the City to maintain its public health mission and programs.

Other Agencies and Corporations

Two other public bodies are empowered, either by themselves or through the City, to issue special obligation revenue bonds. The Boston Housing Authority (“BHA”) is responsible for the construction, financing and operation of residential housing for low-income persons. While the City provides certain municipal services to BHA developments, and capital expenditures for City infrastructure related to those developments, the City is not directly or indirectly liable for operating or debt service expenses of the BHA. The City, acting by and through the Boston Industrial Development Financing Authority, is authorized to issue revenue bonds to finance the construction of industrial, commercial and pollution-control facilities. The City has also traditionally provided financial assistance to a number of nonprofit corporations organized to provide and conduct civic and charitable functions for residents and visitors to the City and to stimulate the economic development of the City.

In addition, two nonprofit corporations, the Dudley Square Realty Corporation (“DSRC”) and the Ferdinand Building Development Corporation (“FBDC”), were formed by the City in October 2011 in order to make the Dudley Municipal Building Project — now named the Bruce C. Bolling Building — eligible for New Market Tax Credit (“NMTC”) financing. DSRC and FBDC are under the control of the City. The City’s capital budget and general obligation bond proceeds were the primary project funding source, but in order to reduce City general obligation funding for the building by approximately \$8 million, all funding flowed through the NMTC financing structure and until the time of retirement of NMTC loans, ownership of the building is retained by DSRC, with FBDC as sublandlord to the City (for the BPS occupied space) and to the limited amount of commercially leased space. Lease payments due by the City for the BPS occupied space flow to DSRC, which utilizes the payments to pay for the project’s NMTC qualified low-income community investment loans. The annual lease payment was reflected in the City’s general obligation debt service requirements. The NMTC loans were retired in December, 2019. Ownership of the building remains with DSRC, although no further lease payments are required to be made.

Major Contractual Obligations

In addition to its debt obligations, the City has substantial contractual obligations. Included in this category are the City’s obligation for pension benefit payments to its contributory retirement system for City employees and other post-employment benefits which are included in the annual tax levy (see “Employee

Benefits”); and agreements for the provision of sanitation, solid waste collection and disposal services (see “The City—Principal Government Services—Public Works”). The City has also executed equipment lease agreements in order to finance the acquisition of departmental equipment. As of March 1, 2024, the amount outstanding under the lease agreements equals \$94.7 million. Lease payments are subject to annual appropriation and are not included in the City’s debt statement and other related debt tables shown above.

The City has also entered into transactions for four development programs under the Commonwealth’s Infrastructure Investment Incentive (“I-Cubed”) program. See Note 17 to the City’s audited financial statements for the fiscal year ended June 30, 2023, which are attached as Exhibit I to this Appendix A, for information regarding this program and the City’s contingent obligations under it.

Capital Planning & Borrowing Program

Capital Planning Process

The capital planning process coincides with the annual budget cycle and provides an opportunity for City departments to identify their facility, equipment, infrastructure, technology and planning needs in a systematic manner and to forward their proposals to the Office of Budget Management (“OBM”) for funding consideration. The first phase concludes with the release of an updated five-year capital plan published as part of the City’s annual budget document. The process allows for a continuing reassessment of capital needs. On April 12, 2023, the Mayor submitted the fiscal 2024 budget to the City Council and filed \$985.3 million in new capital authorizations that were subsequently approved by the City Council. The next capital plan is expected to be released in April 2024.

Capital Funding Plan

The City funds its capital plan primarily through general obligation bonds, other City sources including appropriations from the Surplus Property Fund and the Parking Meter Fund, as well as external grants. The fiscal 2024-2028 plan assumes \$2.07 billion in new general obligation borrowings over the next five years. The capital plan in development for fiscal 2025-2029 is likely to propose a borrowing plan of approximately \$2.14 billion and remains within the City’s capacity to fund debt service and is in line with current debt management policies. The City awards construction contracts and incurs capital outlay costs based upon appropriations funded from bond proceeds and grant receipts. In circumstances where project expenditures occur prior to the receipt of bond proceeds or grant reimbursements, the City temporarily pays such costs from available funds.

Current Capital Investment Plans

The fiscal 2024-2028 capital plan makes critical investments in the City’s infrastructure in every neighborhood. Construction is underway on two new school facilities: a \$223 million project for the Josiah Quincy Upper Pilot School (open in September 2024) and a \$111 million project for the Carter School (open in September 2025). The Boston Public Schools have completed a comprehensive facilities condition assessment of all their buildings. In addition, through a school design study a set of programming and design recommendations for PreK-6 and 7-12 schools was developed to guide future renovation and construction projects. Other early actions included a programming study for the City’s technical vocational high school. The City is also making school district-wide investments in bathrooms upgrades as well as roof, masonry, and doors and windows improvements.

Major investments are underway or were completed in the City’s parks system including a \$9.9 million renovation of Malcolm X Park, an ongoing \$18.8 million renovation of Copley Square Park, \$23 million that will be invested in Boston Common, and \$23 million in Franklin Park. Design and facility programming is currently underway for replacing several branch libraries. The construction of a new fire station in Dorchester will be completed by the end of 2024.

Investments in infrastructure reflect a focus on making the City’s roads and sidewalks safer for all users, particularly pedestrians and cyclists, travel that is more reliable, and quality transportation choices that improve access. The capital plan focuses on roadway corridors, safe crossings, and traffic calming measures on residential streets and in small-business districts, roadway resurfacing and reconstruction, sidewalk repairs, pedestrian ramp installations and other work needed to maintain a state of good repair. Rehabilitation or replacement of bridges is another area where the City is making substantial infrastructure investments.

The City is making progress in advancing its climate resilience strategy to reduce the City’s risk to short and long-term climate change impacts including sea level rise, increased precipitation, and more extreme temperatures and storms. The challenges from climate change are substantial and complex but can

be addressed through actions that support the City’s vitality and livability. Leveraging outside funding, the capital plan supported the development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, such as Charlestown, East Boston, South Boston, and Dorchester. These plans are essential for protecting the safety of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. Already, planning is underway to enhance the resilience of waterfront parks and advance designs for coastal flood protection in areas with near-term flood pathways such as Lewis Street and Carlton Wharf in East Boston. Plans related to urban forestry and heat resilience plans were recently completed and will inform future capital investments. See also “OTHER MATTERS – “Climate Action, Energy Management and Resilience” below.

In addition to the initiatives described above, the capital plan supports the Boston Housing Authority (the “BHA”) in projects that will preserve, replace, and create affordable housing units in Charlestown, East Boston, Jamaica Plain, and other neighborhoods. Through fiscal 2024, the City has authorized or appropriated \$203 million for these improvements.

The City expects annual capital expenditures and borrowing to increase in coming years as the initiatives described above move forward. In view of the economic and social benefits of consistent, long-range capital planning, the City remains committed to implementing its capital program, subject to available resources, including maximizing funding from state and federal sources and where appropriate, private funding sources, and an on-going assessment of the City’s needs and priorities.

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SECTION 5: EMPLOYEE BENEFITS

Retirement Systems

Employees of the City of Boston are not participants in the federal social security system; instead, the City participates in a contributory defined benefit retirement system that is administered by the Boston Retirement System (“BRS” or “System”). The BRS is a cost sharing multiple-employer qualified defined benefit governmental pension plan as defined by federal law and is governed by the provisions of Massachusetts General Law Chapter 32. The BRS is administered by a five-member board: the City Auditor, who serves *ex-officio*; two individuals elected by members of the System; an individual chosen by the Mayor; and an individual chosen by the other four members or appointed by the Mayor if the other four members do not agree on a selection within 30 days of a vacancy. Retirement payments are issued on a monthly basis and payments are funded through a combination of mandatory pay deductions from current employees, employer contributions, Commonwealth appropriations and investment earnings.

In addition to appropriation payments to cover current and future benefit payments of City employees covered by the BRS, the City funds the benefit provisions of Massachusetts General Laws Chapter 32 as applied to non-contributory retirees and beneficiaries whose employment predates the BRS; Section 100 death benefit recipients; and the provisions of applicable Massachusetts Special Acts. These retirees and beneficiaries receive benefits for their lifetime.

The City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB No. 68*, which extends the financial reporting requirements to pension benefits provided outside a trust or equivalent agreement. The Accounting Valuation Report for the City’s Non-contributory and Special Legislation Retirees as of June 30, 2023 reports that the City is providing such benefits to 39 pensioners as of July 1, 2022. These benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$4.6 million. Since the benefits of these pensioners and beneficiaries are not pre-funded, the Plan’s fiduciary net position is \$0, and therefore the net pension liability is equal to the total pension liability. The City’s net pension liability for the noncontributory retirees and beneficiaries is \$109.7 million, as of June 30, 2023. As of January 1, 2023, the City is providing such benefits to 31 pensioners; these benefits are funded on a pay as you go basis with monthly pension payments of \$310,184.

On December 4, 2008, the City, the BRS, the Public Employee Retirement Administration Commission (“PERAC”), and the Commonwealth entered into a memorandum of agreement to transfer the direct responsibility for funding the liability of Boston teachers’ pensions to the Commonwealth effective fiscal 2010; legislation mirroring this agreement was signed into law on May 22, 2010. Among the significant transactions which took place shortly after passage of the legislation were: a) the BRS transferred 27% of the market value of its assets to the Pension Reserve Investment Trust (“PRIT”) Fund as the portion of the BRS assets related to Boston teacher pension liability according to a valuation accepted by all parties in the aforementioned memorandum of agreement, and b) the last reimbursement originally scheduled to go to the City’s General Fund, \$126.9 million, was directly deposited with the BRS to reduce the BRS—Excluding Teachers unfunded liability. The BRS continues to administer pension services for all Boston teacher employees, retirees and beneficiaries. The legislation eliminated the three-party (BRS/Commonwealth/City of Boston) transaction, based partly on outdated pay-as-you-go methodology, and replaced it with a more financially sound two party (BRS/Commonwealth) transaction that clarifies ownership of the liability and is based upon current year, actuarially calculated funding.

Chapter 61 of the Acts of 2009, as amended, transferred approximately 1,000 employees of the Suffolk County Sheriff’s Department to the Commonwealth effective January 1, 2010. All current and future Suffolk County Sheriff employees became members of the State Retirement System and are now the fiscal responsibility of the Commonwealth. Former employees of the Suffolk County Sheriff’s Department, who retired prior to January 1, 2010, remain members of the BRS and their respective pension liability remains the obligation of the City.

The following table reflects amounts expended or budgeted by the City for pension payments for fiscal 2020 through fiscal 2024. These numbers include contributions for both contributory and non-contributory members. The contributory numbers are primarily driven by amortization of the BRS unfunded liability, which is on a schedule that targets reducing this liability to zero by fiscal 2027, 13 years earlier than the statutory deadline at the end of fiscal 2040.

**Table 21. City of Boston Pensions and Annuities Costs
(Budgetary Accounting Basis)
(\$ in millions)**

Fiscal Year Ending June 30	BRS Contributory System	Predecessor/ Noncontributory System	Net Pension Cost	Percentage of Total General Fund Expenditures
2024 (Budgeted)	\$390.6	\$4.2	\$394.8	9.2%
2023	353.9	3.9	357.8	8.9
2022	323.6	3.3	327.0	8.5
2021	292.1	3.4	295.5	8.2
2020	280.6	3.5	284.1	8.2

Source: City of Boston Office of Budget Management

The City’s fiscal 2024 budgeted contribution of \$390.6 million includes \$375.2 million allocable to City employees, other than teachers, \$15.0 million allocable to the Boston Water and Sewer Commission (BWSC) of which approximately \$8.0 million will be reimbursed to the City for employee service accrued after BWSC became an independent commission, and \$0.4 million allocable to the Boston Public Health Commission (BPHC). BPHC’s contribution towards their pension obligation in fiscal 2024 totals \$29.4 million. BPHC’s fiscal 2024 pension obligation is paid in large part from BPHC’s fiscal 2024 general fund appropriation in the amount of \$23.3 million while the remainder is funded by grant resources. The City accepted Chapter 269 of the Acts of 2022, a local option to increase the fiscal 2023 Cost of Living Adjustment (COLA) from 3% up to 5%. This one-time COLA added approximately \$26.6 million to the unfunded pension liability and an increase to the fiscal 2023 payment of approximately \$5.4 million, as well as increased costs to the 2024 payment of \$5.6 million. A 3% COLA is assumed in the most current funding schedule.

The actuarial accrued liability of the BRS exceeds the actuarial value of the assets of the BRS as of the most recent valuation dated January 1, 2022. The following table summarizes the results of the last four actuarial valuations for BRS—Excluding Teachers.

**Table 22. Summary of Actuarial Valuation—BRS, Excluding Teachers
(\$ in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c)
January 1, 2022	\$6,768,562	\$8,217,718	\$1,449,156	82.40%	\$1,130,019	128.20%
January 1, 2020	5,703,890	7,545,117	1,841,217	75.60	1,063,526	173.1
January 1, 2018	5,038,742	6,550,967	1,512,225	76.92	978,060	154.6
January 1, 2016	4,440,480	5,924,067	1,483,587	74.96	909,133	163.2

Source: Boston Retirement System.

The most recent actuarial valuation is as of January 1, 2022 (the “2022 Valuation”) and is available at <https://www.boston.gov/departments/retirement>. The January 1, 2022 valuation assumes a long-term rate of return of 6.9% for BRS—Excluding Teachers assets. The long-term rate of return assumption was lowered from 7.05% to 6.9% beginning with the 2022 Valuation. The actuarial valuation of assets is determined annually by recognizing 20% of gains or losses, and to the extent necessary, by also recognizing any additional portion of gains or losses, which keeps the actuarial valuation of assets between 80% and 120% of market value. The net effect is a smoother trend of annual pension funding during volatile short-term periods of asset gains or losses. The following table shows the market and actuarial value of the plan’s non-teacher assets.

**Table 23. Value of Plan Assets – BRS, Excluding Teachers
(\$ in thousands)**

Actuarial Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Value as Percentage of Market Value
January 1, 2022	\$7,130,505	\$6,768,562	94.9%
January 1, 2020	5,583,428	5,703,890	102.2
January 1, 2018	5,072,440	5,038,742	99.3
January 1, 2016	4,108,995	4,440,480	108.1

Source: Boston Retirement System.

As of January 1, 2024, the estimated market value of assets not held for teacher benefit payments was \$7.25 billion. This amount is an estimate based upon then current market values of certain assets held by the BRS and prior period values for certain other assets for which the current market value is not readily ascertainable. This amount is unaudited and subject to change. It should be noted that the annual required contribution of the City is based, in part, upon the actuarial value of assets, not market values. This is commonly done in computing annual funding requirements in order to prevent extreme fluctuations that might otherwise arise from temporary or cyclical economic and market conditions.

In accordance with Chapter 68 of the Acts of 2007, the state regulatory agency for pensions, PERAC, annually reviews the investment performance and funded ratio of systems as of January 1st. If a system is: (i) less than 65% funded, and (ii) has trailed the investment performance of the PRIT fund by 2% or more on an average annualized basis over the previous ten-year period, PERAC will declare the system underperforming and the system shall transfer its assets to the PRIT fund. For reasons unrelated to Chapter 68, the BRS–Teachers assets are invested in the PRIT fund; the BRS–Excluding Teachers is currently funded at 82.4% based on the actuarial value of assets.

For additional information concerning a comparison of the market value of assets and investment return to the actuarial value of assets and investment return for the period 2006 through 2021, see Exhibit G in Section 4 of the 2022 Valuation referenced above. The City is currently committed to a funding schedule for fiscal 2024 and 2025 that is based on the most recent actuarial valuation, incorporating asset and liability data as of January 1, 2022. The funding schedule is calculated in accordance with the entry age actuarial cost method and includes paying the current year’s present value of benefits earned during the year (“normal cost”) and an annual contribution toward eliminating the unfunded liability of the BRS by 2027, 13 years ahead of the statutory deadline at the end of fiscal 2040.

Many variables are in play with each new valuation, and the actuary’s recommendations and consultation with the City are part of a careful planning process that precedes the BRS final approval of the valuation and funding schedule. In the 2022 Valuation, salary increase assumptions for all employee groups for the BRS, excluding teachers, did not change, and the mortality assumptions were updated to Scale MP-2021. In the 2022 Valuation, the BRS lowered the investment long-term rate of return assumption from 7.05% to 6.9%. The administrative expense assumption was lowered from \$7.7 million to \$7.28 million for calendar year 2022. The change in assumptions increased the unfunded liability by \$110.1 million and increased the normal cost by approximately \$6.5 million for the BRS excluding teachers.

The City currently expects to fully amortize the unfunded actuarial accrued liability by June 30, 2027. In connection with lowering its long-term rate of return assumption to 6.9%, the City extended the end date for full amortization from 2025 to 2027. The 2022 Valuation sets forth the aggregate funding schedule from 2023 through 2027 for the BRS, excluding teachers. The City’s contributions for the amortization of the unfunded liability are estimated to increase from the \$370.8 million budgeted amount in fiscal 2022 to \$520.6 million in fiscal 2026 and then would decrease to \$354.0 million in fiscal 2027. The City’s total employer contributions each year will also include the normal costs for each year and will also reflect certain annual savings from prior year additional payments. This schedule is illustrative only. The actual annual contributions will differ due to the actual circumstances that will occur in the future and that will likely vary from the assumptions used in the 2022 Valuation. For example, the estimated rate of return on assets for the year ended December 31, 2022, -9.5%, was below the assumed rate of return of 6.9%. The City believes that its current pension funding schedule, with its conservative salary growth assumptions, is sufficient to absorb the long-term impacts of collective bargaining awards. The funding schedule assumes a 4.0% salary growth assumption for general service employees, a 4.25% salary growth assumption for certain employees with hazardous occupations, and a 4.5% salary growth assumption for public safety officers. The City’s pension liability is reevaluated every two years and adjustments are made to the funding schedule, as needed. The next valuation will be as of January 1, 2024. The expected delivery date is June 2024.

In June 2012, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which sets forth new standards that modify the accounting and financial reporting of the City’s pension obligations. The new standard for governments that provide employee pension benefits requires the City to report in its statement of net position a net pension liability (“NPL”), defined as the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the fiduciary net position of the Plan determined based on U.S. Generally Accepted Accounting Principles set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. The rate used to discount projected benefit payments to their present value is based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specified conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate based on tax-exempt 20-year AA or higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met. The date after which a yield or index rate on tax-exempt 20-year AA-or-higher rated municipal bonds is required to be used is referred to as a “crossover date.”

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* standard was effective commencing with the City’s fiscal 2015. The Total Pension Liability (“TPL”) and plan’s fiduciary net position as of December 31, 2022 for the BRS, including teachers were approximately \$13.3 billion and \$8.5 billion, respectively, which results in a Net Pension Liability (“NPL”) of approximately \$4.8 billion as of December 31, 2022, equivalent to an NPL of \$3.5 billion as of December 31, 2021. The portion of the BRS NPL allocable to the City reported at June 30, 2023 is approximately \$1.8 billion, which amount includes the NPL associated with City employees, excluding teachers. The BRS did not experience a “crossover date” in connection with determination of the NPL and accordingly, the measurement of the City’s NPL for fiscal 2023 assumes a 6.9% discount rate which is the same as the expected rate of return of Plan investments for the BRS, excluding teachers. The annual money-weighted rate of return, net of investment expense for the BRS for the year ended December 31, 2023 is estimated at 11.92%. The comparable rate of return as of December 31, 2023 is currently estimated at 11.1%.

Implementation of GASB Statement No. 68 also requires setting forth the sensitivity of the City’s net pension liability using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City’s net pension liability to approximately \$2.6 billion and a 1% increase would decrease it to approximately \$1.1 billion.

While GASB Statement No. 68 changes the way state and local governments report pension benefits in their financial statements it does not impact pension funding requirements or contribution amounts. To date, the City has contributed to the BRS 100% of the amounts required to be so contributed, as determined in accordance with actuarial valuations and a funding schedule established pursuant to state law, which are approved by PERAC, and the City expects to continue to do so. As noted above, the City currently intends to fully fund its unfunded actuarial accrued liability by June 30, 2027.

In connection with the implementation of GASB Statement No. 68, the BRS prepared a document called “Schedules of Employer Allocations and Pension Amounts by Employers,” which was audited by Ernst & Young LLP, independent auditors for the BRS. These schedules are based on financial information pertaining to the BRS as of December 31, 2022.

The schedules are available at <https://www.boston.gov/departments/retirement>, along with the most recent actuarial valuation reports and audited financial statements of the BRS. See also Note 12 to the City’s fiscal 2023 audited financial statements attached hereto as Exhibit I.

Other Post Employment Benefits

In addition to the pension benefits described above, the City provides post-employment health care and life insurance benefits on a pay-as-you-go basis to approximately 15,000 City (including teachers) and BPHC participating retirees and their beneficiaries.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities to the extent applicable. This Statement was effective for fiscal years beginning after June 15, 2017.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2023 for the City

were approximately \$3.3 billion and \$940.3 million, respectively, which results in a Net OPEB Liability (“NOL”) for the City of approximately \$2.34 billion as of June 30, 2023 compared to an NOL of \$2.31 billion as of June 30, 2022. The measurement of the City’s NOL for fiscal 2023 assumes a 6.25% discount rate. The annual money-weighted rate of return, net of investment expense for the City for the year ended June 30, 2023 was approximately 9.2%.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2023 for BPHC were approximately \$122.03 million and \$41.2 million, respectively, which results in a Net OPEB Liability (“NOL”) for BPHC of approximately \$80.8 million as of June 30, 2023 compared to an NOL of \$78.4 million as of June 30, 2022. The measurement of the BPHC’s NOL for fiscal 2023 assumes a 6.25% discount rate. Similarly, the annual money-weighted rate of return, net of investment expense for BPHC for the year ended June 30, 2023 was 9.2%.

Implementation of GASB Statement No. 75 requires setting forth the sensitivity of the NOL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City’s NOL to approximately \$2.80 billion and a 1% increase would lower it to approximately \$1.97 billion. A 1% decrease would increase the BPHC’s NOL to approximately \$99.3 million and a 1% increase would decrease it to approximately \$65.7 million.

In addition, implementation of GASB Statement No. 75 also requires setting forth the sensitivity of the NOL using an assumed health care cost trend rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would decrease the City’s NOL to approximately \$1.88 billion and a 1% increase would increase it to approximately \$2.93 billion. A 1% decrease would decrease the BPHC’s NOL to approximately \$62.0 million and a 1% increase would increase it to approximately \$104.8 million.

While GASB Statement No. 75 changes the way state and local governments report other post-employment benefits in their financial statements, it does not impact OPEB funding requirements or contribution amounts. In fiscal 2008, the City began voluntary annual appropriations to reduce its OPEB liability. Annual appropriations are retained in an irrevocable trust fund, which is authorized through the City’s acceptance of M.G.L. Chapter 32B Section 20, and is established under a trust agreement between the City and the City’s Collector-Treasurer as trustee and custodian. The City has procured investment consulting services in order to optimize investment of the OPEB Trust Funds. The aggregate amount on deposit in the OPEB Trust Funds as of June 30, 2023 was \$981.5 million.

An actuarial valuation of the City’s and the BPHC’s other post-employment benefits was performed as of June 30, 2021. The increase in the unfunded actuarial accrued liability (UAAL) from June 30, 2019 to June 30, 2021 was due to the net effect of a number of factors. The UAAL had been expected to increase by approximately \$67.0 million, from \$2,128.0 million as of June 30, 2019 to \$2,195.0 million as of June 30, 2021. The actual unfunded liability of \$2,194.0 million is \$1.0 million less than expected due to the net impact of assumption changes.

If the City and the BPHC were to fund the actuarially determined contribution, the required funding for fiscal 2023 would have been \$221.5 million, of which \$90.6 million represents the normal cost and \$130.9 million represents amortization of the unfunded actuarial determined liability. The City’s actual appropriation for fiscal 2023 was \$179.8 million, which amount included \$42.25 million deposited into the City’s OPEB Trust Funds.

The June 30, 2021 valuation projected that the City and the BPHC (the funding for which is appropriated by the City to the BPHC as part of its overall departmental budget) will pay benefits (net of retiree contributions) on behalf of current retired employees of approximately \$137.5 million in fiscal 2023, on a pay-as-you-go basis (as compared to \$127.0 million in fiscal 2022). Along with the previously mentioned additional appropriation to the trust funds from both the City and the BPHC totaling \$42.25 million in fiscal 2023, the City and the BPHC funded approximately 81.0% of the actuarially determined contribution in fiscal 2023.

The June 30, 2021 actuarial valuation projected that the City’s and the BPHC’s pay-as-you-go benefit payments will increase to approximately \$385.0 million in fiscal 2043, as compared to an actuarially determined contribution of \$289.6 million in fiscal 2043. If the City continues to make an annual additional appropriation of \$40.0 million through fiscal 2027 and \$100.0 million annually thereafter, the obligations are predicted to be fully funded in fiscal 2044, if all assumptions are met and there are no future changes in assumptions or the plan of benefits. When the obligations are fully funded, the City expects to continue to fund the normal cost into the trust fund and pay the projected benefits (net retiree contributions) on behalf of

current retired employees from the trust fund.

The funding schedule for BPHC reflects their policy to contribute an additional annual amount of \$2.25 million. This projected contribution will not fully fund the obligation over a 30-year period.

The projections for the City and the BPHC are illustrative only of the currently expected funding schedule. The actual funding schedule will be different due to the actual circumstances that will occur and that will likely vary from the assumptions used in the June 30, 2021 valuation.

The Trust Fund Financial Statements for the OPEB plan for the fiscal year ended June 30, 2023 may be found in the “Other Post Employment Liability Trust Fund (“OPEB”) available at <https://www.boston.gov/departments/auditing>. Additional information regarding the City’s OPEB obligations as of June 30, 2023 may be found in the “Actuarial Valuation Reports,” available at <https://www.boston.gov/departments/auditing>. For additional information related to OPEB, also see Note 13 to the City’s fiscal 2023 audited financial statements attached hereto as Exhibit I.

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SECTION 6: OTHER MATTERS

New Arrivals

In the summer of 2022, the City started to see an uptick in the number of new arrivals from South America, Central America and Haiti. This increase was reflective of a larger trend taking place through the Commonwealth of Massachusetts and around the country. The City of Boston worked with local and State partners to provide temporary housing assistance to individuals and families, before transitioning eligible applicants to the state's Emergency Assistance family shelter system. The Commonwealth's Emergency Assistance family shelter system is run by the Executive Office of Housing and Livable Communities, and has been running since the 1983 "Right to Shelter Law" required the Commonwealth of Massachusetts to provide shelter to eligible homeless families and pregnant women.

The Commonwealth of Massachusetts declared a state of emergency in August of 2023 due to increasing demands on the shelter system when capacity hit 5,800 families. On November 1, 2023 the Commonwealth has implemented a cap of the Emergency Assistance family shelter system due to space constraints.

The City of Boston's financial impact related to New Arrivals to date has primarily been to support the purchasing of temporary hotel and motel rooms of new arrivals until transitioned to state programs through the City of Boston's Mayor's Office of Housing. The City of Boston spending has come primarily from federal funding including the American Rescue Plan for emergency assistance for migrants and the Federal Emergency Management Agency (FEMA) through the Emergency Food and Shelter and Shelter and Services Programs.

COVID-19 Status

The federal government has provided multiple sources of direct funding to the City in response to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, became law on March 27, 2020. Boston received a direct payment under the CARES Act totaling \$120.8 million. The City fully expended all CARES-CRF funds and completed the final report on June 30, 2022.

In addition to CARES Act funding, the City Council has approved orders totaling \$16 million in emergency response funding for the COVID-19 emergency from the Federal Emergency Management Agency (FEMA) provided through the Commonwealth of Massachusetts. The CARES Act also provided \$32 million to the City in Elementary and Secondary School Emergency Relief (ESSER) Fund for K-12 education.

The second stimulus bill, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), provided an additional \$123 million of Elementary and Secondary School Emergency Relief (ESSER II) funding to the Boston Public Schools, as well as a new Emergency Rental Assistance program awarded to the Mayor's Office of Housing.

The American Rescue Plan Act of 2021 (ARPA), which became law in March 2021, has provided another significant federal resource to the City. The City is a recipient of a direct payment totaling \$558.7 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding, a program within ARPA. Eligible uses of ARPA-SLFRF funding are broader than CARES-CRF funding and include: revenue replacement to strengthen support for vital public services and help retain jobs, urgent COVID-19 response efforts, assistance to small businesses, households, and hard-hit industries, and addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations.

In partnership with the Boston City Council, the City has already appropriated \$551.7 million to continue the response to the COVID-19 pandemic and to help drive an equitable recovery for all Boston residents. The City has set aside \$7 million in reserve for future use. As of December 31, 2023, \$269 million has been expended, \$83 million is obligated, and \$195 million is available.

In addition to ARPA-SLFRF, ARPA provides an additional \$276 million for ESSER III for K-12 education and an additional \$30 million for Emergency Rental Assistance.

Climate Action, Energy Management and Resilience

As a coastal city, Boston is exposed to the effects of rising sea levels, coastal flooding and increasingly extreme weather conditions, all of which may adversely affect the property of the City, its businesses and residents in the future. For example, the City has experienced more "nuisance" or "sunny day" flooding at high tide than in the past. In August 2022, the National Oceanic and Atmospheric Administration ("NOAA")

released its 2022 outlook regarding the state of high tide flooding nationwide and projected much more frequent high tide flooding between 2022 and 2050. For Boston, NOAA projected the average number of high tide flood days increasing from 11-18 in 2022 (there were 6 in 2000 and 7 in 2021) to 50-70 by 2050.

As part of the Climate Ready Boston initiative described below, the City periodically reviews climate projections and risks and update projections as part of its planning and risk mitigation efforts. For example, in June 2022, the Greater Boston Research Advisory Group, headed by researchers from UMASS-Boston, released a report entitled “Climate Change Impacts and Projections for the Greater Boston Area.” The report summarizes certain findings on climate risk factors pertinent to Greater Boston, specifically storms, precipitation, flooding and groundwater, temperature, and sea level rise, in order to assist planning efforts to address these issues. The report notes, among other matters, that the relative sea level in Boston is rising at an accelerating pace, but also finds that most of greater Boston’s extreme flooding events are caused by winter storms that coincide with anomalous high tides, with sea level rise likely to cause more frequent flooding during extreme storms and more frequent “nuisance” flooding days.

The City has developed a number of initiatives in recent years to manage the changing environment and to make the City’s infrastructure and property, including that of its businesses and residents, more resilient and better able to withstand these effects. Climate change is an ongoing and evolving process and while many of its longer-term impacts cannot yet be accurately predicted.

The City’s efforts to address these changes include:

- The City’s Climate Action Plan;
- Climate Ready Boston; and
- Mayor Michelle Wu’s Green New Deal for Boston.

The Chief of Environment, Energy and Open Space and the Chief Financial Officer are charged with making decisions regarding the City’s procurement, use, and conservation of energy. In addition, the Chief of Environment, Energy and Open Space monitors the City’s progress in meeting the greenhouse gas reduction and climate resiliency goals required by the initiatives listed above.

The Environment, Energy and Open Space Cabinet works with departments across the City to implement the Boston Climate Action Plan and develop policies, design standards and operational guidelines which will reduce carbon emissions from the City’s operations and increase resilience. In October 2021, with the adoption of a citywide carbon under the Building Emissions Reduction and Disclosure Ordinance, all buildings in Boston 20,000 square feet and larger, will be subject to declining emissions standards that put them on the path to achieve net zero by 2050. This policy is expected to eliminate 37 million metric tons of Greenhouse Gas emissions by 2050. All buildings under jurisdiction also need to report their emissions, energy and water use data to the City annually enabling it to track progress. The Chief of Environment, Energy and Open Space supports other initiatives that will improve the energy performance of all buildings in Boston, including municipal buildings, including a new Zero Net Carbon Zoning Initiative underway at the Boston Planning and Development Agency and the advanced energy technologies policies included in the Boston Smart Utilities Policy required by the development review process required by the Boston Zoning Code. Other Green New Deal initiatives include increased access to public transportation and mode shift, municipal fleet electrification, and citywide electric vehicle (EV) charging infrastructure. Boston has hired a Green New Deal Senior Advisor who works closely with the Chief of Environment, Energy and Open Space to support expansion of the City’s cross-departmental approach to climate and equity-led governance.

The Municipal Energy Unit is housed within the Environment, Energy and Open Space Cabinet, and works with City operating departments, the Public Facilities Department and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City’s buildings and other fixed assets. A significant Green New Deal initiative that will be led by the Municipal Energy Unit will be to develop and implement a strategy to procure 100% renewable energy for municipal needs. This work will build on the City’s record of cost-effective purchasing of its electricity requirements from third-party suppliers, which it has undertaken since March, 2005 and has documented cumulative savings of \$50.1 million from fiscal 2015 through the first quarter of fiscal 2024 compared to the amount it would have paid to its local electric utility to supply identical quantities of electricity. Similarly, it has accrued \$4.45 million in savings on natural gas purchases during the term of a 31-month fixed-price supply contract compared to what it would have paid to the local gas utility.

Among other things, the Municipal Energy Unit is responsible for an initiative entitled “Renew Boston Trust.” The Renew Boston Trust (“RBT”) is not a trust in the traditional sense, but a program to identify and finance municipal utility cost saving projects. The initiative commenced with the selection of an Energy

Service Company (“ESCO”) to conduct Investment Grade Audits (“IGAs”) of the City’s facilities portfolio and identify projects with sufficient utility savings potential. The City selects utility cost savings projects based upon the IGA analysis and the ESCO that conducted the audits provides a long-term financial guarantee on the net savings it has projected for those projects. The City finances the program with general obligation bonds with debt service offset by the long-term energy savings guaranteed by the ESCO. Beginning in fiscal 2019, the City implemented energy conservation improvements in 14 buildings. The second phase of RBT is underway for 31 buildings and is expected to be completed in 2024. Work has begun on 11 buildings as part of the third phase and that work is expected to be complete in 2025. The ESCO has guaranteed an annual utility cost savings of approximately \$2.3 million for the first three phases of Renew Boston Trust. It is expected to reduce approximately 3,700 metric tons of carbon equivalent each year.

In addition, the Municipal Energy Unit is implementing a similar program for its more than 70,000 street lights and other exterior lights. The City has completed the IGA, which provided a comprehensive assessment and mapping of all municipally-owned exterior lighting and is being incorporated into a GIS-based asset management system. The Municipal Energy Unit expects to execute an energy management contract mid-2024 and begin work on the first phase which is expected to be complete later this year.

The Municipal Energy Unit is responsible for tracking the City's energy consumption and expenditures. To accomplish this, the Municipal Energy Unit uses an Enterprise Energy Management System (“EEMS”) capable of monitoring and reporting on the energy consumed by the City's 388 buildings and other fixed assets such as street and traffic lights. The EEMS is used to monitor the City's continuing progress meeting the greenhouse gas reduction goals stated in its Climate Action Plan and fulfill its municipal and state energy reporting obligations, and facilitates the identification of energy efficiency projects for the Renew Boston Trust program. The EEMS is also a valuable financial management tool that is used to verify the accuracy of utility bills, develop department energy budgets, and compare budgeted to actual energy expenditures.

The Municipal Energy Unit also runs the Community Choice Electricity program. Since its launch in February 2021, the Community Choice Electricity program has become the electricity supplier for an average of more than 200,000 residents, institutions, and businesses. More than 94.0% of the customers are on the default rate which has 15.0% more renewable content than utility basic service. This program has reduced Community Choice Electricity customers’ carbon emissions by more than 35,000 metric tons carbon equivalent compared to use of Eversource basic service for the period from February to December 2022. Actual results for 2023 are not yet available.

In addition to the City of Boston’s work to reduce greenhouse gas emissions, as part of the City’s Climate Ready Boston program, the City is preparing for the effects of climate change, including sea level rise, coastal storms, extreme precipitation, and extreme heat. Since 2016, the City has conducted detailed climate resilience planning, design, and implementation work to ensure that the residents of Boston can continue to thrive in the face of climate change. In 2022 Boston completed planning for its coastal neighborhoods (East Boston, and Charlestown Phase I and Phase II, Downtown and the North End, South Boston and the Seaport, Moakley Park and Dorchester). Combined, these plans have identified implementation pathways for more than 70 projects over the coming decades that can significantly reduce the risks associated with coastal flooding and sea level rise. The City is actively implementing projects identified through this process using City capital investments in combination with the Commonwealth and other resources. As the majority of Boston's coastline is not owned by the City, strong partnerships with private property owners, the Commonwealth and Federal Agencies are key to ensuring success. In February 2023, the City announced a multi-year partnership with the US Army Corp of Engineers (USACE), building on the work of Climate Ready Boston. This USACE Coastal Storm Risk Management Study will develop and advance design on resilient infrastructure solutions and develop flood risk management strategies that would become eligible for federal appropriations. In April 2022 Boston released a comprehensive citywide heat resilience plan, and in December 2022 the Boston Water and Sewer Commission released a Coastal Storm Discharge Analysis that assesses the impacts of sea level rise and storm surge on stormwater discharge systems. Fulfilling key steps outlined in Climate Ready Boston, in October 2021 the Boston Planning and Development Agency implemented a Coastal Flood Resilience Zoning Overlay District requiring new developments and retrofits within this district to practice resilient planning and design and to take specific additional steps (elevation, flood proofing, etc.) to limit the damage and displacement related to the impacts of coastal storms and sea level rise and increase the resilience of the City. In 2023, the City and BPDA advanced planning and design for projects in key areas of East Boston, Downtown, South Boston, Charlestown and Dorchester.

The City has received grants from FEMA, the Massachusetts Municipal Vulnerability Program and the

Massachusetts Office of Coastal Zone Management to further planning and implementation of district-scale coastal resilience infrastructure and continues to actively pursue these opportunities whenever possible. The City is also seeking to apply to FEMA's Community Rating System to reduce flood insurance premiums for Boston property owners.

The City also applies for federal disaster relief, if available, to reimburse costs incurred with specific storms or other "natural disaster" events. As described above under "FINANCIAL OPERATIONS – Financial Administration-Risk Management," the City also maintains a catastrophic all risk property insurance policy and a catastrophic risk reserve, if determined to be necessary, to cover costs associated with damage to City property.

Cyber Threats

As is the case with many organizations, the City of Boston faces continuing exposure to cyber risk with respect to its information technology infrastructure. These cyber threats come in a number of forms but most commonly present themselves as denial-of-service attacks, phishing and spear phishing attempts, ransomware attacks and malware. While the City has not yet experienced any attacks that have impacted liquidity or affected its business operations in any extended, meaningful way, it continues to take steps to improve the protection against and reduce the risk of the continued cyber threats. These steps focus on three key areas: people, process and technology. When focusing on people, the City works to build a community of experts and improve employee and constituent competency through cybersecurity education, training and awareness. One example is the City's security awareness and training programs that educates employees on how to identify spear phishing and phishing emails, the importance of protecting and creating strong passwords, the protection and storing of sensitive data, and reporting suspicious activity.

When focusing on process, the City works to create the appropriate governance and policy structures to ensure that the implementation of security controls and policy requirements remain strong, appropriate and in alignment with the City's mission. When focusing on technology, the City works towards implementing robust, resilient and scalable security architecture and solutions. One example is the enforcement of multi-factor authentication to help ensure users accessing City technology and services are who they say they are. With an ever-changing cyber risk landscape, the City continually adopts best practices such as Zero Trust Architecture, the National Institute of Standards and Technology Cyber Security Framework and the Center for Internet Security Critical Controls. In the event of an attack, the City has an incident response policy in place. Further, the City maintains an incident response retainer with cyber security third parties and remains in contact with federal, state and local agencies to provide best practices and support in the case of a serious cyber-attack. Nonetheless, the City cannot assure that future incidents or possible unknown prior events will not have a material impact on the City's operations or financial condition.

Home Rule Petitions

Massachusetts law permits cities and towns to petition the legislature to enact special legislation affecting only their community. The procedures for doing so are set forth in the Massachusetts constitution (Amendment Article 2, as amended by Amendment Article 89) and General Laws chapter 43B. In the case of the City, any such petition must first be approved by the Mayor and City Council and if so approved, it is then sent to the legislature for its consideration. The legislature is not required to approve any such petition and, generally is permitted to adopt legislative amendments to the form or substance of the requested legislation within the scope of the general public objectives of the petition.

The City has had three such petitions pending before the legislature since early 2023 relating to (i) establishment of a successor entity to the Boston Planning & Development Agency, (ii) implementation of rent stabilization in the City, and (iii) imposition of a real estate transfer tax. To date, no legislative action has been taken on these matters, and the City cannot predict whether any of them will be enacted into law or what form the final versions may take, if enacted into law.

SECTION 7: AVAILABILITY OF OTHER INFORMATION

The City's Auditing Department prepares an Annual Comprehensive Financial Report ("ACFR") with respect to each fiscal year ended June 30 which generally becomes available in December of the following fiscal year. The ACFR is presented in three sections: (1) an Introductory Section which includes general information about the City and summarizes financial activity for the fiscal year; (2) a Financial Section which includes the Independent Auditors' Report on the City's Basic Financial Statements for the fiscal year, Management's Discussion and Analysis, the Basic Financial Statements for the fiscal year and the Combining and Individual Fund Financial Statements and Schedules for the various funds of the City, including required supplemental information; and (3) a Statistical Section which includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City. Specific reference is made to the City's ACFR for the year ended June 30, 2023, which is available from the City. A copy of the ACFR has been filed with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") and is also posted at the City's internet site at <https://www.boston.gov/departments/auditing>.

Questions regarding this Information Statement and requests for additional financial information concerning the City of Boston should be directed to Maureen Joyce, City Auditor, Boston City Hall, Room M-4, One City Hall Square, Boston, Massachusetts 02201-1020, telephone (617) 635-4671. Questions regarding legal matters relating to this Information Statement should be directed to Walter J. St. Onge III, Locke Lord LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone (617) 239-0389.

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CITY *of* BOSTON

*Annual
Comprehensive
Financial Report*

2023

**FISCAL YEAR ENDED
JUNE 30, 2023**

MICHELLE WU
Mayor

ASHLEY GROFFENBERGER
*Chief Financial Officer
& Collector Treasurer*

MAUREEN JOYCE
City Auditor

Prepared by the City of Boston Auditing Department



City of Boston
Massachusetts



*Annual Comprehensive
Financial Report*

Fiscal Year Ended June 30, 2023

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer & Collector Treasurer

Maureen Joyce, City Auditor

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Introductory SECTION



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Auditing Department

Michelle Wu, Mayor

February 26, 2024

**The Honorable Mayor,
Members of the City Council,
and Citizens of Boston:**

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Boston (City) for the fiscal year ended June 30, 2023. The Annual Report is prepared by the City's Auditing Department, and is intended to provide information regarding the financial position of the City. This report is prepared in accordance with U.S. generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB), and meets all requirements of state finance law of the Commonwealth of Massachusetts, as well as the City Charter.

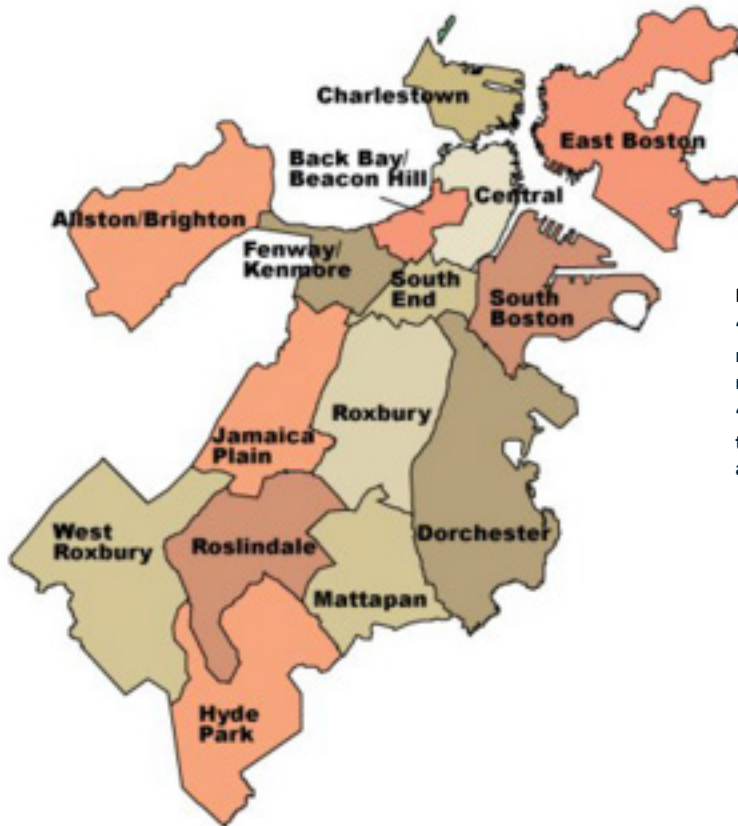
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City. Management is also responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that these financial statements are complete and accurate in their presentation.

The Auditing Department uses an integrated financial and human resources management system referred to as the Boston Administrative Information System (BAIS). The system is designed to track and control daily activities and report the financial position of the City. This software allows management to directly evaluate the financial status of individual programs as well as the entire department, and also supports the rigorous monitoring and reporting requirements enforced by the City.

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 KPMG LLP to perform the June 30, 2023 audit. This audit is conducted in accordance with generally accepted government auditing standards (GAGAS) 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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 Uniform Guidance. A substantial focus of the Single Audit is to evaluate the City's internal control structure. The evaluation includes testing a significant number of the major federal program transactions that occurred during the fiscal year. The Single Audit also requires that the auditors determine whether the City 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 report is publicly issued under a separate cover.

Management’s Discussion and Analysis (MD&A) follows the independent auditors’ report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.



Boston: A City of Neighborhoods

“We’ll tackle the big challenges by getting the small things right, and by getting City Hall out of City Hall and into our neighborhoods.”

“Block by block, street by street, our city has the resources, the activism, and the ideas to meet these challenges if we act boldly and reshape what’s possible.”

Mayor Michelle Wu

Profile of the Government

The City of Boston, incorporated as a town in 1630 and as a City in 1822, is located on the Shawmut Peninsula, at the confluence of the Charles and Mystic Rivers. The City lies adjacent to Boston Harbor, which is a part of Massachusetts Bay and leads ultimately to the North Atlantic Ocean. The Charles River separates Boston from Cambridge and Watertown, while the Mystic River determines the boundaries between Chelsea and Everett. The Neponset River separates the southern neighborhoods of Boston from the Town of Milton and City of Quincy.

The City of Boston 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 13 elected members serving two-year terms.

Boston Mayor Michelle Wu is a daughter of immigrants, a Boston Public Schools mom, and an MBTA commuter. She was sworn into office in November 2021—the first woman and first person of color elected to serve in this role, championing a vision of Boston as a green and growing city for everyone.

To support and stabilize Boston’s continued economic recovery, Mayor Wu has focused on deploying emergency grants to neighborhood small businesses, taking action to revitalize Downtown Boston through citywide collaborations, and signing executive orders to speed up affordable housing development approvals and ensure that Boston’s municipal contracting reaches the City’s supplier diversity goals to build community wealth.

Mayor Wu is working in partnership across every level of government, with businesses, and in the community, to make Boston the leading city where families and businesses can thrive. Her focus is on investing in infrastructure for the public good—transportation, housing, health, and education—to ensure that Boston is ready for the jobs of the future.

The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Massachusetts Division of Local Services, Bureau of Accounts. This basis of accounting differs from Generally Accepted Accounting Principles (GAAP). The accounts of the City are organized on a 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.

The General Fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the General Fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council. Departmental budgets are established at the account level and so voted by the City Council. The School Department budget is prepared under the direction of the School Committee. Original and supplemental appropriations are submitted by the Mayor, approved by the City Council, and lapse at year end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3 million, which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year.

Included in the basic financial statements, which are prepared on the GAAP basis of accounting, are governmental activities, each major fund, the aggregate discretely presented component units, and aggregate remaining fund information. Discretely presented component units are reported in a separate column to emphasize their operational and/or financial relationship with the City. The Boston Retirement System (BRS) has been presented as a blended component unit because it provides services almost exclusively to the City. The Dudley Square Realty Corporation (DSRC) and the Ferdinand Building Development Corporation (FBDC) are also presented as a blended component unit. The Notes to the Financial Statements further discuss the City's financial reporting entity.

Local Economy

Boston is the twenty-fourth largest City, in terms of population, in the United States and is the economic hub of the Commonwealth of Massachusetts (the "Commonwealth"). It is a center for professional services, business, finance, technology, research and development, higher education and health care, as well as for transportation, exports, communications, culture and entertainment.

The outbreak of COVID-19 in early 2020, required restrictive public health interventions that created severe economic disruptions in Boston and across the world and continues to adversely affect global, national, state and local economic activity. The City is vigorously pursuing economic opportunities and investments, to ensure Boston will continue to be a global leader.

The City is the capital of the Commonwealth and is host to several other governmental agencies. Using the employment data from Bureau of Economic Analysis (BEA) and Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Boston Planning and Development Authority (BPDA) Research estimated that the government employment in the City of Boston is 74,665 in 2022. Large state government offices, federal regional offices, U.S. Postal Service facilities, state-chartered authorities and commissions such as the Massachusetts Port Authority and the Boston Water and Sewer Commission, and the City's local government agencies and departments are all located within the City.

Higher education, health care, and financial services play a major role in Boston's economy. Boston's job growth was positive across most industries since the recession, but was mostly concentrated in health care and social assistance, professional and technical services, and education. The health care and social assistance industry employs the largest number of people in Boston, 18.5% of total jobs. Educational services is an area of specialization for Boston (8.1% of total jobs), with an employment share three times the national average. Boston hosts 35 universities, colleges, and community colleges, with a combined enrollment of approximately 150,000 students annually. Included among the City's colleges and universities are some of the finest educational institutions in the country, including Boston College, Boston University, Northeastern University and Harvard University. These institutions of higher education have a major effect on Boston's economy. Because many of these students remain in Boston after graduation, the City's educational institutions are a major source of highly-skilled professionals for Boston's workforce. As the COVID-19 pandemic surged throughout the country, and with many institutions continuing remote and hybrid learning, enrollment figures declined. Boston higher education institutions fell by 2.7% from Fall 2019 to Fall 2020 before rebounding 5.8% in Fall 2021. In that time, the percentage of students receiving full time or part-time remote learning increased 71%. More than one-third of students in Fall 2021 had at least one virtual course.

Many of the nation's finest research and teaching hospitals are located in Boston, including Massachusetts General Hospital Brigham, Beth Israel Lahey Hospital, Boston Medical Center, Tufts Medical Center, and Boston Children's Hospital. In total, there are 22 inpatient hospitals in the City. Furthermore, Boston is home to the medical and dental schools of Harvard University, Tufts University, and Boston University. The Boston metropolitan area remains the nation's foremost region for the life sciences industry. Boston's life science industry benefits from skilled labor force availability, leading universities in basic academic science fields, innovative research and development districts, proximity to major research hospitals, and strategic presence of venture capital resources. Commercial real estate firm CBRE states that the Boston-Cambridge area hosts the largest life sciences cluster in the nation, as defined by size, growth and concentration of employment, laboratory inventory, National Institute of Health (NIH) awards, and venture capital funding.

Many of the country's leading financial services firms are located in Boston, including Fidelity Investments, John Hancock/Manulife Financial, State Street Corporation, and Wellington Management. In 2022, there were over 141,642 people employed in the finance, insurance and real estate industries in Boston.

The BPDA estimates that the total number of payroll jobs located in Boston rose from 803,792 in 2020 to 826,967 in 2021, or a gain of approximately 23,000 payroll jobs (2.9%). Despite this gain, total payroll jobs are still more than 24,000 payroll jobs below 2019 levels. This decrease is much greater than the 15,000 average annual jobs lost in Boston between 2001 and 2004 or the 17,500 jobs lost in 2009. Job losses were not felt evenly across industries. Industries that rely on physical proximity suffered significant job losses. Accommodation and Food Services suffered the highest number of jobs lost as well as the highest percentage, dropping from 65,645 jobs in 2019 to 38,061 in 2020 – more than 27,000 jobs lost, or 42%. Arts, Entertainment and Recreation lost 5,258 jobs, or 30%.

Financial Overview

The City is required to have a balanced budget in accordance with Massachusetts General Laws (M.G.L.), Chapter 59, Section 23. In addition to that, management is required to spend within the appropriations adopted by the Boston City Council and approved by the Mayor in accordance with Tregor Legislation Section 17 of Chapter 190 of the Acts of 1982. The Act states that "no official of the city or county except in the case of extreme emergency involving the health and safety of the people or their property, shall expend intentionally in any fiscal year any sum in excess of the appropriations duly made in accordance with law, nor involve the city in any contract for the future payment of money in excess of such appropriations".

As part of the State Department of Revenue's tax rate certification process, the City must balance all appropriations, fixed costs, and prior year deficits with the approved property tax levy, estimated local revenues, and available prior year surpluses in order to obtain authorization to issue property tax bills. Over two-thirds of the City's revenues come from the property tax levy; however, the increase in the levy from year to year is limited by state law. In FY23, the net property tax levy (levy less a reserve for abatements) totals \$2.96 billion, providing 74.0% of recurring revenue. In FY24, the net property tax levy is estimated to total \$3.10 billion and account for 72.4% of budgeted revenues.

State aid from the Commonwealth comprises the second largest single revenue source to the City's General Fund budget after the Property Tax. State aid has been reduced substantially over the course of the last two recessions. Since FY08, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$233.7 million or 64.0%. In FY24, net state aid is budgeted to decrease by \$12.9 million or -9.0% compared to FY23, based on the FY24 Governor's Budget for assessments and the FY23 State Aid budget. Please see the Management's Discussion and Analysis Section for additional information on financial trends.

In FY23, in order to partially fund the annual required contribution associated with the other postemployment benefits (OPEB) liability, the City appropriated \$40.0 million from the General Fund into the OPEB Liability Trust Fund. The City's OPEB financing plan balances the duty to deliver valuable public services while acknowledging the cost of providing health benefits for our employees, both now and when they retire. More details and information on the OPEB liability can be found in Note 13 to the Financial Statements.

Health benefit costs comprise a significant portion of the City budget and are a critical benefit for City employees and retirees. In 2020, the City of Boston conducted an RFP for its non-Medicare health insurance plans. On July 1, 2021, the City transitioned from two HMO plans to one standard HMO plan and one value HMO plan, with the standard HMO plan under a new provider. As a result of the RFP process, \$12 million in savings were realized in FY22, due to lower administrative fees and anticipated medical claims and prescription drug savings. The City continues to benefit from health care cost reforms achieved in the FY21-25 Public Employee Committee (PEC) agreement, which continues to provide over 30,000 active and retired employees with quality healthcare coverage while saving the City \$59.7 million over five years. Funding of health care costs has progressively moved to self-insurance since FY13. In FY23, roughly 98% of total claims costs are now self-insured, for an estimated annual City savings of \$14.9 million. Actuarially determined reserves are maintained in the Fund to stabilize rate increases and protect against large claims or cost increases.

The City of Boston participates in a contributory defined benefit retirement system administered by the Boston Retirement System (BRS). The current pension schedule is based on an actuarial asset valuation as of January 1, 2022. The current pension schedule assumes a long term rate of return of 6.90%. The City's pension liability is currently 82.4% funded and is on track to reduce the unfunded liability to zero by 2027, thirteen years prior to the State funding date of 2040. More details can be found in Note 12 to the Financial Statements.

Most of the City's workforce is represented by one of 41 different unions. Collectively, these unions represent approximately 20,000 employees. The next round of negotiations for FY21 and beyond has begun with six unions settling during the course of FY22 and twenty-three unions during FY23. The projected FY24 and FY25 collective bargaining reserves are intended to acknowledge some costs in this area but do not indicate an established wage pattern for successor contracts.

In FY23, the GAAP General Fund equity increased to \$1.61 billion, thus allowing the City to preserve its policy of maintaining a GAAP unassigned fund balance in the General Fund that is 15% or higher than the current fiscal year's GAAP General Fund operating expenditures. The GAAP unassigned fund balance at the end of FY23 was \$1.2 billion and \$420.0 million was assigned. The unassigned fund balance represents approximately 28.5% of GAAP General Fund operating expenditures.

The FY24 Budget totals \$4.28 billion and represents an increase of \$276.9 million or 6.9% over FY23. This budget sets a foundation for our future, connects our communities, and delivers on the details of City services across our neighborhoods. Through sound fiscal management, this budget is a roadmap for investing critical resources to build a more connected City for everyone.

Long Term Financial Planning

The \$4.2 billion FY24-28 Capital Plan will make critical investments in the City's infrastructure in every Boston neighborhood, guided by Imagine Boston 2030 and the schools, streets, arts, climate and resilience plans under its umbrella. Taken together, these initiatives will support Boston's dynamic economy and improve quality of life for residents by encouraging affordability, increasing access to opportunity, promoting a healthy environment, and guiding investment in the public realm. The Capital Plan moves Imagine Boston 2030 from idea to action. Planned borrowings are expected to increase 27% over last year's plan, one-time funding sources are leveraged, and the City continues to collaborate with the Massachusetts School Building Authority on the design and construction of new schools and the repair of existing building systems. An estimated 90% of the investment in the FY24-28 Capital Plan is aligned with the City's planning efforts.

The City's capital plan is an important tool in realizing the goals and vision of Boston 2030. All projects in the Capital Plan are categorized as New construction, Major Renovation, State of Good Repair, Equipment/Technology, or Planning. The Capital Budgeting Program of the Office of Budget Management (OBM) tracks the overall distribution of these categories to maintain a balance between the upkeep of existing assets and the expansion or introduction of new ones. The distribution of allocations for FY24 are 42.0% for Major Renovations, 31.0% for New Construction, 18.0% for State of Good Repair, 5% for Planning and 4.0% for Equipment/Technology.

Financing for the FY23-FY27 Capital Plan comes from General Obligation (G.O.) bonds, state and federal funds, trust funds, and other funds. G.O. bonds represent 76.2% of all project funding. The Capital Plan assumes \$2.06 billion in new G.O. borrowings over the next five years to support ongoing capital needs, which remains sustainable within the City's debt affordability policy. Effective debt management ensures that the City can meet its capital infrastructure and facility needs. The Treasury Department manages all borrowings according to the City's debt management policies. These policies address issues such as debt affordability and limitations on the level of variable rate debt the City will use. The City's goal is to rapidly repay debt, maintain a conservative level of outstanding debt, and ensure the City's continued positive financial standing with the bond market. More details and information on the Long-Term Obligations can be found in Note 10 to the Financial Statements.

State and federal funds in the five-year Capital Plan are currently estimated at \$310.2 million and \$361.4 million, respectively. Two of the state financing programs include the School Building Assistance (SBA) program and the Massachusetts Department of Transportation's Highway Division's Chapter 90 funds.

The SBA, which is administered by the Massachusetts School Building Authority (MSBA), provides an important revenue source for school renovation and construction. The MSBA operates two major programs – the Core Program and the Accelerated Repair Program (ARP). Annually, the MSBA accepts new project requests from cities, towns, and school districts, and if a project is ultimately approved, the MSBA will pay 40% to 80% of eligible project costs. The City has two projects in the Core program that are both in construction: the Josiah Quincy Upper Pilot School, and the Carter School.

The MSBA has approved a maximum project grant totaling \$54.1 million for the Josiah Quincy Upper School that covers 24.2% of the \$223.6 million project budget. The Carter School project is currently in construction. The MSBA has approved a maximum project grant totaling \$26.2 million for the Carter School that supports 23.6% of the \$111.4 million project budget. The MSBA recently selected four projects from Boston for their Accelerated Repair Program. The construction phase has started at these schools.

Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. The City uses Chapter 90 funds to support its roadway resurfacing and reconstruction programs as well as its sidewalk reconstruction programs. The City anticipates an allocation of approximately \$14.7 million in FY24. The Transportation Infrastructure Enhancement Fund, is funded by annual per-ride assessment fees imposed on each transportation company. The state distributes half of the assessments proportionately to cities and towns based on the number of rides that originated within the city or town with funding to be used to address the impact of the transportation network services on municipal roads, bridges and other transportation infrastructure. The FY24-28 Capital Plan includes \$16.2 million in new revenue from this source. This funding will be discontinued as of January 1, 2027.

The City continues to aggressively pursue grant funds, maximize the use of Chapter 90 funds, and actively manage its projects to ensure that spending does not exceed projections and that priority projects move forward. Together, these strategies will enable the City to maintain a reasonable level of capital spending and borrowing and prudently manage its outstanding debt.

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 Annual Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Report. This report must satisfy both GAAP and applicable state and local legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe that our current report meets the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Annual Budget document for the fiscal year beginning July 1, 2022. The City'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 Accounting staff and all the members of the Auditing Department whose professionalism and dedication made the timely preparation of the Annual Report possible. We also wish to thank the professional staff of KPMG LLP for their counsel, technical assistance, and continued support in the preparation of this Annual Report. Several other City departments and agencies provided additional information and assisted in the Annual Report 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.

The Annual Report for fiscal year 2016 through fiscal year 2023 are featured on the City's web page www.cityofboston.gov/auditing.

Respectfully submitted,



Maureen Joyce
City Auditor



Ashley Groffenberger
Chief Financial Officer & Collector Treasurer



**The Government Finance Officers Association of
the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Auditing Department
City of Boston, Massachusetts



The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

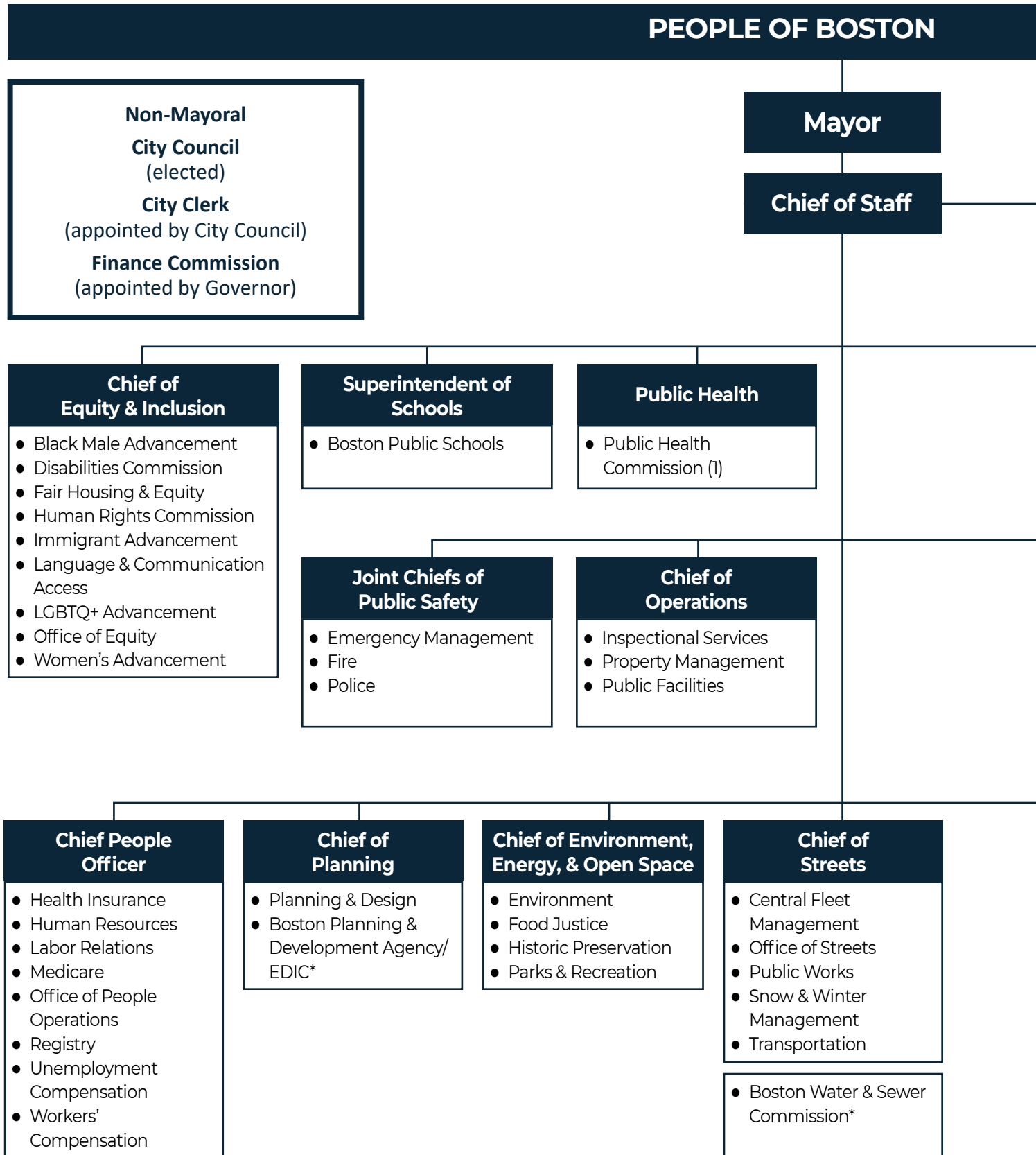
Christopher P. Morill

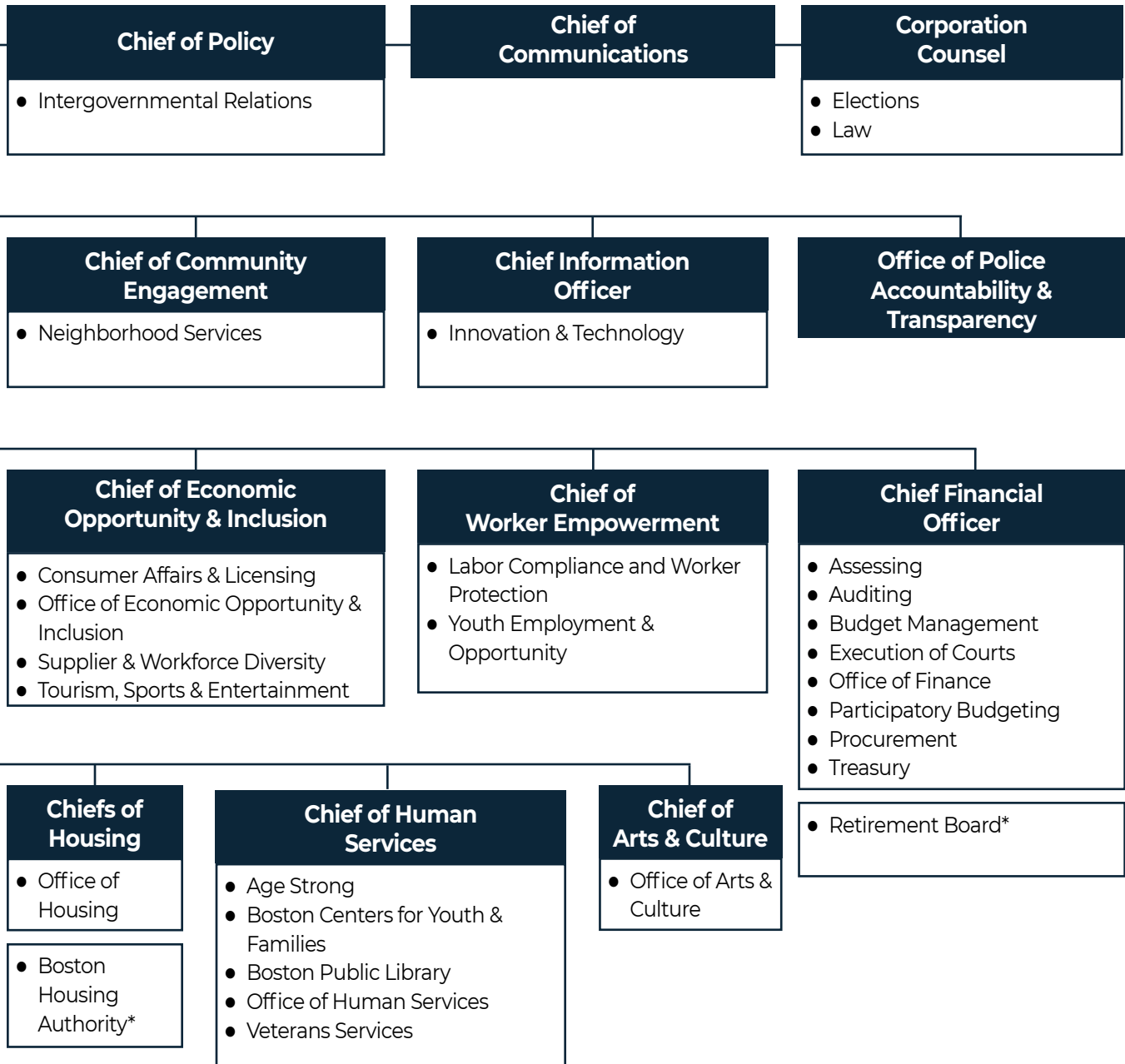
Date: 11/22/2023



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ORGANIZATION OF A CITY GOVERNMENT





* Not in Operating Budget
 (1) The Public Health Commission is an independent authority created in June 1996

LIST OF ELECTED and APPOINTED OFFICIALS*(as of June 30, 2023)***Mayor
Michelle Wu****City Council Members**

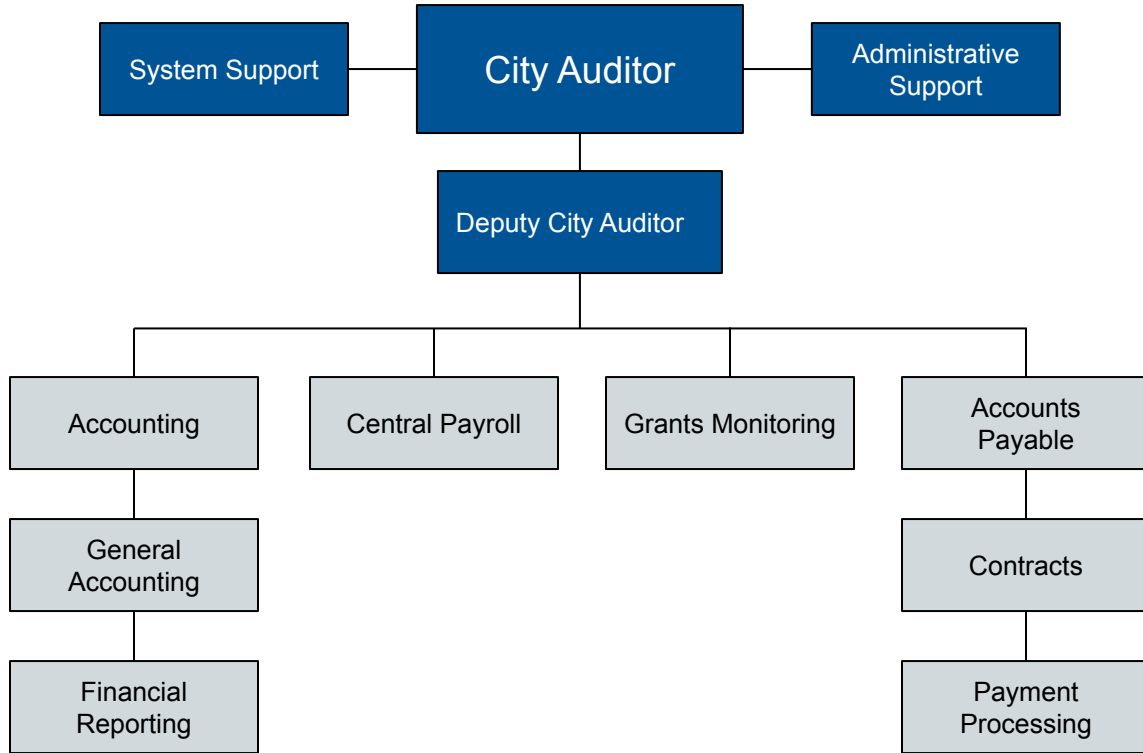
Ed Flynn (President)	District 2
Ruthzee Louijeune	At-Large
Michael Flaherty	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Frank Baker	District 3
Brian Worrell	District 4
Ricardo Arroyo	District 5
Kendra Lara	District 6
Tania Fernandes Anderson	District 7
Vacant	District 8
Liz Breadon	District 9

Appointed City Executive Branch Members

Tiffany Chu	Chief of Staff
Mike Firestone	Chief of Policy and Planning
Dion Irish	Chief of Operations
Adam Cederbaum	Corporation Counselor
Jessicah Pierre	Chief Communication Officer
Santiago Garces	Chief Information Officer
Ashley Groffenberger	Chief Financial Officer & Collector Treasurer
Segun Idowu	Chief of Economic Opportunity and Inclusion
Mary Skipper	Superintendent of Boston Public Schools
Michael Cox	Chief of Public Safety and Police Commissioner
Paul F. Burke	Chief of Public Safety and Fire Commissioner
Shumeane L. Benford	Chief of the Office of Emergency Management
Rev. Mariama White-Hammond	Chief of Environment and Open Space
Sheila Dillon	Chief of Housing and Neighborhood Development
Jose Masso	Chief of Human Services
Kenzie Bok	Administrator, Housing Authority
James Hooley	Chief of Medical Services
Kara Elliot-Ortega	Chief of Arts & Culture
Jascha Franklin-Hodge	Chief of Streets
James Arthur Jemison	Chief of Planning and Director Boston Planning & Development Agency
Mariangely Solis Cervera	Chief of Equity and Inclusion
Alex Lawrence	Chief of People Operations
David Leonard	President of Boston Public Library
Brianna Millor	Chief of Community Engagement

Auditing Department

Organizational Chart



Auditing Department Personnel*Maureen Joyce, City Auditor***Allen J. Hurley****Anthony Buchanan****Carrie He****Colin D. Musto****Domenica Cabral****Elliott Heroux****Erica Pleitez****George Dallta****Jake Rosato****James P. Kelley****Laura Bernazzani****Linda Ogiemwonyi****Lisa A. Stone****Magnolia Rojas****Marie Murray****Matthew Haugh****Matthew T. Lindmark****Mattie L. Crouse****Medina C. Lucien****Michael J. Imbaro****Michael O'Keefe****Michelle E. Castillo-Reid****Ming C. Su****Natoya Castillo****Paul Thaing****Prema L. Andrew****Robert E. Sweeney****Scott Finn****Sinthia Johnson****Sheila Fay****Teki M. Way****Veronica L. Imbaro****Xiomara Pleitez Pineda**



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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

To the Honorable Mayor and City Council
City of Boston, Massachusetts:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boston (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the following entities and funds:

- **Governmental Activities**
 - Dudley Square Realty Corporation, Ferdinand Development Corporation, and the Permanent Funds, which are non-major governmental funds that collectively represent 1.1% and 5.4% of the total assets and revenues, respectively, of the aggregate remaining fund information as of June 30, 2023 and for the year then ended.
 - These entities and funds collectively represent 3.7% and 0.4%, respectively, of the total assets and revenues of the governmental activities as of June 30, 2023 and the year then ended.
- **Fiduciary Activities**
 - Boston Retirement System, the OPEB Trust Fund, and Private-Purpose Trust Funds that collectively represent 97.6% and 19.9%, respectively, of the total assets and revenues of the aggregate remaining fund information as of June 30, 2023 and for the year then ended.
- **Aggregate Discretely Presented Component Units**
 - Boston Public Health Commission, Trustees of the Public Library of the City of Boston, and the Economic Development and Industrial Corporation of Boston that collectively represent 82.6% and 92.6%, respectively, of the total assets and revenues of the aggregate discretely presented component units as of June 30, 2023 and for the year then ended.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Emphasis of Matter

As discussed in Note 2(t) to the basic financial statements, in 2023, the City adopted Governmental Accounting Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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.

Report on Partial Comparative Information

We have previously audited the City's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated March 10, 2023. In our opinion, the partial comparative actual information presented herein for the budgetary comparison of the General Fund for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedules listed under the Required Supplementary Information in the table of contents 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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 February 26, 2024 on our consideration of the City'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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
February 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The City of Boston (the City) provides this Management's Discussion and Analysis to present additional information to the readers of the City's basic financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2023. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the City's Annual Comprehensive Financial Report (Annual Report).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's basic financial statements include three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains required supplementary information regarding historical pension information and other postemployment benefit (OPEB) plan information. The components of the financial statements are described in the following sections.

Basic Financial Statements

The basic financial statements include two types of financial statements that present different views of the City – the *Government-wide Financial Statements* and the *Fund Financial Statements*. The *Notes to the Basic Financial Statements* supplement the financial statement information and clarify line items that are part of the financial statements.

Government-wide Financial Statements

The *Government-wide Financial Statements* provide a broad view of the City's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic condition at the end of the fiscal year. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide Financial Statements include two statements:

- The *Statement of Net Position* presents all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The *Statement of Activities* presents information showing how the government'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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the City.

Both of the above financial statements present two separate sections as described below.

- *Governmental Activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most services normally associated with city government fall into this category, including general government, human services, public safety, public works, property and development, parks and recreation, library, schools, public health programs, state and district assessments, and debt service.
- *Discretely Presented Component Units* – These are legally separate entities for which the City has financial accountability but function independent of the City. For the most part, these entities operate similar to private sector businesses. The City's four discretely presented component units are the Boston Public Health Commission, the Boston Planning & Development Agency, the Economic Development Industrial Corporation, and the Trustees of the Boston Public Library.

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Additional information about the City's component units is presented in the Notes to the Financial Statements.

The Government-wide Financial Statements can be found immediately following this discussion and analysis.

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 City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The *Fund Financial Statements* focus on individual parts of the City government, reporting the City's operations in more detail than the Government-wide Financial Statements. All of the funds of the City can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

Governmental Funds – Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, the Governmental Fund Financial Statements focus on near term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near term financing requirements. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual (i.e., measurable and available to liquidate liabilities of the current period). Expenditures are generally recorded when liabilities are incurred, except for those related to long-term liabilities, which are recorded when due and payable. These statements provide a detailed short term view of the City's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

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 governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City presents four columns in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's three major governmental funds are the General Fund, the Special Revenue Fund, and the Capital Projects Fund. All non-major governmental funds are combined in the "Other Governmental Funds" column on these statements. The Governmental Fund Financial Statements can be found immediately following the Government-wide Financial Statements.

Of the City's governmental funds, the General Fund is the only fund for which a budget is legally adopted. The *Statement of Revenues and Expenditures – Budgetary Basis* is presented after the governmental fund financial statements. This statement provides a comparison of the General Fund original and final budget and the actual expenditures for the current and prior year on a budgetary basis.

In accordance with state law and regulations, the City's legally adopted General Fund budget is prepared on a "budgetary" basis instead of U.S. generally accepted accounting principles (GAAP). Among the key differences between these two sets of accounting principles are that "budgetary" records property tax as it is levied, while GAAP records it as it becomes susceptible to accrual, "budgetary" records certain activities and transactions in the General Fund that GAAP records in separate funds, and "budgetary" records any amount raised to cover a prior year deficit as an expenditure and any available funds raised from prior year surpluses as a revenue, while GAAP ignores these impacts from prior years. The difference in accounting principles inevitably leads to varying results in excess or deficiency of revenues over expenditures. Additional information and a reconciliation of "budgetary" to GAAP statements is provided in note 4 to the Financial Statements.

Proprietary Funds – These funds are used to show activities that operate more like those of commercial enterprises. Like the Government-wide Financial Statements, Proprietary Fund Financial Statements use the economic resources measurement focus and accrual basis of accounting. There are two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds charge fees for services provided to outside customers including local governments. Enterprise Funds provide the same type of information as the business-type activities of the Government-wide Financial Statements within governmental activities, only in more detail. Currently, the City does not have any enterprise funds. The City's Internal Service Fund provides health insurance services predominantly to other funds, departments or agencies of the City. Therefore, its activities are included in the Government-wide financial statements within governmental activities.

The Proprietary Funds Financial Statements can be found immediately following the Governmental Fund Financial Statements.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the economic resources measurement focus and accrual basis of accounting.

The City's fiduciary funds are the Employee Retirement Fund (the Boston Retirement System), which accounts for the transactions, assets, liabilities, and net position of the City employees' pension plan; the Other Postemployment Benefits (OPEB) Trust Fund, which is an irrevocable trust established for the accumulation of assets to reduce the liability associated with the City's obligation for other postemployment benefits; and the Private Purpose Trust and Custodial Funds, which include money held and administered by the City on behalf of third parties.

The Fiduciary Funds Financial Statements can be found immediately following the Proprietary Fund Financial Statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and the Fund Financial Statements. The Notes to the Financial Statements can be found immediately following the Fiduciary Funds Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of employer contributions for the OPEB Trust Fund, a schedule of changes in net OPEB liability and related ratios, a schedule of the City's proportionate share of the net pension liability of the Boston Retirement System, and a schedule of the City's contributions to the Boston Retirement System.

CURRENT YEAR FINANCIAL IMPACTS

- The City of Boston's OPEB obligation significantly impacts the Government-wide financial results. The most recent valuation of the City's OPEB obligation as of June 30, 2021, estimated that the total OPEB liability of the City increased by \$33.4 million to \$2.3 billion. This increase was largely due to an increase in costs.
- In fiscal year 2023, the City's contribution to the OPEB Trust Fund (\$174.8) million for retiree health benefits includes \$40 million in advance funding toward reducing the OPEB liability. In 2023 and 2022, the OPEB Trust Fund earned investment income/loss, net of fees in the amount of \$79.5 million and (\$81.0) million, respectively. This increase is attributed to increased portfolio performance and market increases.
- The City of Boston's net pension liability significantly impacts the Government-wide financial results. The City is required to report its proportionate share of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Based on the measurement of the Boston Retirement System's net pension liability as of December 31, 2022, the City's proportionate share of that net pension liability increased by \$766.7 million and the net pension liability for the City's non contributory plan as of June 30, 2023 increased by \$27.3 million resulting in a total net pension liability of \$1.87 billion.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis is based on the Statement of Net Position and the Statement of Activities found directly after Management's Discussion and Analysis.

Government-wide Highlights

Net Position – Primary Government – The total liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at fiscal year ended June 30, 2023 in a net deficit of \$614.0 million (presented as net position). At year end, the City had a deficit in governmental activities unrestricted net position in the amount of \$2.0 billion.

Changes in Net Position – Primary Government – The City's total net position increased by \$201.6 million from the amount reported in fiscal year 2022.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net deficit totaled (\$614.0) million at the end of 2023, compared to a net deficit of (\$815.7) million reported at the end of the previous year.

The components of net position comprise the following: the investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that are still outstanding – this amount is \$1.21 billion indicating that the net book value of the City's capital assets exceeds the amount of related capital debt outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's governmental activities net position, \$157.7 million, represents restricted net position, or resources that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets. The unrestricted net position (deficit) decreased by \$56.5 million from the 2022 amount.

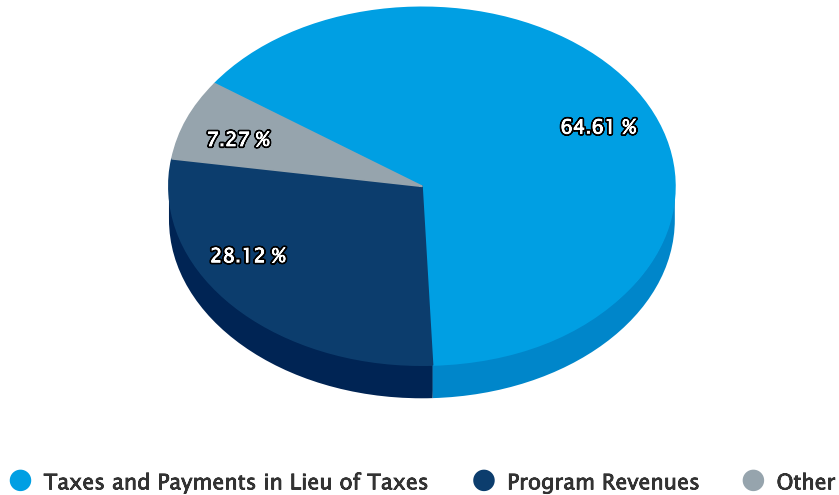
Net Position – Primary Government
(In thousands)

	Governmental Activities	
	Total Primary Government	
	2023	2022
ASSETS:		
Current assets	\$ 3,448,752	\$ 2,934,153
Capital assets	2,959,625	2,730,596
Other assets	26,012	225,000
Total assets	6,434,389	5,889,749
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	1,001,657	660,114
LIABILITIES:		
Current liabilities	1,380,371	1,424,496
Noncurrent liabilities	6,406,539	5,332,769
Total liabilities	7,786,910	6,757,265
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	263,160	608,262
NET POSITION:		
Net investment in capital assets	1,206,883	1,101,116
Restricted	157,701	118,324
Unrestricted	(1,978,608)	(2,035,104)
Total net position	\$ (614,024)	\$ (815,664)

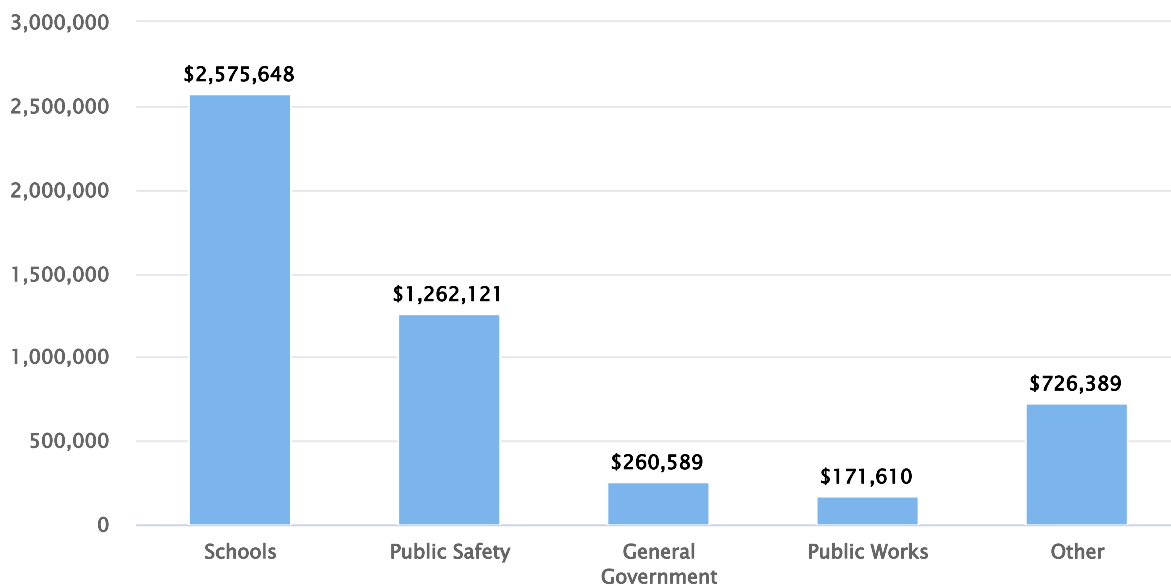
Changes in Net Position – Primary Government
(In thousands)

	Governmental Activities	
	Total Primary Government	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 275,272	\$ 304,876
Operating grants and contributions	1,129,258	864,380
Capital grants and contributions	57,370	42,584
General revenues:		
Taxes	3,358,362	3,114,334
Grants and contributions not restricted	266,455	245,625
Investment income	109,546	11,264
Miscellaneous	1,734	4,861
Total revenues	5,197,997	4,587,924
Program expenses:		
General government	260,589	209,435
Human services	69,950	65,555
Public safety	1,262,121	1,172,308
Public works	171,610	173,842
Property and development	324,015	291,461
Parks and recreation	67,172	54,430
Library	71,312	57,149
Schools	2,575,648	2,123,695
Public health programs	148,884	142,341
Interest on long-term debt	45,056	36,821
Total program expenses	4,996,357	4,327,037
Change in net position	201,640	260,887
Net position - beginning of year	(815,664)	(1,076,551)
Net position-end of year	\$ (614,024)	\$ (815,664)

Revenues – Governmental Activities
Fiscal Year 2023



Expenses – Governmental Activities FY 2023
(in thousands)



Governmental Activities

The City's governmental activities net position increased by \$201.6 million over the prior fiscal year. The following net changes occurred during the course of operations in fiscal year 2023. In the assets accounts, cash and investments increased by \$239.7 million, receivables increased by \$76.4 million, and capital assets increased by \$229.0 million. In the liability accounts, there was an increase in warrants and accounts payable of \$8.0 million and an increase in accrued liabilities of \$31.9 million. Additionally, an increase of \$33.4 million was recorded relative to the City's other postemployment benefit obligation and an increase of \$794.0 million was recorded relative to the City's net pension liability in 2023.

During fiscal year 2023, the City's revenues increased by 13.2%. The City's largest sources of revenues were property taxes, excise taxes, and payment in lieu of taxes of \$3.36 billion (64.6% of total revenues) and \$1.46 billion of program revenues (28.1% of total revenues). Taxes increased by \$244.0 million from the previous year. Program revenues increased by \$250.1 million for fiscal year 2023. This is largely due to increases in operating grants and contributions and charges for services. The City's expenses cover a range of services. The largest expenses were for schools (\$2.58 billion), public safety (\$1.3 billion), general government (\$260.6 billion), public works (\$171.6 million), and property and development (\$324.0 million). In 2023, governmental activities expenses exceeded program revenues (i.e., user charges, operating grants, and capital grants) by \$3.53 billion. This shortfall was covered primarily through taxes (\$3.36 billion) and unrestricted grants and contributions (\$266.5 million).

Comparative data on these revenues and expenses is itemized in the reporting of the Changes in Net Position – Primary Government earlier in this Management Discussion and Analysis.

FINANCIAL ANALYSIS OF THE CITY'S FUND STATEMENTS

This analysis is based on the Governmental and Proprietary Fund Financial Statements. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Highlights

Governmental Funds – Fund Balances – as of the close of fiscal year 2023, the City's governmental funds reported a combined ending fund balance of \$2.39 billion, an increase of \$422.0 million from the prior year. Of this total amount, \$1.2 billion represents the unassigned fund balance.

Governmental Funds

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

General Fund – Fund Balance – The General Fund is the chief operating fund of the City. The City's General Fund – Fund Balance Policy states in part to maintain a GAAP unassigned fund balance in the General Fund that is 15%, or higher, of GAAP General Fund operating expenditures for the fiscal year. The GAAP unassigned fund balance at the end of fiscal year 2023 was \$1.2 billion, which represents approximately 28.6% of GAAP General Fund operating expenditures. The General Fund - fund balance increased due to an increase in excise taxes, investment income, payments in lieu of taxes, licenses and permits and intergovernmental revenue.

However, because the City is required to follow the statutory basis of accounting rather than GAAP for determining the amount of unassigned fund balance that can be appropriated, it is the statutory (not the GAAP) fund balance that is used to calculate "free cash". Free cash is the amount of statutory fund balance in the General Fund, as certified by the Commonwealth of Massachusetts' Department of Revenue, which is available for appropriation and is generated when actual revenues, on a cash basis, exceed budgeted amounts and encumbrances are less than appropriations, or both.

The City has established the General Fund-Fund Balance Policy to ensure that the City maintains adequate levels of fund balance to mitigate current and future risks (i.e., revenue shortfalls and unanticipated expenditures). The policy in full states that the City shall maintain a GAAP Unassigned Fund Balance in the General Fund that is 15% or higher than the current fiscal year's GAAP General Fund Operating Expenditures. The City shall only consider the certification of Free Cash (as defined by the Commonwealth of Massachusetts' Department of Revenue) in years where the appropriation of Free Cash shall not cause the fiscal year's GAAP Unassigned Fund Balance to go below 15% of the fiscal year's GAAP General Fund Operating Expenditures, while maintaining a Budgetary Unassigned Fund Balance at 10% or higher of Budgetary Operating Expenditures. The City shall only consider the appropriation of Certified Free Cash to offset: (1) certain fixed costs such as pension contributions and related post-retirement health benefits; and/or (2) to fund extraordinary and non-recurring events as determined and certified by the City Auditor.

Special Revenue Fund – Fund Balance – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for predefined purposes. The fiscal year 2023 Special Revenue Fund balance is reported at \$370.8 million, a \$38.2 million increase from fiscal year 2022. This increase was mainly driven by the increase in new federal programs related to COVID-19 relief.

Capital Projects Fund – Fund Balance – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and pooled funds. The fiscal year 2023 Capital Projects Fund balance is \$277.4 million, an \$85.0 million increase from fiscal year 2022.

Other Governmental Funds – Fund Balance – Other Governmental Funds account for assets held by the City in permanent funds, as well as the activities related to DSRC and FBDC. The fiscal year 2023 Other Governmental Funds fund balance is \$130.7 million, a \$7.1 million increase from fiscal year 2022.

Internal Service Fund

The City's Internal Service Fund accounts for the City's self-insurance program for health benefits provided by Blue Cross Blue Shield and Mass General Brigham Health Plan, for City employees and their dependents. The Internal Service Fund is included as part of the governmental activities in the government-wide financial statements.

Budgetary Highlights

General Fund budgetary highlights include ending fiscal year 2023 with a \$192.6 million surplus. There were no material variances between the original budget and final budget amounts. Unfavorable variances from the final budget to actual results occurred in public safety and judgments and claims.

Favorable results were reported for General Fund revenue sources, including \$35.8 million in payments in lieu of taxes, \$34.5 million of licenses and permits, \$30.2 million in departmental and other revenue, \$5.8 million of property tax and \$85.3 million in investment income. Other available funds shows a revenue deficit of \$71.0 million, however, this is primarily a result of not transferring other available funds such as \$30.0 million of parking meter funds, \$1.0 million of cemetery funds and \$40 million in appropriated funds from the general fund.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The City's investment in capital assets for its governmental activities, as of June 30, 2023, has a net book value of \$2.96 billion, made up of costs totaling \$5.69 billion less accumulated depreciation of \$2.76 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and have value only to the City, such as roads, bridges, streets, sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the City's investment in capital assets for the current fiscal year was approximately \$229.0 million in terms of net book value. However, actual expenditures to purchase or construct capital assets and contributions of capital assets were \$371.0 million for the fiscal year. Most of this amount was used for the purpose of constructing or reconstructing buildings and building improvements and infrastructure. Depreciation charges for the year totaled \$151.9 million. Additional information on the City's capital assets can be found in note 8 to the Financial Statements.

Long Term Obligations

Debt Administration – The authority of the City to incur debt is governed by federal and state laws that restrict the amounts and purposes for which a municipality can incur debt. At year end, the City had \$1.67 billion in General Obligations Bonds principal outstanding – an increase of \$210.9 million over last year.

On May 4th, 2023, the City issued \$350 million of general obligation bonds for various municipal capital projects. In conjunction with the City's annual bond offering, the rating service bureau Moody's Investors Service reaffirmed the City's bond ratings at Aaa and the rating service bureau Standard & Poor's reaffirmed the bond rating to AAA. General Obligation Bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of debt. Accordingly, all general obligation debt currently outstanding has been approved by a vote of the City Council.

Notes and Equipment Financing Payable and Other Long Term Obligations – The City's general long term notes and equipment financing payable and other long term obligations increased by \$861.5 million, or 21.5%, during the current fiscal year. Key factors for this increase are an increase in the net pension liability of \$794.0 million.

Additional information on the City's long term debt obligations can be found in note 10 to the Financial Statements.

NEW ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2023, the City adopted GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and GASB Statement No. 99, *Omnibus 2022*.

Additional information regarding the effects of adopting these new accounting standards can be found in Note 2(t) of the financial statements.

FUTURE PRONOUNCEMENTS

The GASB has issued Statement No. 100 *Accounting changes and error corrections* - an amendment of GASB Statement No. 62, Statement No. 99, *Omnibus 2022*, Statement No. 101, *Compensated Absences* and Statement No. 102, *Certain Risk Disclosures*.

The City is currently evaluating the impact of these standards on future periods.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of the City's citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Boston, Auditing Department, Boston City Hall, Room M 4, Boston, MA 02201. Alternatively, these requests may also be made through email, by contacting the Auditing Department at CityAuditor@boston.gov.

Statement of Net Position

June 30, 2023

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
ASSETS:		
Current Assets:		
Cash and investments	\$ 3,025,326	\$ 198,567
Cash and investments held by trustees	148,568	24,225
Receivables, net		
Property and other taxes	33,449	-
Intergovernmental	197,294	-
Other	25,634	10,426
Other assets	14,022	75,181
Due from primary government	-	3,178
Due from component units	4,459	-
Total current assets	<u>3,448,752</u>	<u>311,577</u>
Noncurrent Assets:		
Cash and investments held by trustee	-	66,230
Notes and other receivables	26,012	1,962,524
Capital assets:		
Nondepreciable assets	458,759	37,898
Depreciable, net	2,500,866	69,843
Total noncurrent assets	<u>2,985,637</u>	<u>2,136,495</u>
Total assets	<u>6,434,389</u>	<u>2,448,072</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount for pension costs	763,197	64,575
Deferred amount from OPEB	237,543	6,910
Deferred amount from debt refunding	917	-
Total deferred outflows of resources	<u>1,001,657</u>	<u>71,485</u>

Statement of Net Position

June 30, 2023

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
LIABILITIES:		
Current Liabilities:		
Warrants and accounts payable	186,844	41,666
Accrued liabilities - current:		
Compensated absences	69,174	113
Judgments and claims	121,565	-
Payroll and related costs	268,041	-
Deposits and other	148,789	6,632
Unearned revenue	382,919	7,537
Current portion of long-term bonds, notes and equipment financing payable	199,861	-
Due to component units	3,178	-
Due to primary government	-	4,459
Total current liabilities	<u>1,380,371</u>	<u>60,407</u>
Noncurrent Liabilities:		
Bonds due in more than one year	1,736,987	10,889
Notes and equipment financing payable due in more than one year	62,843	-
Other noncurrent liabilities	388,886	144,032
Net pension liability	1,874,239	155,241
Other postemployment benefits obligation	2,343,584	80,780
Unearned revenue	-	78,126
Total noncurrent liabilities	<u>6,406,539</u>	<u>469,068</u>
Total liabilities	<u>7,786,910</u>	<u>529,475</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount for pension costs	88,463	16,537
Deferred amount for OPEB	157,115	46,831
Deferred amount for leases	9,877	1,706,081
Deferred amount from debt refunding	7,705	-
Total deferred inflows of resources	<u>263,160</u>	<u>1,769,449</u>
NET POSITION:		
Net investment in capital assets	1,206,883	91,166
Restricted for:		
Other Purposes	138,970	85,483
Capital projects	18,731	-
Unrestricted surplus (deficit)	(1,978,608)	43,984
Total net position	<u>\$ (614,024)</u>	<u>\$ 220,633</u>

See accompanying notes to the basic financial statements

Statement of Activities
Year Ended June 30, 2023
(Amounts in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 260,589	\$ 51,459	\$ 181,799	\$ 8,247
Human services	69,950	88	16,442	-
Public safety	1,262,121	172,392	72,380	8,883
Public works	171,610	33,230	8,732	11,295
Property and development	324,015	5,632	138,732	420
Parks and recreation	67,172	601	5,903	1,165
Library	71,312	49	4,312	572
Schools	2,575,648	11,821	700,873	26,788
Public health programs	148,884	-	85	-
Interest on long-term debt	45,056	-	-	-
Total primary government	\$ 4,996,357	\$ 275,272	\$ 1,129,258	\$ 57,370
Aggregate Discretely Presented Component Units:				
Boston Public Health Commission	\$ 229,958	\$ 45,066	\$ 117,450	\$ -
Boston Planning & Development Agency	31,366	25,566	-	-
Trustees of the Public Library of the City of Boston	20,351	2,883	16,264	-
Economic Development and Industrial Corporation of Boston	56,544	44,061	24,229	923
Total component units	\$ 338,219	\$ 117,576	\$ 157,943	\$ 923

General Revenues:

Taxes:

Property taxes, levied for general purposes

Excises

Payments in lieu of taxes

Grants and contributions not restricted

Investment income

City appropriation

Miscellaneous

Special item - gain on sale of property

Total general revenues

Change in net position

Net position - beginning of year (as restated for BPDA and EDIC)

Net position - end of year

ANNUAL COMPREHENSIVE FINANCIAL REPORT
GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes
in Net Position

Governmental Activities	Component Units
\$ (19,084)	\$ -
(53,420)	-
(1,008,466)	-
(118,353)	-
(179,231)	-
(59,503)	-
(66,379)	-
(1,836,166)	-
(148,799)	-
(45,056)	-
\$ (3,534,457)	\$ -
\$ -	\$ (67,442)
-	(5,800)
-	(1,204)
-	12,669
\$ -	\$ (61,777)
\$ 2,959,106	\$ -
295,941	-
103,315	-
266,455	-
109,546	13,059
-	3,463
1,734	120,025
-	34,919
3,736,097	171,466
201,640	109,689
(815,664)	110,944
\$ (614,024)	\$ 220,633

See accompanying notes to the basic financial statements

Balance Sheet
Governmental Funds
June 30, 2023
(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,928,610	\$ 692,131	\$ 304,355	\$ 17,818	\$ 2,942,914
Cash and investments held by trustees	-	-	35,405	113,163	148,568
Receivables, net:					
Property and other taxes	33,449	-	-	-	33,449
Intergovernmental	9,595	168,968	18,731	-	197,294
Departmental and other	29,243	22,070	-	333	51,646
Total receivables	72,287	191,038	18,731	333	282,389
Due from other funds	927	3,384	-	-	4,311
Due from component units	3,510	-	-	-	3,510
Total assets	\$ 2,005,334	\$ 886,553	\$ 358,491	\$ 131,314	\$ 3,381,692
LIABILITIES					
Warrants and accounts payable	\$ 57,115	\$ 36,218	\$ 69,657	\$ 341	\$ 163,331
Accrued liabilities:					
Payroll and related costs	268,041	-	-	-	268,041
Deposits and other	30,503	91,534	-	26	122,063
Unearned revenue	-	382,919	-	-	382,919
Due to other funds	796	3,163	183	169	4,311
Due to component unit	3,178	-	-	-	3,178
Total liabilities	\$ 359,633	\$ 513,834	\$ 69,840	\$ 536	\$ 943,843
DEFERRED INFLOWS OF RESOURCES					
Revenue not considered available and leases	38,745	1,963	11,222	112	52,042
Total deferred inflows of resources	\$ 38,745	\$ 1,963	\$ 11,222	\$ 112	\$ 52,042
FUND BALANCES					
Nonspendable	-	-	-	21,504	21,504
Restricted	-	36,498	277,429	109,162	423,089
Assigned	420,028	334,258	-	-	754,286
Unassigned	1,186,928	-	-	-	1,186,928
Total fund balances	1,606,956	370,756	277,429	130,666	2,385,807
Total liabilities, deferred inflows of resources and fund balances	\$ 2,005,334	\$ 886,553	\$ 358,491	\$ 131,314	\$ 3,381,692

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2023
(Amounts in thousands)

Total fund balance - governmental funds	\$ 2,385,807
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements	2,959,625
Certain revenues of the government-wide financial statements are earned but not considered available in the governmental fund financial statements	42,164
Internal service funds are included in the government-wide financial statements	70,685
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of	
General obligation bonds and notes payable	(1,692,974)
Equipment financing payable	(74,545)
Leases	(15,587)
Subscription IT arrangements	(12,521)
Bond issue premiums/discounts, net	(232,172)
Deferred bond refunding losses/gain, net	(6,786)
Accrued interest on bonds	(15,309)
Compensated absences	(256,215)
Landfill	(5,288)
Judgments and claims	(274,247)
Other postemployment benefits, net of deferred amounts	(2,263,156)
Net pension liability, net of deferred amounts	(1,223,005)
Pollution remediation	(500)
Net position of governmental activities	\$ (614,024)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

(Amounts in thousands)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Real and personal property taxes	2,988,917	\$ 89	\$ -	\$ -	\$ 2,989,006
Excises	298,077	29	-	-	298,106
Payments in lieu of taxes	103,315	-	-	-	103,315
Fines	60,429	-	-	-	60,429
Investment income	88,404	1,687	-	14,808	104,899
Licenses and permits	102,244	34	-	-	102,278
Departmental and other	109,001	77,861	-	6,000	192,862
Intergovernmental	690,938	616,802	39,234	-	1,346,974
Total revenues	<u>4,441,325</u>	<u>696,502</u>	<u>39,234</u>	<u>20,808</u>	<u>5,197,869</u>
EXPENDITURES:					
Current:					
General government	154,252	49,441	-	15,149	218,842
Human services	40,938	17,085	-	-	58,023
Public safety	809,042	35,939	-	-	844,981
Public works	125,102	8,167	-	-	133,269
Property and development	41,491	243,653	-	-	285,144
Parks and recreation	33,905	4,911	-	-	38,816
Library	44,041	4,312	-	-	48,353
Schools	1,357,011	280,881	-	-	1,637,892
Public health programs	126,875	13,505	-	-	140,380
Judgments and claims	27,031	-	-	-	27,031
Retirement costs	565,815	-	-	-	565,815
Other employee benefits	259,465	-	-	-	259,465
State and district assessments	354,900	-	-	-	354,900
Capital outlays	18,601	2,254	389,833	-	410,688
Debt service	200,723	-	-	-	200,723
Total expenditures	<u>4,159,192</u>	<u>660,148</u>	<u>389,833</u>	<u>15,149</u>	<u>5,224,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,133</u>	<u>36,354</u>	<u>(350,599)</u>	<u>5,659</u>	<u>(26,453)</u>
OTHER FINANCING SOURCES (USES):					
Long term debt, leases and subscription IT arrangements issued	11,714	-	385,669	-	397,383
Premiums on long-term debt issued	-	1,146	49,926	-	51,072
Transfers in	40,000	40,705	-	1,454	82,159
Transfers out	(42,159)	(40,000)	-	-	(82,159)
Total other financing sources (uses)	<u>9,555</u>	<u>1,851</u>	<u>435,595</u>	<u>1,454</u>	<u>448,455</u>
Net change in fund balances	<u>291,688</u>	<u>38,205</u>	<u>84,996</u>	<u>7,113</u>	<u>422,002</u>
Fund balance - beginning of year	<u>1,315,268</u>	<u>332,551</u>	<u>192,433</u>	<u>123,553</u>	<u>1,963,805</u>
Fund balance - end of year	<u>\$ 1,606,956</u>	<u>\$ 370,756</u>	<u>\$ 277,429</u>	<u>\$ 130,666</u>	<u>\$ 2,385,807</u>

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

(Amounts in thousands)

Net change in fund balances - total governmental funds 422,002

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Capital outlays and contributions of capital assets	371,004	
Depreciation expense	(151,880)	
Loss of disposals	(3,157)	
	<u> </u>	215,967

Certain revenues in the statement of activities that are not reported as revenues in the governmental funds as they are not considered available 9,658

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Issuance of long-term debt and equipment financing agreement	(385,494)	
Repayment of bonds, notes and equipment financing payable	170,109	
Bond premiums (net)	(34,201)	
Deferred loss on refunding	80	
Leases/SBITA's	1,328	
Workers compensation	9,323	
Net pension liability, net of deferred amounts	(73,972)	
Compensated absences	(8,616)	
Net other postemployment benefits liability, net of deferred amounts	(93,071)	
Judgements and claims	(34,447)	
Landfill closure and post closure costs	380	
Interest payable	(284)	
	<u> </u>	(448,865)

Net operating income from the internal service fund, which is presented in the statement of activities, but not in the governmental funds 2,878

Change in net position of governmental activities \$ 201,640

See accompanying notes to the basic financial statements

Statement of Revenues and Expenditures

Budgetary Basis

General Fund – Budget and Actual

Year Ended June 30, 2023 (with comparative actual amounts for 2022)

(Amounts in thousands)

	2023					2022 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance		
REVENUES AND OTHER AVAILABLE FUNDS:						
Real and personal property taxes, net	\$ 2,963,299	2,963,299	\$ 2,969,073	\$ 5,774	\$	2,793,795
Excises	161,275	161,275	298,136	136,861		210,697
Commonwealth of Massachusetts	508,686	508,686	493,969	(14,717)		469,990
Departmental and other revenue	69,913	69,913	100,140	30,227		96,108
Fines	54,165	54,165	60,630	6,465		61,754
Payments in lieu of taxes	66,499	66,499	102,298	35,799		91,837
Investment income	3,000	3,000	88,335	85,335		4,429
Licenses and permits	64,935	64,935	99,392	34,457		84,032
Miscellaneous	267	267	267	-		267
Other available funds	110,950	110,950	40,000	(70,950)		55,000
Total revenues and other available funds	4,002,989	4,002,989	4,252,240	249,251		3,867,909
EXPENDITURES:						
General government	193,771	190,784	190,784	-		186,040
Human services	46,911	41,368	41,368	-		37,088
Public safety	755,981	755,774	785,717	(29,943)		784,791
Public works	135,411	134,889	134,889	-		133,199
Property and development	78,838	79,719	79,719	-		70,966
Parks and recreation	35,053	42,155	42,031	124		39,135
Library	43,274	44,106	43,962	144		40,924
Schools	1,374,030	1,379,457	1,379,456	1		1,294,706
Boston Public Health Commission	117,884	120,802	120,802	-		114,802
Judgments and claims	5,000	5,000	32,026	(27,026)		34,509
Other employee benefits	273,365	268,302	268,302	-		258,778
Retirement costs	357,756	387,491	387,491	-		327,014
Debt requirements	218,457	198,243	198,243	-		184,093
State and district assessments	367,258	354,899	354,899	-		332,585
Total expenditures	4,002,989	4,002,989	4,059,689	(56,700)		3,838,630
Excess of revenues and other available funds over expenditures	\$ -	\$ -	\$ 192,551	\$ 192,551	\$	29,279

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Net Position

Proprietary Fund

June 30, 2023

(Amounts in thousands)

	<u>Internal Service</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 82,412
Due from component unit	949
Total current assets	<u>83,361</u>
Noncurrent assets:	
Other assets	14,022
Total noncurrent assets	<u>14,022</u>
Total assets	<u>\$ 97,383</u>
LIABILITIES:	
Current liabilities:	
Accrued liabilities	26,698
Total current liabilities	<u>\$ 26,698</u>
NET POSITION:	
Unrestricted	70,685
Total net position	<u>\$ 70,685</u>

See accompanying notes to the basic financial statements

FISCAL YEAR ENDED JUNE 30, 2023

**Statement of Revenues, Expenses
and Changes in Net Position**
Proprietary Fund
Year Ended June 30, 2023
(Amounts in thousands)

	<u>Internal Service</u>
OPERATING REVENUES:	
Employee contributions	\$ 91,162
Employer contributions	212,163
Total operating revenues	<u>303,325</u>
OPERATING EXPENSES:	
Health benefits	300,447
Total operating expenses	<u>300,447</u>
Operating income	<u>2,878</u>
Net position - beginning of year	<u>67,807</u>
Net position - end of year	<u><u>\$ 70,685</u></u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

(Amounts in thousands)

	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 303,877
Cash paid to vendors	(306,485)
Net cash used in operating activities	<u>(2,608)</u>
Cash and cash equivalents- beginning of year	85,020
Cash and cash equivalents- end of year	<u>\$ 82,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ 2,878
Adjustments to reconcile operating income to net provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	(2,174)
Due from component units/recievables	552
Accounts payable and accrued liabilities	(3,864)
Net cash used in operating activities	<u>\$ (2,608)</u>

See accompanying notes to the basic financial statements

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

(Except Employee Retirement Plan, which is as of December 31, 2022)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ASSETS:			
Cash and cash equivalents	\$ 610,654	\$ 150,854	\$ 11,562
Receivables:			
Interest and dividends	14,022	-	-
Securities sold	6,468	-	-
Employer contributions	21,466	-	-
Other	7,152	5,082	-
Total receivables	49,108	5,082	-
Prepaid Expenses	954	-	-
Other Assets	-	30	-
Investments, at fair value:			
Short term:			
Domestic	80,116	-	-
International	11,621	-	-
Equity:			
Domestic	1,783,519	-	-
International	1,668,078	-	-
Fixed-income:			
Domestic	1,327,061	-	-
International	377,986	-	-
PRIT Pooled Fund	1,907,914	-	-
Real estate	714,668	-	-
Alternative	1,042,278	-	-
Total investments	8,913,241	-	-
Securities lending short-term collateral investment pool	158,416	-	-
Total assets	9,732,373	155,966	11,562
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	33,120	1,726	-
Securities purchased	28,219	-	-
Unearned revenue	-	3,077	-
Collateral held on securities lending	156,770	-	-
Total liabilities	218,109	4,803	-
DEFERRED INFLOW OF RESOURCES:			
Deferred amount for leases	-	2,529	-
Total deferred inflow of resources	-	2,529	-
NET POSITION RESTRICTED FOR INDIVIDUALS AND ORGANIZATIONS:			
Pension Benefits	8,532,760	-	-
OPEB Benefits	981,504	-	-
Other Purposes	-	-	11,562
Total Net Position Restricted for Individuals and Organizations	\$ 9,514,264	\$ 148,634	\$ 11,562

See accompanying notes to the basic financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2023

(Except Employee Retirement Plan, which is year ended December 31, 2022)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ADDITIONS:			
Contributions:			
Employers	\$ 584,935	\$ -	\$ -
Commonwealth of Massachusetts (nonemployer)	196,833	-	-
Employees	189,082	-	-
Donations and other	-	344	1,086
Total contributions	970,850	344	1,086
Investment earnings:			
Net appreciation in fair value of investments	(1,061,271)	-	-
Investment income	196,663	29,871	-
Less investment expenses	(65,173)	-	-
Net investment earnings	(929,781)	29,871	-
Securities lending activities:			
Securities lending income	3,470	-	-
Less borrower rebates and fees	(2,680)	-	-
Net income from securities lending activities	790	-	-
Total net investment income (loss)	(928,991)	29,871	-
Intergovernmental	8,805	-	-
Miscellaneous income	98	-	1,512
Total additions	50,762	30,215	2,598
DEDUCTIONS:			
Benefits	844,207	-	-
Reimbursements	10,181	-	-
Refunds of contributions	16,920	-	-
Administrative expenses and other	8,536	25,086	2,722
Total deductions	879,844	25,086	2,722
Change in net position	(829,082)	5,129	(124)
Net position - beginning of year	10,343,346	143,505	11,686
Net position - end of year	\$ 9,514,264	\$ 148,634	\$ 11,562

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

*June 30, 2023***1. The Financial Reporting Entity****a. Primary Government**

The City of Boston (the City), incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts (the Commonwealth), 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 13 elected members serving two year terms.

The accompanying basic financial statements present the City and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

b. Blended Component Units Disclosure

- i. **Boston Retirement System (BRS)** is a defined benefit contributory retirement system created under state statute. It is administered by a Retirement Board comprising five members: the City Auditor, who serves *ex officio*; two individuals elected by participants in the system; a fourth member appointed by the Mayor; and a fifth member chosen by the other members. BRS provides pension benefits to retired City, Boston Planning & Development Agency, Boston Housing Authority, Boston Water and Sewer Commission, and Boston Public Health Commission employees. Although legally separate, BRS provides services entirely, or almost entirely, to the City and thus has been reported as a blended component unit among the City's fiduciary funds. The financial statements of BRS are included for its fiscal year end, which is December 31, 2022.
- ii. **Dudley Square Realty Corporation (DSRC) and Ferdinand Building Development Corporation (FBDC)** – The DSRC is a Qualified Active Low-Income Community Business, and is the owner and developer of the Dudley Municipal Center property. FBDC is the leverage lender of the Dudley Municipal Center property. FBDC leases the property from DSRC and the City subleases the property from FBDC. The DSRC and FBDC are non-profit organizations qualified as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. Both entities are instrumentalities of the City, as the Mayor has full control of appointments to their boards of directors. Although legally separate, both DSRC and FBDC provide services entirely, or almost entirely, to the City and thus have been reported as blended component units. These funds are presented as non-major funds within the other governmental funds. Financial statements are included for their fiscal year end, which is June 30, 2023.

Audited financial statements of these discretely presented component units can be obtained through the City Auditor's office, Room M 4, City Hall Plaza, Boston, Massachusetts 02201.

c. Discretely Presented Component Units Disclosure

These 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 the organizations, meaning it appoints, at a minimum, a voting majority of the board of directors of the organization and is able to impose its will on the organizations or has a financial benefit or burden relationship with the organizations. Unless otherwise indicated, the Notes to the Financial Statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the total component units and to the primary government. A description of the component units, criteria for inclusion, and their relationship with the City are as follows:

- i. **Boston Planning & Development Agency (BPDA)** – The BPDA is legally separate from the City and a body politic and corporate constituting the City’s redevelopment authority and exercising the powers of a planning board for the City. The BPDA is governed by a five-member board, four of whom are appointed by the Mayor and confirmed by the City Council, and one of whom is appointed by the Governor of Massachusetts (same board members as the EDIC). The BPDA receives a significant amount of intergovernmental revenue, which is used solely for capital projects that are under the oversight of the BPDA. In accordance with GASB Statement No. 61, the BPDA is presented as a discrete component unit of the City.
- ii. **Economic Development and Industrial Corporation of Boston (EDIC)** – The EDIC is legally separate from the City and a body politic and corporate and an instrumentality of the Commonwealth. The EDIC is governed by a five-member board, four of whom are appointed by the Mayor and confirmed by the City Council, and one of whom is appointed by the Governor of Massachusetts (same board members as the BPDA). The EDIC receives a significant amount of intergovernmental revenue, including grants and contracts with the City for jobs and community service activities. In accordance with GASB Statement No. 61, the EDIC is presented as a discrete component unit of the City.
- iii. **Boston Public Health Commission (BPHC)** – The BPHC is legally separate from the City and a body politic and corporate and an instrumentality of the Commonwealth. The BPHC is governed by a seven-member board, six of whom are appointed by the Mayor and confirmed by the City Council, and one of whom is the chief executive officer of the Boston Medical Center. The BPHC receives the majority of its funding from a City appropriation, Emergency Management Services and other third party billings, and federal and state grants. The BPHC expects that the City will continue to provide support for the public health programs of the BPHC. In accordance with GASB Statement No. 61, the BPHC is presented as a discrete component unit of the City.
- iv. **Trustees of the Public Library of the City of Boston (TPL)** – The TPL is legally separate from the City of Boston and is a non-profit organization qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code. The trustees of the TPL are appointed by the Mayor and the TPL places substantial reliance upon the City to fund its daily operations. In addition, the Library receives significant support through state and federal government appropriations and private sources. In accordance with GASB Statement No. 61, the TPL is presented as a discrete component unit of the City.

The financial statements of the discretely presented component units are included for their respective fiscal year ends, which is June 30, 2023.

Audited financial statements of these discretely presented component units can be obtained through the City Auditor’s office, Room M 4, City Hall Plaza, Boston, Massachusetts 02201. In addition, condensed financial statements for the discretely presented component units are included in note 21.

d. Related Organizations

The Mayor is also responsible for appointing members of the governing bodies of the Boston Housing Authority, Boston Industrial Development Finance Authority, and Boston Water and Sewer Commission; however, the City’s accountability for these organizations does not extend beyond making these appointments.

2. Summary of Significant Accounting Policies

The accounting policies of the City conform to U.S. generally accepted accounting principles as applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies followed by the City:

a. Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from any business-type activities, which rely to a significant extent on fees and charges for support. The City currently reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual Governmental Funds are reported as separate columns in the Fund Financial Statements.

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

i. Government-wide Financial Statements

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements, including the Custodial Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements for recognition have been met.

ii. Governmental Fund Financial Statements

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are “susceptible to accrual” (i.e., both measurable and available). Revenues not considered to be available are recorded as deferred inflows of resources.

The City applies the susceptible to accrual criteria to property and other taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, resources must be expended on the specific purpose or project before any amounts will be reimbursed to the City; therefore, revenues are recognized based upon the amount of expenditures incurred subject to availability requirements. In the other, resources are virtually unrestricted and are usually revocable by the grantor only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Property and other taxes are recognized as revenue in the year for which taxes have been levied or earned, provided they are collected within 60 days after year-end. Generally, intergovernmental revenues are recognized as revenue provided they are earned during the year and collected within one year after year-end, except for Massachusetts School Building Authority (MSBA) and Chapter 90 receivables which are considered available when received.

Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to long-term liabilities including leases, compensated absences, other postemployment benefits, workers' compensation and judgments and claims, are recorded only when payment is mature and due.

iii. **Proprietary Financial Statements**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the provision of services. The principal operating revenues of the City's Internal Service Funds are receipts from employer and employees for health insurance premiums. Operating expenses for the Internal Service Fund include administrative expenses, vendor payments, and health benefits. Any revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

iv. **Description of Major Funds**

Governmental funds – The City reports the following major governmental funds:

1. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The *Special Revenue Fund* accounts for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are legally restricted or assigned to expenditures for various general governmental functions. Revenue sources include grant funding for education, housing, and public safety and 1% surcharge on the Community Preservation Act.
3. The *Capital Projects Fund* accounts for bond proceeds and grant revenues used for the acquisition or construction of the City's capital facilities.

Proprietary fund – The City reports the following proprietary fund:

4. The City uses an internal service fund to account for its self-insured health costs. Although the fund is presented in a separate column in the accompanying proprietary fund financial statements, it is not considered a major fund.

Fiduciary Funds – The City reports the following fiduciary fund types:

5. *The Private Purpose Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations, or other governments. The City operates four pools used for the improvement of the City's parks and cemeteries, educational scholarships and sporting equipment, creation of public utility and beauty, and co-mingled non testamentary trusts.
6. *The Pension Trust Fund* accounts principally for the activities of the Boston Retirement System, a blended component unit, which accumulates resources for pension benefit payments to retired employees of the City and other entities.
7. *The OPEB Trust Fund* is an irrevocable trust fund established for other postemployment benefits. The assets are appropriated from the General Fund and accumulate to reduce the City's total OPEB liability. The assets of the trust are currently not used for direct payments of benefits.
8. *The Custodial Funds* are used to report funds held by the City in a purely custodial capacity. The City currently operates a drug evidence account for proceeds of property seized from illegal drug-related activities. These funds are then used to offset the costs of technical equipment or expertise and investigations. In addition, the City operates student activity funds and before and after school accounts. The funds are used to offset the costs running these programs for Boston Public Schools.

c. **Cash Equivalents**

For purposes of the statement of cash flows, investments with original maturities of three months or less when purchased are considered to be cash equivalents.

d. Basis of Investment Valuation

Investments generally are presented in the accompanying basic financial statements at fair value. Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments of BRS, which are described in notes 5 and 12. Further, income from investments is recognized in the same fund as the related investments.

The City invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, which is an external investment pool and is not SEC-registered. The fund is state-regulated and is valued at amortized cost.

e. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

f. Uncollectible Tax and Other Receivables

All receivables are shown net of an allowance for uncollectibles. Amounts considered to be uncollectible are based on the type and age of the related receivable.

g. Capital Assets (excluding leases)

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements, land use rights, computer software, trademarks and patents. Capital assets are reported in the governmental activities column in the Government-wide Financial Statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Any significant construction commitments are encumbered at year end in the City’s Capital Projects Fund.

The costs of normal maintenance and repairs that do not add to the capacity or efficiency of the asset or materially extend assets’ useful lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	30
Building improvements	30
Infrastructure	30
Land improvements - major	30
Land improvements - playgrounds	15
Computer upgrades	10
Equipment and machinery	10
Intangible assets, computer software and licenses	5
Computers and related equipment	3
Furniture and fixtures	3
Motor vehicles	3

h. Unearned Revenue

Resources received in advance are reported as unearned revenues until the period of the exchange. Intergovernmental revenues representing grants and assistance from other governmental units are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources, except CPA, Universal Pre-K and American Rescue Plan (ARP) Act funds, which are reported as unearned revenue. The City received a total amount of \$67.5 million of ARP Act funds during the fiscal year 2023. The City met eligibility requirements for \$327.1 million as of June 30, 2023.

i. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. Public Safety employees are compensated for unused personal leave in addition to sick and vacation leave. The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2023 is recorded in the Governmental Fund Financial Statements. The entire amount of the liability is reported in governmental activities in the Government-wide Financial Statements. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date that would be paid upon termination (vesting method). The liability for both amounts is calculated based on the pay or salary rates in effect at the balance sheet date.

j. Long Term Obligations and Related Costs

Long-term debt and other long term obligations are reported as liabilities in the Government-wide Statement of Net Position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. The unamortized portion is presented in the Government-wide Statement of Net Position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred.

The Governmental Fund Financial Statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the BRS and additions to/deductions from the BRS fiduciary net position have been determined on the same basis as they are reported by BRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are generally reported at fair value.

l. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Trust Fund (the Plan) and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are generally reported at fair value.

m. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and inflows of resources decrease net position, similar to liabilities.

n. Leases (Lessor)

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

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

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

- The City generally uses its estimated incremental borrowing rate as the discount rate for leases. The City's incremental borrowing rate for leases is based on a formula that adds together a risk-free rate of return (or market interest rate) component and a credit spread component using actual market data that are never more than 90 days old. The risk-free rate of return represents a consensus view of the cost of funds for a AAA-rated municipal bond issuer, while the credit spread represents a similar consensus view of the additional risk premium investors or lenders would demand to make a similar loan to entities across the rating spectrum.
- The lease term includes the noncancellable portion of the lease, plus any additional periods covered by either a City or lessee unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the City and the lessee have an option to terminate are excluded from the lease term.
- Lease payments to be received are evaluated by the City to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being received, such as fixed rent, variable rent, and lease extension fees. Lease receivable is composed of fixed payments from the lessee.

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

Lease receivable is reported with notes and other receivables within the noncurrent asset section of the statement of net position, net of the short-term portion of the lease receivable, which is reported with receivable, net – other within the current asset section.

o. Leases (Lessee) and Subscription-Based Information Technology Arrangements

The City is a lessee for various noncancellable leases of buildings and equipment. The City also has noncancellable subscription IT arrangements (similar to a lease) for the right-to-use information technology software (subscription IT arrangements). For leases and subscription IT arrangements with a maximum possible term of 12 months or less at commencement, the City recognizes expenses based on the provisions of the lease contract or subscription IT arrangement, respectively. For all other leases and subscription IT arrangements (i.e. those that are not short-term), the City recognizes a lease or subscription IT liability, respectively, and an intangible right-to-use lease asset or subscription based IT asset, respectively, in the governmental activities column of the government-wide financial statements.

At lease commencement, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the City is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

At subscription commencement, the City initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured at the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, plus the capitalized implementation costs. Subsequently, the subscription IT asset is amortized into amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying software.

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

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

Lease and subscription IT assets are reported with capital assets, and lease and subscription IT liabilities are reported with other noncurrent liabilities in the statement of net position, net of the short-term portion of the lease and subscription IT liability, which is reported with deposits and other, within the current liability section.

p. Net Position and Fund Balance

In the Government-wide and Proprietary Fund Financial Statements, net position is reported in the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Net position the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.
- Unrestricted: Remaining net position not considered net investment in capital assets or restricted.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the Governmental Fund Financial Statements, fund balance is reported in the following categories:

- Nonspendable: Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.
- Restricted: Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.
- Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- Assigned: Amounts that are constrained by the City's intent for use for specific purposes, but are considered neither restricted or committed. Under M.G.L. Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.

- Unassigned: Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City. The City maintains a formal policy that unassigned fund balance in the General Fund be at least 15 percent of the current year's General Fund GAAP basis operating expenditures.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

q. Tax Abatement Refunds

Matured tax abatement refunds that are due and payable at June 30 have been recorded as an allowance in the General Fund. A liability for estimated future tax abatement refunds has been recorded in the Government-wide Statement of Net Position.

r. Landfill Closure and Postclosure Care Costs

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2023, 100% of the Gardner Street landfill had been capped.

The total current cost of landfill closure and postclosure care is an estimate, subject to changes resulting from inflation, deflation, technology, or other changes in applicable laws or regulations. Such costs are recognized as expenditures in the General Fund to the extent that they are due or matured and are expected to be paid with expendable available financial resources. The total liability is reported in the Government-wide Statement of Net Position. Expenditures related to the Gardner Street landfill site post closure care in fiscal year 2023 were \$380 thousand.

s. Use of Estimates

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

t. Adoption of Accounting Pronouncements

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2023:

- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- Statement No. 94, *Private-Private and Public-Public Partnerships and Availability Payment Arrangements*. A Public-Private and Public-Public Partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Availability payment arrangements (APS) have also been used in practice to procure governmental services. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for the fiscal year that ends June 30, 2023.

- Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAS)*. SBITAS are arrangements that governments enter into vendor-provided information technology, software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. This Statement establishes accounting and financial reporting for SBITAS. The requirements for this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2023.
- Statement No. 99, *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Implementations of the above GASB Statements have no material effect on amounts reported in the City's financial statements.

The City is currently reviewing its accounting practices to determine the potential impacts on the financial statements for the following GASB Statements.

- Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
- Statement No. 101, *Compensated Absences*. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning December 15, 2023, and all reporting periods thereafter.
- Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

3. Short Term Debt

During fiscal year 2023, the City had no short term debt issued or outstanding.

4. Budgetary Data

The General Fund is the only fund for which a budget is legally adopted. The budgets for all departments included in the General Fund of the City, except the School Department, are prepared under the direction of the Mayor and City Council. The School Department budget is prepared under the direction of the School Committee.

Original and supplemental appropriations are submitted by the Mayor, approved by the City Council, and lapse at year-end unless encumbered. The legal level of control over appropriations is at the department level. Amendments to the original budget must be approved by the City Council, except for a reallocation of appropriations of up to \$3.0 million, which the Mayor may approve. Further, the City Auditor, with the approval of the Mayor, may make transfers from any appropriation to any other appropriation for purposes of eliminating deficits before closing the books for the fiscal year. After the close of the fiscal year, the City Auditor may, with the approval of the Mayor, apply any income, taxes, and funds not disposed of and make transfers from any appropriation to any other appropriation for the purpose of closing the accounts for the fiscal year.

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 1/2 (note 6). The tax levy must equal the sum of (a) the aggregate of all annual appropriations for expenditures; plus (b) the reserve accounts described in the following paragraph; plus (c) provision for the prior fiscal years’ deficits, if any; less (d) the aggregate of all non-property tax revenues projected to be received by the City, including available funds, in amounts certified or approved by the Commonwealth for tax rate purposes.

In accordance with the 1986 amendments to the Funding Loan Act of 1982, the City has established two reserve funds. The first is a budget reserve fund, which is required to be funded in stages to a final level of 2 1/2% of the prior year’s overall departmental appropriations, except the School Department, by the beginning of fiscal year 1990. It is available to be applied to extraordinary and unforeseen expenditures. The second is a separate reserve fund of 1% to 2-1/2% of the current year appropriation of the School Department to be applied to over-expenditures in that department.

The City’s General Fund budget is prepared on a basis other than accounting principles generally accepted in the United States of America (GAAP). The “actual” results column in the Statement of Revenues and Expenditures – Budgetary Basis – General Fund is presented on a “budgetary basis” to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis, where applicable, are that:

- i. Revenues are recorded when cash is received, except for real estate and personal property taxes, which are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP).
- ii. Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) but have no effect on GAAP expenditures.
- iii. Certain activities and transactions are presented in separate funds (GAAP), rather than as components of the General Fund (budget).
- iv. Amounts raised for the prior years’ deficits and available funds from prior years’ surpluses are recorded as revenue items (budget), but have no effect on GAAP revenues.

In addition, there are certain differences in classifications between revenues, expenditures, and transfers. The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2023 (in thousands):

	Revenue	Expenditures	Other financing uses, net	Excess of revenue and other financing sources
As reported on a budgetary basis	\$ 4,252,240	\$ 4,059,689	\$ -	\$ 192,551
Adjustments:				
Revenues to modified accrual basis	(47,748)	-	11,714	(36,034)
Expenditures, encumbrances, and accruals, net	-	(55,171)	-	55,171
On-behalf contribution for teachers pension	196,833	196,833	-	-
Other transfers	40,000	(42,159)	(2,159)	80,000
As reported on a GAAP basis	<u>\$ 4,441,325</u>	<u>\$ 4,159,192</u>	<u>\$ 9,555</u>	<u>\$ 291,688</u>

5. Deposits and Investments

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits, including demand deposits, money markets, and certificates of deposit in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the financial institution involved. Investments from operating cash in the general fund may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, bankers' acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the MMDT. MMDT, which is an external investment pool that is overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by GASB 79, "Certain External Investment Pools and Pool Participants", to report its investments at amortized cost; therefore the City reports its investments in MMDT at amortized cost which approximates the net asset value of \$1.00 per share. MMDT has a maturity of less than 1 year and is not rated. The three highest commercial paper classifications for Moody's and Standard & Poor's (S&P) are as follows:

Commercial Paper Credit Ratings		
	Moody's	S&P
Superior	P1	A1+ or A1
Satisfactory	P2	A2
Adequate	P3	A3

Primary Government (except the pension trust fund)

a. Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City's deposits or investments may not be returned. The City carries deposits that are fully insured by FDIC insurance or collateralized in the City's name. All of the City's investments are held by third parties in the City's name. As of June 30, 2023, the City and the City of Boston Pooled Funds had uninsured and uncollateralized deposits and investments of \$572.1 million and \$121.5 million, respectively.

b. Investment Policy

The City's primary concern in connection with its investment activities is a concern shared by all municipal governments: the preservation of capital. The City's investment policy establishes a discipline in which all of the City's investment activities may be safely conducted while it strives to use its capital resources as efficiently as possible. The foundation of that discipline is fixed by Massachusetts General Laws (M.G.L.) c.44, sec. 55, which prohibits Massachusetts communities from investing in certain categories of high risk investments; limits the amount of the City's bank deposits in any one financial institution; and establishes qualifying criteria for banking institutions. Further, all investments held by third parties are to be held in the City's name.

c. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the City of Boston Pooled Funds' policy to limit the average duration of an actively managed fixed income portfolio to seven years. The following is a listing of the City of Boston Pooled Funds' fixed income investments (in thousands) and related maturity schedule (in years) as of June 30, 2023:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	\$ 331,292	\$ 331,292	\$ -	\$ -	\$ -
Institutional and mutual funds	48,499	13,281	20,703	7,489	7,026
U.S. Treasury and agency securities	193,818	65,965	25,876	22,819	79,158
State and local municipal obligations	3,092	108	1,074	478	1,432
Corporate debt instruments	137,216	10,222	64,092	31,947	30,955
International Government Bonds	8,204	866	(793)	3,996	4,135
Commercial Paper	343,191	343,191	-	-	-
Corporate Note	71,999	71,999	-	-	-
Certificate of deposits	140,886	140,886	-	-	-
	<u>\$ 1,278,197</u>	<u>\$ 977,810</u>	<u>\$ 110,952</u>	<u>\$ 66,729</u>	<u>\$ 122,706</u>

d. Credit Risk

It is the City of Boston Pooled Funds’ policy that there shall be no specific limitation in regard to credit worthiness of securities, except the overall average quality of each fixed income portfolio shall be AA or better. The City of Boston Pooled Funds’ fixed income investments as of June 30, 2023 were rated by S & P and/or an equivalent national rating organization, and the ratings are presented below using the S & P rating scale (in thousands):

Investment type	Fair Value	Rating
Money Market mutual funds	\$ 331,292	Unrated
Institutional and mutual funds	48,499	AAA to A3
U.S. Treasury and agency securities	193,818	AAA to A3
State and local municipal obligations	1,981	AAA to A3
State and local municipal obligations	291	Baa1 to B3
State and local municipal obligations	820	Unrated
Corporate debt instruments	82,070	AAA to A3
Corporate debt instruments	42,145	Baa1 to B3
Corporate debt instruments	10,776	Caa1 to C
Corporate debt instruments	2,225	Unrated
Commercial Paper	343,191	A1 to A1+
Corporate Note	71,999	A to AA+
International Government Bonds	1,720	AAA to A3
International Government Bonds	5,817	Baa1 to B3
International Government Bonds	97	Caa1 to C
International Government Bonds	570	Unrated
Certificate of deposits	140,886	A1 to A1+
	\$ 1,278,197	

e. Concentration Risk

The City adheres to the provisions of M.G.L. c. 44, sec. 55 when managing concentration risk. M.G.L. c. 44, sec. 55 contains several restrictions limiting where and under what circumstances the City may deposit its funds. No investments in a single issuer exceeded 5% of the City’s investment portfolio.

f. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2023, the City of Boston Pooled Funds held international equity mutual funds valued at \$102.7 million and international government bonds valued at \$8.2 million. Although these investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies.

g. Fair Value Hierarchy

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the Statement of Net Position or Balance Sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds: Valued at the daily closing price as reported by the fund. Money market funds held by the Pooled Funds and the City are open-end money market funds that are registered with the Securities and Exchange Commission. The money market funds held by the City and classified as Level 1 are deemed to be actively traded.

Institutional and mutual funds: Valued at the daily closing price as reported by the fund. Institutional and mutual funds held by the City are open-end funds that are registered with the Securities and Exchange Commission. The institutional and mutual funds held by the Pooled Funds and classified as Level 1 are deemed to be actively traded. If market quotations are not readily available, the funds are valued by the pricing method determined by investment managers which determines valuations using methods based upon market transactions for comparable securities.

Real estate funds: Consist primarily of privately originated commercial mortgage loans secured by U.S. Commercial Real Estate.

Equity securities: Consist primarily of corporate stocks traded on U.S. and non-U.S. active security exchanges. Stocks traded on active exchanges and valued at quoted market prices and documented trade history for identical assets are categorized within Level 1 of the fair value hierarchy. If market quotations are not readily available, the stocks may be valued using pricing models maximizing the use of observable inputs for similar securities and are classified as Level 2.

US. Treasury and agency securities: Securities issued by the U.S. government, its agencies, authorities and instrumentalities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

Corporate debt instruments: Valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager.

State and local municipal obligations: Valued by independent pricing services that determine fair value valuations for normal, institutional-sized trading units of such securities using yield data relating to identical investments, or investments with similar characteristics, and other market inputs.

International government bonds: Bonds issued by foreign governments that are valued using quoted prices, documented history in the security, and pricing models maximizing the use of observable inputs determined by investment managers.

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 City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine if the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The City of Boston Pooled Funds have the following recurring fair value measurements as of June 30, 2023 (in thousands):

	Fair Value Measurements Using:			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Investments:				
Money market funds	\$ 331,292	\$ -	\$ -	\$ 331,292
Institutional and mutual funds	48,499	-	-	48,499
Equity securities	659,861	532	-	660,393
Real estate funds	-	-	60,521	60,521
Commercial Paper	343,191	-	-	343,191
Corporate Note	71,999	-	-	71,999
US Treasury & agency securities	113,786	80,032	-	193,818
State and Local municipal obligations	35	3,057	-	3,092
Corporate debt instruments	32,142	105,074	-	137,216
International Government Bonds	2,895	5,309	-	8,204
Total Investments:	\$ 1,603,700	\$ 194,004	\$ 60,521	\$ 1,858,225

Boston Retirement System

a. Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the System’s deposits may not be returned. The System carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) insurance or collateralized with securities held by the System or the System’s agent in the System’s name. As of December 31, 2022, all of the System’s deposits were insured or collateralized.

b. Investment Policy

The provisions of M.G.L. C. 32, Sec 23(2); 840 C.M.R. 16-19, 21, 23, 26; and, the System’s own investment regulations (stated at <http://www.mass.gov/perac/board-info/profiles/investment/bostonintsup.html>) govern the System’s investment practice. Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. C. 32, Sec. 3(3), the “Prudent Person” rule.

The System has retained an investment consultant to work with The Boston Retirement Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The System is currently invested in stocks (domestic and foreign), fixed income securities (domestic and foreign), real estate, private equity, Pension Reserve Investment Trust (PRIT) and hedge funds.

c. Interest Rate Risk

The following is a listing of the System’s fixed income investments (in thousands) and related maturity schedule (in years) as of December 31, 2022:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasury notes and bonds	\$ 224,035	\$ 1,206	\$ 107,450	\$ 70,491	\$ 44,888
U.S. agencies	137,984	-	7,173	2,188	128,623
Domestic corporate	1,023,138	2,720	103,615	135,956	780,847
Municipal	4,326	-	1,078	1,150	2,098
International corporate	9,376	-	5,309	3,271	796
International government	23,895	829	10,527	8,138	4,401
Asset-backed:					
CMOs	43,079	-	35	1,918	41,126
Other	75,484	3,061	17,257	13,623	41,543
	\$ 1,541,317	\$ 7,816	\$ 252,444	\$ 236,735	\$ 1,044,322

The System's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The managers of each fixed income portfolio is responsible for determining the maturity and commensurate returns of their portfolio.

The collateralized mortgage obligations (CMOs) held by the System as of December 31, 2022 are highly sensitive to changes in interest rates.

d. Credit Risk

The System allows investment managers to apply discretion under the "Prudent Person" rule. Investments are made, as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The System's fixed income investments as of December 31, 2022 were rated by S & P and/or an equivalent national rating organization and the ratings are presented below (in thousands) using the S & P rating scale:

Investment type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	Not rated
U.S. agencies	\$ 137,984	\$ 6,040	\$ 661	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,080
Domestic corporate	1,023,138	1,119	5,606	41,635	63,709	36,183	25,841	26,167	523	822,355
Municipal	4,326	60	3,178	936	-	-	-	-	-	152
International corporate	9,376	-	156	1,075	977	1,636	5,114	404	-	14
International government	23,895	398	960	5,553	10,788	3,169	2,764	150	-	113
Asset-backed:										
CMOs	43,079	22,007	188	-	-	-	-	-	-	20,884
Other	75,484	44,558	711	3,547	2,736	6,376	1,806	-	-	15,750
	<u>\$ 1,317,282</u>	<u>\$ 74,182</u>	<u>\$ 11,460</u>	<u>\$ 52,949</u>	<u>\$ 78,210</u>	<u>\$ 47,364</u>	<u>\$ 35,525</u>	<u>\$ 26,721</u>	<u>\$ 523</u>	<u>\$ 990,348</u>

In addition to the above schedule, the System has approximately \$224.0 million invested in U.S. government securities, which are not rated as they are explicitly guaranteed by the U.S. government.

e. Concentration Risk

Other than the Pension Reserves Investment Trust (PRIT) fund, the System has no investments, at fair value, that exceed 5% of the System's total investments as of December 31, 2022. The System adheres to the provisions of M.G.L. c. 32, sec. 23(2); 840 C.M.R. 16-19, 21, 23, 26; and the System's own investment regulations when managing concentration risk.

f. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Similar to the investments in domestic equities, the System employs or encourages its investment advisor to employ diversification, asset allocation, and quality strategies.

Risk of loss arises from changes in currency exchange rates. The System's exposure to foreign currency risk is presented on the following table (in thousands):

Currency	Cash and short-term investments	Fixed income	Equity	Alternative	Total
Australian dollar	\$ 176	\$ -	\$ 30,201	\$ -	\$ 30,377
Austria	-	-	3,171	-	3,171
Belgium	-	-	3,297	-	3,297
Canadian dollar	1	-	14,768	-	14,769
Danish krone	6	-	39,226	-	39,232
Euro currency	1,968	-	-	240	2,208
Finland	-	-	16,705	-	16,705
France	-	-	60,092	-	60,092
Germany	-	-	35,576	-	35,576
Hong Kong dollar	-	-	21,167	-	21,167
Ireland	-	-	1,988	-	1,988
Israel	30	-	821	-	851
Italy	-	-	9,037	-	9,037
Japanese yen	7	-	106,936	-	106,943
Korea	46	-	-	-	46
Luxembourg	-	-	1,062	-	1,062
Netherlands	-	-	25,395	-	25,395
New Zealand dollar	-	-	407	-	407
Norwegian krone	-	-	141	-	141
Pound sterling	86	-	69,422	6,790	76,298
Singapore dollar	3	-	8,931	-	8,934
Spain	-	-	9,699	-	9,699
Swedish krona	15	-	14,646	-	14,661
Swiss franc	86	-	63,854	-	63,940
Total securities subject to foreign currency risk	\$ 2,424	\$ -	\$ 536,542	\$ 7,030	\$ 545,996
U.S. dollars (securities held by international investment managers)	-	34,069	324,048	-	358,117
Total international investment securities	\$ 2,424	\$ 34,069	\$ 860,590	\$ 7,030	\$ 904,113

g. PRIT External Investment Pooled Fund

The Massachusetts legislature enacted Section 17 of Chapter 112 of the Acts of 2010 that requires the System to invest all assets, current and future, related to Boston Teachers in the PRIT fund. The PRIT pooled fund is an external investment pool that is not registered with the Securities Exchange Commission, but is subject to oversight provided by the Pension Reserves Investment Management Board (the PRIM Board). The PRIM Board was created by legislation to provide general supervision of the investments and management of PRIT. PRIT is not a rated fund.

The fair value of the PRIT pooled fund is based on unit value as reported by management of the PRIT pooled fund. The PRIT pooled fund issues separately available audited financial statements with a year-end of June 30.

On July 1, 2010, the System transferred 27% of its assets, or \$1.1 billion, to the PRIT pooled fund. As of December 31, 2022, the System had the following amounts invested in the PRIT fund (in thousands):

General allocation account	\$	1,907,914
Cash fund		197,309
Total PRIT pooled funds	\$	<u>2,105,223</u>

h. Derivatives

The System trades financial instruments with off balance sheet risk in the normal course of its investing activities to assist in managing exposure to market risks. The System uses forward foreign currency contracts to hedge against the risk of future foreign currency fluctuations. As of December 31, 2022, there were two pending forward currency contracts with a net notional amount of \$64 thousand and fair value of \$0.1 thousand.

i. Securities Lending

The Public Employment Retirement Administration Commission of Massachusetts (PERAC) has issued supplemental regulations that permit the System to engage in securities lending transactions. Securities lending is an investment management enhancement that utilizes certain existing securities of the Plan to earn additional income. These transactions are conducted by the System's custodian, which lends certain securities owned by the System to other broker dealers and banks pursuant to a form of loan agreement. The System and the borrowers maintain the right to terminate all securities lending transactions on demand.

Securities lending involves the loaning of securities to approved banks and broker-dealers. In return for the loaned securities, the custodian, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash (including both U.S. and foreign currency) or U.S. government securities, sovereign debt of foreign countries, and irrevocable bank letters of credit as collateral to serve as a safeguard against possible default of any borrower on the return of the loan. The custodian does not have the ability to pledge or sell collateral unless the borrower defaults. Borrowers are required to deliver collateral in the amounts equal to not less than 100% of the fair value of the loaned securities. The collateral is marked to market on a daily basis. In the event the counterparty is unable to meet its contractual obligation under the securities lending arrangement, the Plan may incur losses equal to the amount by which the market value of the securities differs from the amount of collateral held. The Plan mitigates credit risk associated with securities lending arrangements by monitoring the fair value of the securities loaned on a daily basis, with additional collateral obtained or refunded as necessary.

The System does not impose any restrictions on the amount of securities lent on its behalf by the custodian. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses from a default of the borrowers or the custodian for the year ended December 31, 2022. The cash collateral received by the custodian on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. The relationship between the average maturities of the investment pool and loans was affected by the maturities of the loans made by other plans that invested cash collateral in the collective investment pool, which the System could not determine.

The Plan maintains full ownership rights to the securities loaned and, accordingly, recognizes the amount of collateral received as investment with corresponding obligation to return such collateral on the statement of fiduciary net position. At December 31, 2022, the fair value of securities loaned by the System amounted to \$244.4 million, against which was held collateral of \$252.1 million as follows (in thousands):

Short-term collateral investment pool	\$	156,770
Noncash collateral		95,336
Total	\$	<u>252,106</u>

Securities lending income earned by the System is recorded on the accrual basis and was approximately \$3.5 million for the year ended December 31, 2022.

j. Commitments

At December 31, 2022, the System had contractual commitments to provide \$483.0 million of additional funding to private equity funds, and \$224.0 million to real estate funds.

k. Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of December 31, 2022 (in thousands):

	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
	Total at December 31, 2022	(Level 1)	(Level 2)
Short-term:			
Domestic	\$ 80,116	\$ 80,116	\$ -
International	11,621	11,621	-
Total short-term	91,737	91,737	-
U.S. equities:			
Large cap core	588,314	588,314	-
Large cap growth	69,782	69,782	-
Large cap value	330,516	330,516	-
Small cap core	179,210	179,210	-
Small cap growth	113,154	113,154	-
Small cap value	104,018	104,018	-
Total U.S. equities	1,384,994	1,384,994	-
International equities	1,384,063	1,384,063	-
Fixed income securities:			
U.S. treasury securities	224,035	224,035	-
Corporate debt securities	1,023,138	1,023,138	-
Global multi-sector fixed income	33,271	-	33,271
Municipal	4,326	-	4,326
Collateralized mortgage obligations	43,079	-	43,079
Other asset backed securities	75,484	-	75,484
U.S. Agencies	137,984	-	137,984
Total fixed income securities	1,541,317	1,247,173	294,144
Total investments by fair value level	4,402,111	4,107,967	294,144
Government external investment pool:			
PRIT fund	1,907,914		
Investments measured at the net asset value (NAV):			
Hedge fund of funds	328,745		
Private equity funds	675,672		
Private real estate funds	661,671		
Total investments measured at the NAV	1,666,088		
Total investments at fair value	\$ 7,976,113		

Fixed income and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

The PRIT pooled fund is an external investment pool that is not registered with the Securities and Exchange Commission, but is subject to oversight provided by the Pension Reserves Investment Management Board (the PRIM Board). The PRIM Board was created by legislation to provide general supervision of the investments and management of PRIT. PRIT is not a rated fund. The fair value of the PRIT pooled fund is based on unit value as reported by management of the PRIT pooled fund. The PRIT fund issues separately available audited financial statements with a year-end of June 30. The Plan is required to provide a 30-day redemption notice for this investment.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table (in thousands):

	Investments Measured at the NAV			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global multi-strategy hedge fund of funds ¹	\$ 328,745	\$ -	Quarterly	60-90 days
Real estate funds ²	675,672	483,000	-	-
Private equity funds ³	661,671	224,000	-	-

1. Global Multi-strategy Hedge Fund of Funds. This type includes investments in 7 hedge funds that invest in other hedge fund managers. Management of each hedge fund is given full discretion to invest with direct hedge fund managers. The fair value of the investments in this type has been determined using the NAV per share of the investments.
2. Real Estate Funds. This type includes 35 real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System’s ownership interest in partners’ capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 7 to 10 years.
3. Private Equity Funds. This type includes 61 private equity funds that invest primarily in U.S. companies. These investments can never be redeemed with the funds; instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next 7 to 10 years.

6. Property Taxes

Real and personal property taxes are based on values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting as described in note 2.

The City bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the City’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On December 6, 2022, all properties with unpaid fiscal year 2022 property taxes were liened. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as “Proposition 2 1/2” limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 1/2 limits the total levy to an amount not greater than 2 1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2 1/2% of the prior year’s levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 1/2 can be overridden by a citywide referendum.

7. Receivables

Receivables as of year end for the City’s individual major governmental funds and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	General	Special revenue	Capital projects	Other nonmajor funds	Total
Receivables:					
Property taxes	\$ 24,986	\$ -	\$ -	\$ -	\$ 24,986
Motor vehicle/boat excise	33,660	-	-	-	33,660
Intergovernmental	9,595	168,968	18,731	-	197,294
Lease receivable	7,518	1,901	-	138	9,557
Departmental and other	21,725	20,169	-	195	42,089
Tax Title and possession	72,404	-	-	-	72,404
Gross receivables	169,888	191,038	18,731	333	379,990
Less allowance for uncollectibles	(97,601)	-	-	-	(97,601)
Net total receivables	\$ 72,287	\$ 191,038	\$ 18,731	\$ 333	\$ 282,389

a. Long Term Receivable

The City participates in the Commonwealth’s school building assistance program, which is administered by the MSBA. The MSBA provides financial assistance (up to 80% of total costs) to the City to build and/or renovate schools. As of June 30, 2023, under this program, the City was due funds of \$5.2 million.

b. Notes Receivable

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development projects. Housing and Urban Development (HUD) provides grants or loans to local governments, which in turn provides loans to developers. As of June 30, 2023, under this program, the City determined that \$19.7 million was collectible. This amount is recorded in the City’s Special Revenue fund.

c. Tax Abatement Programs

The City enters into tax abatement agreements that meet the reporting requirements of GASB Statement No. 77 “Tax Abatement Disclosures”. Below are descriptions of the tax abatement programs and the amount of real estate taxes that were abated for each program during the fiscal year.

Chapter 121A

Chapter 121A of the Massachusetts General Laws authorizes a local government in cooperation with its redevelopment authorities to suspend the imposition of real and personal property taxes, betterments and special assessments on properties determined to be “blighted” in order to encourage the redevelopment of residential, commercial, civic, recreational, historic or industrial projects by Chapter 121A Corporations. The City receives two principal sources of revenue from Chapter 121A Corporations. The first consists of an excise, as determined under Section 10 of Chapter 121A, that each Chapter 121A Corporation must pay to the Commonwealth that is then distributed to the City. The second form of revenue consists of payments as required by a contract between the City and Chapter 121A Corporations as authorized by Chapter 121A, Section 6A that provide for additional revenue beyond the excise provided under Section 10 of Chapter 121A.

Chapter 121B

Chapter 121B of the Massachusetts General Laws authorizes a local government, at their option and through their redevelopment authorities, to undertake public actions to address substandard or blighted open areas for residential, commercial, industrial, business, government, recreational, educational, hospital or other uses. Chapter 121B project owners may be exempted from property taxes. In these cases, an agreement to make annual in lieu of tax payments to the City is required.

Tax Increment Financing (TIF)

Tax Increment Financing (TIF) is a property tax incentive authorized under the Economic Development Incentive Program pursuant to Massachusetts General Laws Chapter 40, Section 59 and administered by the Commonwealth's Economic Assistance Coordinating Council. In return for substantial job creation, a local government may provide businesses with tax relief on the incremental growth in their property's value for up to 20 years. In Boston, TIF projects must be approved by the Mayor and City Council.

The following are estimated taxes abated for the year ended June 30, 2023 by tax abatement program (in thousands):

Tax Abatement Program (1)	Estimated Tax Amount	In Lieu of Tax Payments	Estimated Taxes Abated
121A Urban Redevelopment	\$ 56,683	\$ 20,303	\$ 36,380
121B Urban Redevelopment	16,703	13,743	2,960
Tax Increment Financing	8,354	7,083	1,271
Total	\$ 81,740	\$ 41,129	\$ 40,611

(1) Individual tax abatement agreements are available upon request or through the City of Boston Assessing Department website at boston.gov/assessing

d. Lease Receivable

The City leases out its land, buildings and infrastructure for various operational purposes to third parties. The details of these noncancellable leases are as follows:

	Land	Buildings	Land Improvements	Infrastructure
No. of Leases	2	20	1	2
Terms	120 - 330 Months	21 - 152 months	51 Months	70 - 72 Months
Interest Rates	0.637% - 1.524%	0.075% - 2.322%	0.417%	0.165% - 0.637%

The City's incremental borrowing rates, which varies depending on the length of the respective leases, were applied to these leases since there were no specific interest rates for each of the lease agreements.

The City's lease receivables and deferred inflows of resources at June 30, 2023 were valued as follows (in thousands):

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease receivable - current portion	\$ 2,510	\$ 624	\$ 84	\$ 3,218	\$ 211
Lease receivable - noncurrent portion	5,008	1,277	54	6,339	2,363
Total lease receivable	<u>\$ 7,518</u>	<u>\$ 1,901</u>	<u>\$ 138</u>	<u>\$ 9,557</u>	<u>\$ 2,574</u>
Deferred inflows of resources	<u>\$ 7,866</u>	<u>\$ 1,899</u>	<u>\$ 112</u>	<u>\$ 9,877</u>	<u>\$ 2,529</u>

The total amount of inflows of resources related to leases recognized in the current fiscal year are as follows (in thousands):

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease revenue	<u>\$3,247</u>	<u>\$623</u>	<u>\$72</u>	<u>\$3,942</u>	<u>\$224</u>
Interest revenue	<u>\$69</u>	<u>\$3</u>	<u>\$1</u>	<u>\$73</u>	<u>\$16</u>

8. Capital Asset

Capital asset activity for the governmental activities for the year ended June 30, 2023 was as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 43,426	\$ 3	\$ -	\$ 43,429
Construction in progress	403,979	336,598	(325,247)	415,330
Total capital assets not being depreciated	<u>447,405</u>	<u>336,601</u>	<u>(325,247)</u>	<u>458,759</u>
Capital assets being depreciated:				
Land improvements	394,325	25,205	-	419,530
Buildings and improvements	2,821,494	220,074	(31)	3,041,537
Furniture and equipment	582,198	52,883	(18,931)	616,150
Infrastructure	1,089,309	61,488	-	1,150,797
Total capital assets being depreciated	<u>4,887,326</u>	<u>359,650</u>	<u>(18,962)</u>	<u>5,228,014</u>
Less accumulated depreciation for:				
Land improvements	191,917	18,565	-	210,482
Buildings and improvements	1,504,989	68,022	(31)	1,572,980
Furniture and equipment	480,370	33,238	(15,774)	497,834
Infrastructure	443,149	32,055	-	475,204
Total accumulated depreciation	<u>2,620,425</u>	<u>151,880</u>	<u>(15,805)</u>	<u>2,756,500</u>
Total capital assets being depreciated, net	<u>2,266,901</u>	<u>207,770</u>	<u>(3,157)</u>	<u>2,471,514</u>
Governmental activities capital assets, net excluding lease assets	<u>\$ 2,714,306</u>	<u>\$ 544,371</u>	<u>\$ (328,404)</u>	<u>2,930,273</u>
Lease and subscription IT assets-net, note 11				<u>29,352</u>
Total capital assets reported in the statement of net position				<u>\$ 2,959,625</u>

Depreciation expense was charged to functions of the governmental activities as follows (in thousands):

General government	\$ 10,920
Human services	3,480
Public safety	25,261
Public works, including depreciation of general infrastructure assets	31,035
Property and development	10,062
Parks and recreation	17,876
Library	8,480
Schools	44,461
Public health	305
Total depreciation expense - governmental activities	<u>\$ 151,880</u>

9. Interfund Balances and Amounts Due To and From Component Units

Individual fund receivable and payable balances at June 30, 2023 are as follows (in thousands):

Interfund balances	Receivable	Payable
General	\$ 927	\$ 796
Capital	-	183
Special revenue	3,384	3,163
Non-major governmental funds	-	169
Balances at June 30, 2023	\$ 4,311	\$ 4,311

The purpose of the internal balances is to fund cash flows due to timing differences between receipts and disbursements and to record amounts owed for rent related to the Dudley Municipal Center property.

Amounts due to and from discretely presented component units at June 30, 2023 are as follows (in thousands):

Discrete component unit balances	Receivable	Payable
Primary government:		
General	\$ 3,510	\$ 3,178
Internal Service	949	-
Balances at June 30, 2023	4,459	3,178
Discretely presented component units:		
TPL	-	791
BPHC	3,178	1,050
BPDA	-	2,618
Balances at June 30, 2023	\$ 7,637	\$ 7,637

10. Long-Term Obligations

Governmental Activities

The following is a summary of the long-term obligations of the governmental activities of the City as of June 30, 2023 (in thousands):

	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Bonds, Notes, Leases and Other long-term obligations:						
General obligation bonds	0-5.30%	\$ 1,463,985	\$ 350,000	\$ 139,080	\$ 1,674,905	\$ 170,090
Add (deduct):						
					232,172	
					(170,090)	
					\$ 1,736,987	
	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Notes payable	2-5%	\$ 20,286	\$ -	\$ 2,217	\$ 18,069	\$ 958
Equipment financing payable		67,863	35,494	28,812	74,545	28,813
Judgements and claims		17,173	31,778	27,031	21,920	13,162
Tax abatements		39,800	41,951	12,251	69,500	22,900
Workers' compensation		192,149	41,206	50,528	182,827	58,466
Health and life claims		30,371	296,763	300,447	26,687	26,687
Compensated absences		247,599	101,230	92,614	256,215	69,174
Landfill closure and postclosure care costs		5,668	-	380	5,288	350
Pollution remediation		500	-	-	500	-
Other postemployment benefits		2,310,198	201,353	167,967	2,343,584	-
Net pension liability		1,080,235	1,541,204	747,200	1,874,239	-
Total bonds, notes, and other long-term obligations, excluding lease liabilities		\$ 4,011,842	\$ 2,290,979	\$ 1,429,447	4,873,374	220,510
Lease and subscription IT liabilities, note 11					28,108	11,417
Total bonds, notes, leases, and other long-term obligations					\$ 6,638,469	\$ 402,017

The payment of long-term obligations of the governmental activities, except for health and life claims, is the responsibility of the City's General Fund. Health and life claims are the responsibility of the City's Internal Service Fund.

The annual debt service requirements of the City's general obligation bonds, notes and leases payable as of June 30, 2023, including subsidies to be received for Build America Bonds and Qualified School Construction Bonds, are as follows (in thousands):

General Obligation Bonds:	Principal	Interest	Subsidy	Total
Year(s) ending June 30:				
2024	\$ 170,090	\$ 69,896	\$ (1,897)	\$ 238,089
2025	168,725	62,414	(1,366)	229,773
2026	148,420	55,506	(814)	203,112
2027	129,000	48,827	(254)	177,573
2028	108,225	43,887	(202)	151,910
2029-2033	437,240	161,911	(202)	598,949
2034-2038	320,185	81,651	-	401,836
2039-2043	193,020	20,716	-	213,736
	<u>\$ 1,674,905</u>	<u>\$ 544,808</u>	<u>\$ (4,735)</u>	<u>\$ 2,214,978</u>
Notes Payable:				
Year(s) ending June 30:				
2024	\$ 958	\$ 470	\$ -	\$ 1,428
2025	993	447	-	1,440
2026	1,054	423	-	1,477
2027	1,135	397	-	1,532
2028	1,146	369	-	1,515
2029-2033	8,492	1,283	-	9,775
2034-2037	4,291	137	-	4,428
	<u>\$ 18,069</u>	<u>\$ 3,526</u>	<u>\$ -</u>	<u>\$ 21,595</u>
Equipment financing payable:				
Year(s) ending June 30:				
2024	\$ 28,813	\$ 1,522	\$ -	\$ 30,335
2025	21,545	995	-	22,540
2026	11,572	547	-	12,119
2027	6,423	300	-	6,723
2028	4,007	135	-	4,142
2029-2030	2,185	66	-	2,251
	<u>\$ 74,545</u>	<u>\$ 3,565</u>	<u>\$ -</u>	<u>\$ 78,110</u>

On May 4, 2023, the City issued \$350.0 million of general obligation bonds for various municipal capital projects. Interest on the bonds are payable semiannually each May 1 and November 1 until maturity in fiscal year 2041.

The City has entered into various financing agreements for equipment acquisition. Payments under these agreements are subject to annual appropriation and, by statute, are not included in the City's debt limit calculations.

The City has no outstanding lines of credit.

No Obligation Debt

The City has outstanding industrial, commercial, and housing development bonds payable solely from revenues of the respective enterprises that do not constitute an indebtedness of the City and are not charged against its general credit. This aggregate amount is immaterial to the financial statements.

Defeased Debt

The principal amount of debt refunded through in substance defeasance transactions for governmental activities and still outstanding at June 30, 2023 was approximately \$46.4 million.

Debt Capacity

The City is subject to a dual general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the City as last equalized by the Massachusetts Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Secretary of Administration and Finance. Additionally, there are many categories of general obligation debt, which are exempt from the debt limit but are subject to other limitations.

As of June 30, 2023, the City may issue \$7.86 billion of additional general obligation debt under the debt limit. General obligation debt of \$1.87 billion, subject to the debt limit, and \$149 million, exempt from the debt limit, are authorized but unissued as of June 30, 2023.

11. Lease Liability and Similar Subscription Based Information Technology Arrangements

The City is a lessee for noncancellable leases of buildings and equipment. The details of these noncancellable leases are as follows:

	<u>Buildings</u>	<u>Equipment</u>
No. of Leases	12	491
Terms	32 - 120 Months	27 - 60 months
Interest Rates	0.198% - 2.673%	0.165% - 2.583%

The City also has noncancellable subscription arrangements (similar to a lease) for the right-to-use various information technology software (subscription IT arrangements). The details of these noncancellable subscription IT arrangements are as follows:

	<u>IT Arrangements</u>
No. of subscription arrangements	24
Terms	18 - 47 months
Interest Rates	1.580% - 3.689%

The City's incremental borrowing rates, which vary depending on the length of the respective leases and subscription IT arrangements, were applied to those leases and subscription IT arrangements that do not have a specific interest rate.

Lease and subscription asset activity for the governmental activities for the year ended June 30, 2023 was as follows (in thousands):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Lease assets:				
Buildings	\$ 12,379	\$ 4,158	\$ 1,066	\$ 15,471
Equipment	7,818	30	17	7,831
Subscription IT assets	<u>13,307</u>	<u>7,702</u>	-	<u>21,009</u>
Total	<u>33,504</u>	<u>11,890</u>	<u>1,083</u>	<u>44,311</u>
Less accumulated amortization for lease assets:				
Buildings	2,028	2,941	1,066	3,903
Equipment	1,879	2,128	17	3,990
Accumulated amortization for subscription IT assets	-	<u>7,066</u>	-	<u>7,066</u>
Total	<u>3,907</u>	<u>12,135</u>	<u>1,083</u>	<u>14,959</u>
Total lease and subscription IT assets - net	<u>\$ 29,597</u>	<u>\$ (245)</u>	<u>\$ -</u>	<u>\$ 29,352</u>

Amortization expense was charged to functions of the governmental activities as follows (in thousands):

General government	\$ 6,764
Public safety	481
Property and development	103
Library	37
Human Services	79
Schools	<u>4,671</u>
Total	<u>\$ 12,135</u>

The following is a summary of changes in lease and subscription IT liabilities for the year ended June 30, 2023 (in thousands):

	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Governmental activities:					
Lease liabilities	\$ 16,372	\$ 4,188	\$ 4,973	\$ 15,587	\$ 4,459
Subscription IT liabilities	<u>13,307</u>	<u>7,702</u>	<u>8,488</u>	<u>12,521</u>	<u>6,958</u>
Total governmental activities	<u>\$ 29,679</u>	<u>\$ 11,890</u>	<u>\$ 13,461</u>	<u>\$ 28,108</u>	<u>\$ 11,417</u>

Payments under lease agreements and subscription IT arrangements are subject to annual appropriation and, but statute, are not included in the City’s debt limit calculations.

The annual debt service requirements of the City’s lease liabilities as of June 30, 2023 are as follows (in thousands):

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year(s) ending June 30:					
2024	\$ 4,459	\$	183	\$	4,642
2025	3,615		147		3,762
2026	1,850		116		1,966
2027	1,459		91		1,550
2028	948		68		1,016
2029 - 2033	3,256		132		3,388
Total	<u>\$ 15,587</u>	<u>\$</u>	<u>737</u>	<u>\$</u>	<u>16,324</u>

The annual debt service requirements of the City’s subscription IT liabilities as of June 30, 2023 are as follows (in thousands):

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
Year(s) ending June 30:					
2024	\$ 6,958	\$	322	\$	7,280
2025	5,563		146		5,708
Total	<u>\$ 12,521</u>	<u>\$</u>	<u>468</u>	<u>\$</u>	<u>12,988</u>

12. Retirement Plans**a. Plan Description**

The City contributes to the BRS, a cost-sharing, multiple-employer qualified defined benefit governmental pension plan. The System provides retirement, disability, and death benefits to plan members and beneficiaries of the following government units:

- (1) City of Boston
- (2) Boston Planning & Development Agency
- (3) Boston Housing Authority
- (4) Boston Water and Sewer Commission
- (5) Boston Public Health Commission
- (6) Sheriff of Suffolk County (Retirees as of December 31, 2009, funded by the City)

The Commonwealth of Massachusetts is a nonemployer that makes contributions to BRS related to City of Boston teachers.

The System is administered by a five person Board of Retirement consisting of the City Auditor, who serves as a member ex officio, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor, and a fifth member chosen by the other members. A complete set of financial statements for BRS for the fiscal year ended December 31, 2022 can be obtained through the BRS, Boston City Hall, Room 816, Boston, MA 02201 or by accessing the website www.cityofboston.gov/retirement/investment.asp.

Participation in the System is mandatory for all permanent, full time, and certain part-time employees immediately upon the commencement of employment. Participants who resign from employment, or are receiving workers' compensation benefits, and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. In addition, those participants who resign voluntarily with less than ten years of service are entitled to receive 3% per year interest; all others receive interest which has accrued on their cumulative deductions at the regular interest rate (0.1% at December 31, 2022).

Employees with ten or more years of service having attained age 55 are entitled to pension benefits; an earlier retirement is allowed upon completion of 20 years of service. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three-year average annual rate of regular compensation (highest consecutive five-year average for those members who join the System on or after April 2, 2012). Benefit payments are based upon a participant's age, length of creditable service, regular compensation, and group classification. Participants become vested after ten years of creditable service. Effective July 1, 1998 Chapter 32 of the M.G.L. assigned the authority to establish and amend benefit provisions and grant cost-of-living increases for the plan to the Boston Retirement Board.

If a member in service dies due to causes unrelated to his or her job, the surviving spouse and/or surviving dependent children may receive benefits, either in a lump sum or in the form of an annuity based on the length of service, contributions and age. In the event there are no spouse and/or dependent children named, other beneficiaries may be entitled to a lump-sum distribution. Participants who become permanently and totally disabled from further duty may be eligible to receive accidental or ordinary disability retirement benefits.

Accidental disability is provided to members with incapacitation resulting from a work-related injury or hazard. Generally, annual pension benefits are provided based on 72% of the annual rate of regular compensation a member earned while an active employee on date of injury or average annual rate of regular compensation. Ordinary disability is available to any member whose permanent incapacitation is not work-related and has attained ten years of creditable service. Such benefits are provided as if the member had attained the age of 55 (or actual age if over 55) based on the amount of creditable service actually earned. Limits are placed on how much a disability employee can earn from other sources while collecting a disability retirement pension.

The City is legally responsible for funding the employer portion of all pensions associated with certain retirees from the Suffolk County Sheriff’s Department (SCSD), which became part of the Commonwealth of Massachusetts in 2010, pursuant to a cooperation agreement (the Agreement) dated June 28, 2011. According to the Agreement, all employees of the SCSD, or its predecessor department, who retired prior to January 1, 2010 remained retirees of the BRS. In addition, members of AFSCME Local 419 who retired between January 1, 2010 and October 31, 2010, remained retirees of the BRS. Employer contributions related to these retirees are the responsibility of the City under the Agreement.

Special Funding Situations

The City is party to a special funding situation with the Commonwealth of Massachusetts with respect to the City of Boston Teachers. The Commonwealth is responsible for funding the employer portion of all teacher pensions in the Commonwealth. All teachers in the Commonwealth are members of the Massachusetts Teachers Retirement System, with the exception of teachers employed by the City, who are members of BRS. Although Boston Teachers are members of BRS, the Commonwealth is the responsible contributing entity as described in Chapter 112 of the Massachusetts General Laws Acts of 2010.

The Commonwealth is also legally responsible for reimbursing BRS for a portion of the benefits payments for cost of living increases granted before July 1997 as described in Chapter 112 of the Massachusetts General Laws Acts of 2010.

b. BRS Basis of Accounting

The System’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized as additions in the period when they become due pursuant to formal statutory obligations. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. The following is a description of the valuation techniques and inputs used for each major class of assets and liabilities measured at fair value:

(1) Short-term, Equity and Fixed Income Investments - Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Certain fixed income securities not traded on an exchange are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

(2) Pooled funds - the fair value of shares in managed investment pools is based on unit values reported by the funds.

(3) Alternative investments include hedge funds, holding through commingled limited partnerships of venture capital funds, including equity interests in early, middle, and later stage companies, as well as debt and equity interests in buyouts, acquisitions, restructurings, mezzanine structures and special situations, such as litigation or spin-off activities. These investments are carried at the limited partnership interest or redemption value, the equivalent of net asset value, which approximates fair value. Values assigned to such investments are based on available information and do not necessarily represent amounts that may ultimately be realized in liquidation. Liquidation values depend largely on future circumstances, including marketability, and frequently cannot reasonably be estimated until at, or near, the liquidation date.

(4) Real estate investments consist of interests in commercial properties held by various partnerships and other limited liability entities, some of which utilize debt financing. Fair values of such holdings are reported based on the net asset values of the entities, which are estimated using third-party appraisals and other information provided by property managers.

c. Membership

Membership in the System consisted of the following at December 31, 2022:

Active plan members	20,884
Retirees and beneficiaries receiving benefits	14,819
Inactive members entitled to, but not yet receiving benefits	1,303
Inactive members entitled to a return of contributions	12,821
Total membership	49,827
Total number of participating employers	6

d. Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% – 11% of their regular gross compensation. Non-teacher members hired after January 1, 1979 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining System-wide actuarially determined contribution, which is apportioned among the employers based on an actuarial computation. The contributions of plan members and the participating employers are governed by Chapter 32 of the M.G.L. For the year ended December 31, 2022, the System was due \$606.8 million from all employers and the Commonwealth and received \$606.8 million in these contributions. For the year ended June 30, 2023, inclusive of contributions related to SCSD, and exclusive of contributions related to the City’s teachers, the City’s required contribution was \$347.9 million. The actual contribution was \$347.9 million, as well as a \$23.5 million contribution subsequent to the measurement date. For the year ended June 30, 2023, the Commonwealth’s required and actual contribution related to City Teachers was \$196.8 million. The amount is reported as intergovernmental revenue and retirement cost expenditures in the General Fund.

e. Legally Required Reserve Accounts

The balance in the System’s legally required reserves (on the statutory basis of accounting) at December 31, 2022 is as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 2,112,390	Active members’ contribution balance
Annuity reserve fund	433,103	Retired members’ contribution account
Military service fund	1,238	Members’ contribution account while on military leave
Pension reserve fund	811,024	Amounts appropriated to fund future retirement benefits
Pension fund	5,175,005	Remaining net position
	<u>\$ 8,532,760</u>	

All reserve accounts are funded at levels required by state statute.

f. City Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$1.76 billion for its proportionate share of the BRS net pension liability measured as of December 31, 2022. This net pension liability includes amounts related to SCSD retirees and reflects a reduction for the special funding situations with the Commonwealth. The amount recognized by the City as its proportionate share of the net pension liability, the proportionate share related to the Commonwealth special funding situations, and the total portion of the net pension liability associated with the City measured at December 31, 2022 were as follows (in thousands):

City’s proportionate share of net pension liability	\$ 1,764,569
Commonwealth’s proportionate share of net pension liability associated with the City	<u>2,692,277</u>
Total	<u>\$ 4,456,846</u>

To determine employers’ proportionate share of the net pension liability, separate calculations of net pension liability were performed for each of the Commonwealth special funding situations, SCSD retirees, and the remaining non-teacher group. At December 31, 2022, the City was allocated 100% of the net pension liability for SCSD retirees and 84.75% of the remaining non-teacher group based on its proportion of 2022 required employer contributions related to this group. The City’s proportion of the collective BRS net pension liability at December 31, 2022 was 36.96% compared to 28.28% at December 31, 2021.

For the year ended June 30, 2023, in the Government-wide financial statements, the City recognized pension expense of \$620.2 million and revenue of \$225.5 million related to the Commonwealth special funding situations. At June 30, 2023, the City reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ -	\$ 87,274
Net difference between projected and actual investment earnings	518,231	-
Changes in assumptions	198,548	-
Changes in employer proportion	22,918	1,189
Employer contributions made subsequent to the measurement date	23,500	-
	<u>\$ 763,197</u>	<u>\$ 88,463</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023 related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:

2024	\$ 106,464
2025	184,975
2026	160,735
2027	212,620
2028	(13,560)
	<u>\$ 651,234</u>

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the BRS and additions to/ deductions from the BRS's fiduciary net position have been determined on the same basis as they are reported for the BRS.

g. Actuarial Assumptions

The total pension liability for the December 31, 2022 measurement date was determined by using an actuarial valuation as of January 1, 2022, with update procedures used to roll forward the total pension liability to December 31, 2022. The measurement of the total pension liability at December 31, 2022 applied the following actuarial assumptions:

Inflation	3.25%
Salary Scale	7.5% to 4%, indexed by year of service, for teachers and 4.5% to 4% for non-teachers
Investment rate of return, including inflation	6.90% for BRS excluding teachers and 7.00% for teachers, net of expenses, including inflation
Cost of living adjustments	5% of first \$15,000
Mortality	Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and to the Pub-2010 Safety Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Group 4 and Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Boston Teachers Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and to the Pub-2010 Disabled Retiree Amount-Weighted Mortality Tables projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the actuarial valuation date of December 31, 2022 for BRS, excluding Teachers, are summarized below:

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	24%	6.59%
International developed markets equity	17	6.87
International emerging markets equity	8	8.30
Core fixed income	16	1.53
High yield fixed income	5	3.54
Emerging market debt	4	3.54
Real estate	10	3.44
Timber	0	4.01
Hedge fund, GTAA, risk parity	5	3.06
Private equity	11	9.49
	100%	

h. Discount Rate

The discount rate used to measure the total pension liability was 6.90% for BRS excluding Teachers. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rate and that contributions of participating employers and the Commonwealth will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the BRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

i. Sensitivity of the City's Proportionate Share of the BRS Net Pension Liability

The following presents the City's proportionate share of the BRS net pension liability calculated using the discount rate of 6.90% for the BRS excluding Teachers, as well as what the City's proportionate share of the BRS net pension liability would be if the liability was calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate for BRS excluding Teachers (in thousands):

	City's net pension liability		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
June 30, 2023	\$ 2,605,463	\$ 1,764,569	\$ 1,058,094

j. Non-contributory retirees and beneficiaries

In addition to appropriation payments to cover current and future benefit payments of City employees covered by the BRS, the City funds noncontributory retirement benefits for pensioners whose employment predates the BRS, certain veterans who meet certain state law requirements, former employees retired under Massachusetts Special Acts and families receiving killed-in-the-line-of-duty benefits. These retirees and beneficiaries receive benefits for their lifetime. For the City's Non-contributory and Special Legislation Retirees, the City is providing such benefits to 39 pensioners; these benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$4.6 million. The City's net pension liability for the noncontributory retirees and beneficiaries is \$109.7 million, as of June 30, 2023.

The actuarial valuation as of June 30, 2022, and rolled forward to June 30, 2023, was used to determine the City's pension liability and pension expense as of June 30, 2023 (in thousands):

Total Pension liability	\$ 109,670
Plan fiduciary net position	-
Plan net pension liability	<u>\$ 109,670</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>-%</u>
Interest	\$ 2,834
Recognized portion of current year assumption changes	(2,126)
Change of benefit terms	224
Differences between expected and actual experience	31,029
Pension expense (income)	<u>\$ 31,961</u>

The pension expense reflects immediate recognition of the change in assumptions because the group of retirees and beneficiaries is assumed to be closed.

There are no deferred outflows/inflows of resources related to these pensions. The discount rate used to determine the total pension liability was 3.65% as of June 30, 2023 and 3.54% as of June 30, 2022, which was the high quality tax-exempt general obligation municipal bond rates (20-Bond GO Index) as published by The Bond Buyer for those dates. The mortality assumptions are the same as used in the Boston Retirement System Actuarial Valuation Report as noted in footnote 11(g).

The salary COLA assumptions were updated based on past experience and future expectations and to be consistent with the assumptions used by the Boston Retirement System and the discount rate was changed to reflect the change in the 20-Bond GO Index.

k. Sensitivity of the City's Net Pension Liability

The following presents the net pension liability of the City's Non-Contributory and Special Legislation Retirees and Beneficiaries as of June 30, 2023, calculated using a discount rate of 3.65% as well as what the City's Non-Contributory and Special Legislation Retirees and Beneficiaries' net pension liability would be if the liability was calculated using a discount rate that is 1- percentage point lower (2.65%) or 1- percentage point higher (4.65%) than the current rate:

<u>City of Boston Non-Contributory net pension liability</u>			
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
June 30, 2022	\$ 131,528	\$ 109,670	\$ 92,865

13. Other Post Employment Benefits (OPEB)

Plan Description

The City sponsors and participates in the Other Postemployment Benefit Trust Plan (the Plan) an agent multi-employer defined benefit OPEB plan that provides healthcare and insurance benefits, in accordance with state statute and City ordinance, to participating retirees and their beneficiaries. The Boston Public Health Commission, a discretely presented component unit, also participates and contributes to the plan. City ordinance grants the authority to the City to establish a healthcare benefit trust fund for purposes of providing retiree healthcare benefits to employees of the City and the Boston Public Health Commission.

The OPEB plan is administered by the City and issues a standalone audited financial report that can be obtained from www.boston.gov/departments/auditing.

i. Benefits Provided

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Neighborhood Health Plan. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts, Mass General Brigham Health Plan, Harvard Pilgrim HealthCare, and Tufts Health Plan.

Groups 1 and 2 retirees, including teachers, with at least 10 years or 20 years of creditable service are eligible at age 55 or any age, respectively. Group 4 retirees with at least 10 years or 20 years of creditable service are eligible at age 55 or any age, respectively. Retirees on accidental disability retirement are eligible at any age, while ordinary disability requires 10 years of creditable service. The surviving spouse is eligible to receive pre and post retirement death benefits, as well as medical and prescription drug coverage.

Employees Covered by the Benefit Terms

As of June 30, 2021, the most recent actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	<u>City</u>	<u>PHC</u>
Active Plan members	15,440	965
Inactive members receiving benefits	15,073	314
Total membership	<u>30,513</u>	<u>1,279</u>

a. Contributions

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The OPEB Plan is currently funded on a pay-as-you-go basis plus periodic advance funding contributions as amounts are available. The employers and plan members share the cost of benefits. As of June 30, 2021, the valuation date, the plan members contribute 12.0% to 29.5% of the monthly premium cost, depending on the plan in which they are enrolled. The City contributes the balance of the premium cost.

b. Basis of Accounting

The OPEB Trust Fund Financial Statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when made. Benefits are recognized when due and payable in accordance with the terms of each plan.

Investments are reported at fair value. Fair value of securities held directly are based on quotations from national securities exchanges.

c. Investment Policy

The provisions of Massachusetts General Laws (M.G.L) c. 44 sec 54 allows investment in securities listed on the Commonwealth’s approved securities listing. The OPEB investment portfolio is managed by the City Collector Treasurer. The investment strategy is to reduce risk through the prudent diversification of the portfolio across the distinct allowable asset classes. The City Collector Treasurer aims to remain consistent in the approach and refrain from dramatically shifting asset class allocation over a short period.

d. Actuarial Methods and Assumptions

The City’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to the measurement date using the following actuarial assumptions during the measurement period:

- Salary Increase. Non-teachers: 4.0 to 4.5%. Teachers: 4.0 to 7.5%
- Inflation Increase - 3.25%
- Actuarial Cost Method. Entry Age Normal - Level Percentage of Payroll.
- Mortality

Groups 1 and 2 (Excluding Teachers) Pre-Retirement (Non-Teachers)

Pub-2010 General Employee Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Healthy (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Disabled (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Surviving Spouse (Non-Teachers): Pub-2010 General Contingent Survivor Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Group 4

Pre-Retirement: Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Disabled: Pub-2010 Disabled Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Surviving Spouse: Pub-2010 Safety Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Teachers

Pre-Retirement (Teachers): Pub-2010 Teacher Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Healthy (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Disabled (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Surviving Spouse (Teachers): Pub-2010 Teacher Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

- Healthcare cost trend rates. Medical and Prescription Drug: 7.0% decreasing by 0.25% for 10 years to an ultimate rate of 4.5%. Medicare Part B Premium: 4.5%. Contributions: Retiree contributions are expected to increase with medical trends.
- Discount Rate. The discount rate used to measure the total OPEB liability is 6.25% per annum.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of return
Domestic equity	40%	6.59%
International developed markets equity	13	6.87
International emerging markets equity	10	8.30
Core Fixed Income	25	1.53
High Yield Fixed Income	7	3.54
Real Estate	5	3.44
Total	<u>100%</u>	

e. Net OPEB Liability

The components of the net OPEB liability for the City's Plan as of June 30, 2023, presented below on the June 30, 2023 measurement date and the actuarial assumptions are outlined above (in thousands):

	City
Total OPEB Liability	\$ 3,283,838
Plan Fiduciary Net Position	(940,254)
Net OPEB Liability	<u>\$ 2,343,584</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>28.63%</u>

a. Change in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 3,134,364	\$ 824,166	\$ 2,310,198
Changes for the year:			
Service cost	85,997	-	85,997
Interest	197,334	-	197,334
Differences between expected and actual experience	(5,890)	-	(5,890)
Contributions - employer	-	167,968	(167,968)
Net investment income	-	76,087	(76,087)
Benefit payments	(127,967)	(127,967)	-
Net changes	149,474	116,088	33,386
Balances at June 30, 2023	<u>\$ 3,283,838</u>	<u>\$ 940,254</u>	<u>\$ 2,343,584</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rates disclosed as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2023 (in thousands):

	5.25%	6.25%	7.25%
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	<u>\$ 2,796,633</u>	<u>\$ 2,343,584</u>	<u>\$ 1,970,328</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	5.25%	6.25%	7.25%
	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability	<u>\$ 1,876,311</u>	<u>\$ 2,343,584</u>	<u>\$ 2,930,561</u>

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$261 million.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension amounts from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 111,993	\$ 151,765
Net difference between projected and actual earnings	15,343	-
Differences between expected and actual experience	110,207	5,350
Total	\$ 237,543	\$ 157,115

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2024	\$ 30,139
2025	25,954
2026	49,875
2027	(14,719)
2028	(9,980)
2029	(841)
Total	\$ 80,428

14. Transfers

Transfers and their purposes during the year ended June 30, 2023 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Housing 2030	\$ (35,213)	\$ 35,213	\$ -	\$ -
American Rescue Plan	40,000	(40,000)	-	-
BERDO 2.0	(3,492)	3,492	-	-
Participatory Budgeting	(2,000)	2,000	-	-
Debt Service	(1,454)	-	-	1,454
Total	\$ (2,159)	\$ 705	\$ -	\$ 1,454

15. Excess of Expenditures over Budgets

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2023 in the following categories (in thousands):

Police Department	\$ 26,225
Fire Department	3,718
Execution of Courts	27,026
	\$ 56,969

The excess expenditures reported above are allowed under the budgetary laws governing the City.

16. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2023 are as follows (in thousands):

Fund Balances:	General	Special Revenue	Capital Projects	Other governmental funds
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	26,873	-	-
General government	-	-	58,390	61,768
Fire	-	-	2,294	-
Public Works	-	-	73,424	-
Property and Development	-	9,625	53,407	46,648
Parks and recreation	-	-	36,056	-
Schools	-	-	53,858	746
Subtotal	-	36,498	277,429	109,162
Assigned to:				
Property and development	39,690	-	-	-
Catastrophic loss	40,240	-	-	-
Housing initiative	36,565	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	117,179	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	139,192	334,258	-	-
Subtotal	420,028	334,258	-	-
Unassigned	1,186,928	-	-	-
Total fund balances	\$ 1,606,956	\$ 370,756	\$ 277,429	\$ 130,666

17. Commitments and Contingencies

a. Encumbrances

The City has assigned \$139.2 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$282.1 million in the Special Revenue Fund, \$396.9 million in the Capital Projects Fund, and \$1.9 million in Other Governmental Funds.

b. Infrastructure Investment Incentive Transactions

Infrastructure Investment Incentive transactions (I-Cubed) are governed by Chapter 293 of the Acts of 2006 (the Act). Under the Act, the funding for the projects associated with these transactions is provided through proceeds of bonds issued by the Massachusetts Development Finance Agency (MDFA) and is to be used for approved public infrastructure improvements undertaken by the developer. The debt service on these bonds will be paid by the Commonwealth through State Infrastructure Development Assistance to the extent that New State Tax Revenues generated once the project is operational offset the amounts paid to MDFA to cover the debt service. When this is not the case, the participating municipality or developer generally will be responsible for the shortfall depending on the transaction agreement. The Act provides for the establishment of a Municipal Liquidity Reserve (MLR) from which the participating municipality can draw to offset any required payments made to the Commonwealth. The MLR is generally funded by the developer either through cash or a direct pay letter of credit.

During fiscal year 2015, the City executed two Infrastructure Development Assistance Agreements (IDAA) for I-Cubed transactions. Under the first IDAA, \$32.4 million in bonds were issued by MDFA in September 2015. Also, an MLR of \$1.2 million was established at the time of the issuance of the bonds. This reserve is equal to twice the maximum annual debt service payable in any fiscal year on the bonds issued under the indenture. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the MLR for any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023. The City also recorded \$11.2 million in donated capital assets in fiscal year 2016 for improvements to City-owned infrastructure made by the developer. These assets have been recorded at acquisition value which has been defined as “the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.”

Under the second IDAA, \$10.0 million in bonds were issued by MDFA in fiscal year 2016. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the MLR for one-third of any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023.

In connection with this second I-Cubed transaction, the City has a leasehold interest in a portion of the parking garage, which represents the public infrastructure improvements under the transaction, created under a master lease and its assignments and a sublease. With the execution of the master lease and sublease agreements, along with the assignment agreements transferring the interests of the owner of the parking garage to the City through the BPDA, the City essentially becomes the lessee on the master lease and the sub-landlord on the sublease. This results in the City having no responsibility for the operation of the parking garage and having the right to collect from the sub-lessee Section 121A PILOT payments from 2015 through 2036 and then base rent from 2036 through 2055, both of which are largely based on a percentage of gross revenues of the parking garage. The City has no obligation for any payments as lessee under the master lease.

During fiscal year 2019, the City executed an Infrastructure Development Assistance Agreements (IDAA) for an I-Cubed transaction. Under the IDAA, \$30.0 million in bonds were issued by MDFA in June 2019. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the letter of credit for any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023.

18. Public Health System

Effective July 1, 1996, the City’s Department of Health and Hospitals and Trustees of Health and Hospitals were abolished. Substantially all their assets and liabilities, including title to the City’s two hospitals, BCH and Boston Specialty and Rehabilitation Hospital (BSRH), were transferred to and assumed by BPHC.

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the BMC.

The BPHC receives the majority of its funding from federal and state grants, and a City appropriation. During fiscal year 2023, the City appropriated \$120.8 million to the BPHC. As described below, the BPHC uses the appropriation to pay debt service on certain general obligation bonds, for administrative purposes and to support the various public health programs run by the BPHC. The City has budgeted \$130.3 million for the BPHC for fiscal year 2024.

Due from BPHC/BMC

The BPHC is also responsible for reimbursing the City for health insurance, equipment lease payments, workers’ compensation, and other miscellaneous expenses paid for by the City.

19. Risk Management

The Risk Management Program focuses on a planned strategy of self-insurance, supported by strong prevention and cost reduction efforts, financial reserves and catastrophic insurance. 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 legal liabilities are capped per M.G.L. Chapter 258, and Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. For workers' compensation, the City is exempt from state insurance requirements per M.G.L. Chapter 152 Section 25B. The City's Workers' Compensation Division as well as the Police and Fire Departments manage employee injury claims internally. The City budgets for and funds legal claims and employee injury costs through the General Fund, charging specific departments for their share of costs in order to promote awareness and prevention efforts.

The City provides health insurance coverage for employees and retirees through a variety of self-insured plans. The City budgets for and funds the premium costs for all plans through the General Fund. Self-insured plans are financially managed through the Internal Service Fund established in compliance with M.G.L. Chapter 32B, Section 3A. The guiding policy for the City of Boston Health Claims Trust Fund states that accounting for the fund will be in accordance with generally accepted accounting principles, and will ensure that all contributions and actual costs are shared between employers and their subscribers according to predetermined ratios.

For unexpected large losses, the City maintains a catastrophic risk reserve, which has an available balance of \$40.2 million at the end of fiscal 2023. To further protect the City's assets and finances from adverse loss, commercial insurance is purchased strategically for certain exposures. A catastrophic property insurance policy provides \$100.0 million for all risk protection after a \$10.0 million deductible. Boiler and machinery losses are insured up to \$50.0 million per incident, after a \$50 thousand deductible. A Fine Arts Policy provides \$150 million for risk protection after a \$1,000 deductible of fine arts and collectible objects including, but not limited to paintings, etchings, drawings, photographs, rare books and manuscripts, antiques, sculptures, memorabilia, natural history objects or historical artifacts, which are owned by the City or Library Trustees or on loan for which the City or Library Trustees have been instructed to insure.

The City has not had any insurance claim paid in the last 4 years and has never had a claim or settlement that exceeded any of its insurance policy limits. The catastrophic risk reserve has grown over the years when money remains from the annual budgeted amount for Risk Retention Reserves, which is intended to pay for insurance premiums, broker fees and additional insurance related costs.

The City has established a liability based on historical trends of previous years and attorneys' estimates of pending matters and lawsuits in which the City is involved. Changes in the self-insurance liability for the fiscal years ended June 30, 2023 and 2022 are as follows (in thousands):

	<u>Internal service fund</u>	
	<u>2023</u>	<u>2022</u>
Health and life claims, beginning of year	\$ 30,371	\$ 28,329
Incurred claims	296,763	318,964
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	<u>(300,447)</u>	<u>(316,922)</u>
Health and life claims, end of year	<u>\$ 26,687</u>	<u>\$ 30,371</u>
	<u>Government-wide statements</u>	
	<u>2023</u>	<u>2022</u>
Judgments and claims, beginning of year	\$ 249,122	\$ 242,893
Incurred claims	114,935	101,551
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers' compensation	(50,528)	(57,391)
Tax abatement liability	(12,251)	(7,692)
Court judgments	<u>(27,031)</u>	<u>(30,239)</u>
Judgments and claims, end of year	<u>\$ 274,247</u>	<u>\$ 249,122</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years. There are numerous pending matters and lawsuits in which the City is involved. The City attorneys' estimate that the potential claims against the City not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

20. Dudley Square Realty Corporation (DSRC) and Ferdinand Building Development Corporation (FBDC)

As described in note 1, the DSRC is a Qualified Active Low-Income Community Business, and is the owner and developer of the Dudley Municipal Center property. FBDC is the leverage lender of the Dudley Municipal Center property. As the project sponsor during fiscal year 2013, the City authorized and issued \$28.9 million in general obligation bonds and transferred proceeds to FBDC. FBDC, utilizing these bond proceeds, made loans totaling \$29.3 million to two investment funds. The investment funds made these proceeds and funds from additional investments available to eight leverage lenders that made loans in the aggregate amount of \$40.8 million to DSRC to finance the Dudley Municipal Center project. With the completion of Dudley Municipal Center project, FBDC is master tenant and leases the project from DSRC.

Based on the ending compliance period of the New Market Tax Credit, the Board of Directors and the City of Boston came to an agreement with all involved financial institutions to unwind the leveraged loans in November of 2019. The leveraged loans were paid via assignment of the notes and cancellation of the indebtedness.

This prompted amendments to the Master Lease and City's sublease agreements, essentially canceling all future cash flows related to the initial leases. The amendments occurred subsequent yet retroactive to year ended June 30, 2021. These activities resulted in net revenues of \$11.5 million for the wind down of debt and expenses of \$5.3 million for the lease amendments. As the City sublease was amended as a result of the wind down, there was no rental income under the City sublease.

21. Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

Condensed Statements of Net Position

June 30, 2023

(In thousands)

	BPHC	BPDA	TPL	EDIC	Total
Assets:					
Current assets:					
Cash and investments	\$ 62,297	\$ 64,291	\$ 6,781	\$ 65,198	\$ 198,567
Cash and investments held by trustee	-	-	24,225	-	24,225
Receivables, net:					
Leases receivable, current	-	5,585	171	4,670	10,426
Other	37,757	13,814	2,418	15,821	69,810
Other assets	3,229	256	1,035	851	5,371
Due from primary government	3,178	-	-	-	3,178
Total current assets	106,461	83,946	34,630	86,540	311,577
Noncurrent assets:					
Cash and investments held by trustee	-	-	65,526	704	66,230
Notes and other receivables:					
Notes receivable	47,802	88,512	466	-	136,780
Lease receivable, net	39,670	183,596	275	1,527,933	1,751,474
Interest receivable	-	-	-	33,398	33,398
Accrued interest receivable on leases	-	2,344	-	-	2,344
Disposition receivable	-	30,692	-	1,784	32,476
OPEB Asset	-	6,052	-	-	6,052
Other	-	-	-	-	-
Capital assets, net:					
Nondepreciable	12,948	13,137	-	11,813	37,898
Depreciable assets, net	12,263	13,010	588	33,544	59,405
Right of use lease assets, net	1,406	5,727	1,728	1,305	10,166
Subscription IT assets, net	-	-	-	272	272
Total noncurrent assets	114,089	343,070	68,583	1,610,753	2,136,495
Total assets	220,550	427,016	103,213	1,697,293	2,448,072
Deferred outflows of resources:					
Deferred amount for pension costs	57,322	7,253	-	-	64,575
Deferred amount for other postemployment benefits costs	5,733	1,177	-	-	6,910
Total deferred outflows of resources	63,055	8,430	-	-	71,485
Liabilities:					
Current liabilities:					
Warrants and accounts payable	21,968	9,587	1,309	8,802	41,666
Accrued liabilities:					
Other	623	948	542	649	2,762
Current portion of long-term debt	2,367	-	-	-	2,367
Compensated absences	-	-	-	113	113
Due to primary government	1,050	2,618	791	-	4,459
Pollution remediation	-	-	-	-	-
Subscription agreement liability	-	-	567	174	741
Unearned revenue	5,437	1,804	-	296	7,537
Leases obligations/payable	529	-	-	233	762
Total current liabilities	31,974	14,957	3,209	10,267	60,407
Noncurrent liabilities:					
Bonds, notes and leases due					
in more than one year	3,378	7,511	-	-	10,889
Other noncurrent liabilities	1,725	136,796	-	4,339	142,860
Other postemployment benefits	80,780	-	-	-	80,780
Subscription agreement liability LT	-	-	1,127	45	1,172
Unearned revenue	47,434	30,692	-	-	78,126
Net pension liability	138,512	16,729	-	-	155,241
Total noncurrent liabilities	271,829	191,728	1,127	4,384	469,068
Total liabilities	303,803	206,685	4,336	14,651	529,475
Deferred inflows of resources:					
Deferred amount for pension costs	13,685	2,852	-	-	16,537
Deferred amount for other postemployment benefits costs	42,643	4,188	-	-	46,831
Deferred amount for leases	40,215	184,543	402	1,480,921	1,706,081
Total deferred inflows of resources	96,543	191,583	402	1,480,921	1,769,449
Net position:					
Net investment in capital assets	20,343	23,267	622	46,934	91,166
Restricted	-	-	84,779	704	85,483
Unrestricted	(137,084)	13,911	13,074	154,083	43,984
Total net position	\$ (116,741)	\$ 37,178	\$ 98,475	\$ 201,721	\$ 220,633

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2023
(in thousands)

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 229,958	\$ 31,366	\$ 20,351	\$ 56,544	\$ 338,219
Program revenues:					
Charges for services	45,066	25,566	2,883	44,061	117,576
Operating grants and contributions	117,450	-	16,264	24,229	157,943
Capital grants and contributions	-	-	-	923	923
Total program revenues	162,516	25,566	19,147	69,213	276,442
Net program revenues (expenses)	(67,442)	(5,800)	(1,204)	12,669	(61,777)
General revenues:					
Investment income	2,304	3,581	6,055	1,119	13,059
Investment income from leases	1,441	372	-	30,175	31,988
Sale of property	118	3,345	-	-	3,463
City appropriation	120,025	-	-	-	120,025
Miscellaneous income	913	71	1,947	-	2,931
Total general revenues	124,801	7,369	8,002	31,294	171,466
Change in net position	57,359	1,569	6,798	43,963	109,689
Net position, beginning of year, as restated (for BPDA and EDIC)	(174,100)	35,609	91,677	157,758	110,944
Net position - end of year	\$ (116,741)	\$ 37,178	\$ 98,475	\$ 201,721	\$ 220,633

22. Subsequent Event

In January 2024, the City issued \$250,000,000 through a private placement with TD Bank. Interest on the private placement will be payable semiannually on each June 1 and December 1, commencing December 1, 2024, until maturity or earlier redemption.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
(Unaudited)

Schedule of OPEB Contributions - OPEB
(Amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 213,343	\$ 203,857	\$ 188,972	\$ 182,364	\$ 199,400	\$ 190,991	\$ 167,787
Contributions in relation to the actuarially determined contribution	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Contribution surplus (deficiency)	\$ (45,375)	\$ (31,708)	\$ (18,412)	\$ (17,861)	\$ (23,382)	\$ (31,025)	\$ (10,323)
Covered payroll	\$ 2,033,622	\$ 1,862,730	\$ 1,811,408	\$ 1,776,886	\$ 1,696,838	\$ 1,611,911	\$ 1,582,695
Contributions as a percentage of covered payroll	8.26%	9.24%	9.42%	9.26%	10.37%	9.92%	9.95%

Note: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Notes to Schedule:

Valuation date:

Actuarially determined contribution for fiscal year ending June 30, 2023 was determined with the June 30, 2021 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Payments increasing at 3.25% per year
Remaining amortization:	23 years as of July 1, 2022
Asset valuation method:	Fair Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5% Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5% Medicare Part B premiums: 4.5%
Salary increases:	Non-teachers: 4% to 4.5%; Teachers: 4% to 7.5%
Investment return:	6.25%
Mortality:	Pub-2010 generational table using Scale MP-2021 for non-teachers and teachers applied on a gender-specific basis.

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2023

(Amounts in thousands)

Total OPEB Liability

	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 85,997	\$ 79,852	\$ 77,223	\$ 72,030	\$ 69,659	\$ 67,365	\$ 65,146
Interest	197,334	192,082	183,843	203,807	194,459	185,615	177,157
Changes of benefit terms	-	-	-	(498,655)	-	-	-
Differences between expected and actual experience	(5,890)	148,512	(528)	4,981	6,624	700	(1,717)
Changes of assumptions	-	(212,471)	-	261,316	-	-	-
Benefit payments, including refunds of employee contributions	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Net Change in total OPEB liability	149,474	75,826	129,978	(81,024)	134,724	133,714	123,122
Total OPEB liability - beginning	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146	2,618,024
Total OPEB liability - ending	3,283,838	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146
Plan Fiduciary Net Position							
Contributions - employers	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Net investment income, net	76,087	(77,643)	166,540	21,035	33,624	27,656	47,156
Benefit payments, including refunds of employee contributions	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Administrative expenses	-	(5)	(5)	(5)	(4)	(12)	(5)
Net change in plan fiduciary net position	116,088	(37,648)	206,535	61,030	73,620	67,644	87,151
Plan fiduciary net position - beginning	824,166	861,814	655,279	594,249	520,629	452,986	365,835
Plan fiduciary net position - ending	940,254	824,166	861,814	655,279	594,249	520,630	452,986
Net OPEB liability	\$ 2,343,584	\$ 2,310,198	\$ 2,196,724	\$ 2,273,281	\$ 2,415,335	\$ 2,354,230	\$ 2,288,160
Plan fiduciary net position as a percentage of the total							
OPEB Liability	28.63%	26.29%	28.19%	22.38%	19.75%	18.11%	16.53%
Net OPEB liability as a percentage of the total covered payroll							
Net OPEB liability as a percentage of the total covered payroll	115.24%	124.02%	121.27%	127.94%	142.34%	146.05%	144.57%
Covered payroll	2,033,622	1,862,730	1,811,408	1,776,886	1,696,838	1,611,911	1,582,695

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Notes to Schedule:

Changes in assumptions:

Changes as of June 30, 2023: (None)

Changes in Plan Provisions:

Changes as of June 30, 2023: (None)

Schedule of City's Proportionate Share of the Net Pension Liability - Boston Retirement System
(Amounts in millions)

	2023	2022	2021	2020	2018	2017	2016	2015
City's proportion of the net pension liability	36.96%	28.83%	32.80%	35.96%	32.04%	35.66%	36.78%	36.82%
City's proportionate share of the net pension liability	\$ 1,765	\$ 998	\$ 1,303	\$ 1,639	\$ 1,288	\$ 1,484	\$ 1,622	\$ 1,417
Commonwealth's proportionate share of net pension liability associated with the City	2,692	2,277	2,429	2,587	2,451	2,345	2,426	2,092
Total	\$ 4,457	\$ 3,275	\$ 3,732	\$ 4,226	\$ 3,739	\$ 3,829	\$ 4,048	\$ 3,509
City's covered payroll (for the period ended on the measurement date December 31)	\$ 1,864	\$ 1,776	\$ 1,720	\$ 1,661	\$ 1,547	\$ 1,475	\$ 1,475	\$ 1,423
City's proportionate share of the net pension liability as a percentage of covered payroll	94.69%	56.19%	75.76%	98.68%	83.26%	100.61%	109.97%	99.58%
BRS fiduciary net position as a percentage of the total pension liability	64.12%	73.26%	67.64%	61.91%	62.73%	58.44%	55.76%	59.59%

Note: Schedule is intended to show information for ten years. Historical information prior to the implementation of GASB Statement No. 68 is not required if the information is not available. Additional years will be displayed as they become available.

Schedule of City's Contributions - Boston Retirement System
(Amounts in millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 348	\$ 313	\$ 284	\$ 257	\$ 234	\$ 193	\$ 193	\$ 179	\$ 165
Contributions in relation to the actuarially determined contribution	348	313	284	257	234	193	205	179	165
Contribution surplus (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -
Covered payroll (for the fiscal year ended June 30)	\$ 1,993	\$ 1,826	\$ 1,777	\$ 1,741	\$ 1,609	\$ 1,467	\$ 1,467	\$ 1,467	\$ 1,442
Contributions as a percentage of covered payroll	17.46%	17.14%	15.98%	14.76%	14.54%	13.16%	13.16%	12.20%	11.44%

Note: Schedule is intended to show information for ten years. Historical information prior to the implementation of GASB Statement No. 68 is not required if the information is not available. Additional years will be displayed as they become available.



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GENERAL FUND

The General Fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

GENERAL FUND

Balance Sheet

June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 1,928,610
Receivables:	
Property taxes	24,986
Motor vehicle / boat excise	33,660
Intergovernmental	9,595
Departmental and other	29,243
Tax title and possession	72,404
Total Receivables	<u>169,888</u>
Allowance:	
Motor vehicle / boat excise	(25,196)
Tax title and possession	(72,405)
Total Allowance	<u>(97,601)</u>
Net receivable	<u>72,287</u>
Due from other funds	927
Due from component units	3,510
Total assets	\$ <u>2,005,334</u>
LIABILITIES:	
Warrants and accounts payable	\$ 57,115
Accrued liabilities:	
Payroll and related costs	268,041
Deposits and other	30,503
Due to other funds	796
Due to component units	3,178
Total liabilities	\$ <u>359,633</u>
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	<u>38,745</u>
FUND BALANCE:	
Assigned	420,028
Unassigned	1,186,928
Total fund balance	<u>1,606,956</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>2,005,334</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	2023
REVENUES:	
Real and personal property taxes	\$ 2,988,917
Excises	298,077
Payments in lieu of taxes	103,315
Fines	60,429
Investment income	88,404
Licenses and permits	102,244
Departmental and other	109,001
Intergovernmental	690,938
Total Revenues	4,441,325
EXPENDITURES:	
Current:	
General government	154,252
Human services	40,938
Public safety	809,042
Public works	125,102
Property and development	41,491
Parks and recreation	33,905
Library	44,041
Schools	1,357,011
Public health programs	126,875
Judgments and claims	27,031
Retirement costs	565,815
Other employee benefits	259,465
State and district assessments	354,900
Total current expenditures	3,939,868
Capital outlays	18,601
Debt service	200,723
Total Expenditures	4,159,192
Excess of revenues over expenditures	282,133
OTHER FINANCING USES:	
Transfers in	40,000
Transfers out	(42,159)
Leases and subscription IT arrangements issued	11,714
Total other financing uses	9,555
Net change in fund balances	291,688
Fund balance - beginning	1,315,268
Fund balance - ending	\$ 1,606,956

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
PROPERTY TAXES				
Real Estate Taxes	\$ 2,754,288	\$ 2,754,288	\$ 2,757,266	\$ 2,978
Real and Personal Property Taxes	209,011	209,011	211,807	2,796
Revenue class total	2,963,299	2,963,299	2,969,073	5,774
MOTOR VEHICLE EXCISE				
Motor Vehicle Excise - Current	34,000	34,000	36,555	2,555
Motor Vehicle Excise - Prior Years	19,575	19,575	23,280	3,705
Boat Excise - Current and Prior Years	-	-	29	29
Revenue class total	53,575	53,575	59,864	6,289
OTHER EXCISE TAXES				
Hotel / Motel Room Excise	54,000	54,000	129,271	75,271
Aircraft Fuel Excise	19,000	19,000	49,639	30,639
Condominium Conversion Excise	550	550	917	367
Short-Term Rental	400	400	649	249
Meals Tax Excise	22,000	22,000	37,670	15,670
Marijuana Local Option Sales T	1,000	1,000	2,198	1,198
Urban Redevelopment Ch 121A	10,000	10,000	16,803	6,803
Vehicle Rental Surcharge	750	750	1,125	375
Revenue class total	107,700	107,700	238,272	130,572
COMMONWEALTH OF MASSACHUSETTS				
State Owned Lands	620	620	612	(8)
Exemption - Elderly	901	901	1,104	203
Veterans Services - Local Aid	1,228	1,228	966	(262)
Unrestricted General Government Aid	219,467	219,467	219,467	-
Local Share of Racing Taxes	553	553	358	(195)
Charter School Reimbursement	58,680	58,680	44,225	(14,455)
Chapter 70 Education Aid	227,237	227,237	227,237	-
Revenue class total	508,686	508,686	493,969	(14,717)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
DEPARTMENTAL & OTHER				
Penalties & Interest - Property Taxes	\$ 2,300	\$ 2,300	\$ 3,584	\$ 1,284
Penalties & Interest - Motor Vehicle	2,200	2,200	3,283	1,083
Penalties & Interest - Tax Title	4,400	4,400	5,103	703
Other Departmental Fees & Charges	1,800	1,800	2,724	924
Registry Division Fees	1,600	1,600	1,708	108
Liens	600	600	484	(116)
Other Departmental	2,800	2,800	3,722	922
City Clerk Fees	500	500	599	99
Muni Medicaid Reimbursement	6,000	6,000	5,436	(564)
Medicaid Part D	1,100	1,100	264	(836)
Police Services	600	600	609	9
Fire Services	6,000	6,000	7,575	1,575
Parking Facilities	2,500	2,500	5,183	2,683
Street Occupancy	10,000	10,000	25,695	15,695
Street and Sidewalk Permits	600	600	254	(346)
Property Mgmt - Building Rents	700	700	1,349	649
St Furniture Program Fixed Fees	1,500	1,500	1,500	-
St Furniture Program Adm Fees	900	900	1,195	295
DoIT/PWD Small Cell Revenue	600	600	1,412	812
DOIT E-Rate	1,600	1,600	1,709	109
Tuition and Transportation - Schools	1,900	1,900	2,634	734
McKinney-Vento reimbursement	1,000	1,000	-	(1,000)
Library Fees	5	5	-	(5)
Cobra / Self-pay	180	180	176	(4)
Affirmative Recovery Unit	200	200	169	(31)
Fringe-Retirement	5,768	5,768	8,958	3,190
Pensions and Annuities	6,550	6,550	8,082	1,532
Indirect Costs Reimbursement	500	500	721	221
3rd Party Fringe Reimbursement	200	200	150	(50)
Third-Party Payments	1,460	1,460	1,824	364
Prior Year Reimbursements	500	500	363	(137)
Police Detail Administration Fee	3,000	3,000	3,108	108
Administrative Fee 3rd Party Payments	350	350	567	217
Revenue class total	69,913	69,913	100,140	30,227

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2023

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
FINES				
Parking Fines	\$ 50,820	\$ 50,820	\$ 56,079	\$ 5,259
60 Cents Surcharge	400	400	708	308
Boots & Tows Fees	1,100	1,100	1,703	603
Court Fines	5	5	10	5
Moving Violation Fines - Court	700	700	860	160
Fire Safety Fines	40	40	24	(16)
Code Enforcement	1,100	1,100	1,246	146
Revenue class total	54,165	54,165	60,630	6,465
PAYMENTS IN LIEU OF TAXES				
Massport	20,949	20,949	21,978	1,029
Miscellaneous PILOT's	30,150	30,150	34,399	4,249
Miscellaneous Ch 121B Section 16	6,000	6,000	11,778	5,778
Miscellaneous Ch 121A Section 6A	9,000	9,000	33,051	24,051
EDIC Chapter 121C PILOT	400	400	1,092	692
Revenue class total	66,499	66,499	102,298	35,799
INVESTMENT INCOME				
Interest on Investments	3,000	3,000	88,335	85,335
Revenue class total	3,000	3,000	88,335	85,335
LICENSES AND PERMITS				
Building Structures and Permits	48,000	48,000	80,298	32,298
Weights and Measures	260	260	250	(10)
Street and Curb Permits	2,800	2,800	1,883	(917)
Pre-rental Inspections	1,500	1,500	2,483	983
Other Departmental Licenses & Permits	400	400	1,025	625
Health Inspections	1,540	1,540	1,694	154
Alcoholic Beverages and Licenses	4,400	4,400	4,570	170
Marijuana License	25	25	57	32
Entertainment Licenses	1,600	1,600	1,883	283
Police Firearm Permits	40	40	121	81
Other Business Licenses and Permits	150	150	226	76
Cable Television	4,000	4,000	4,665	665
Dog Licenses	220	220	237	17
Revenue class total	64,935	64,935	99,392	34,457
MISCELLANEOUS				
Air Rights	267	267	267	-
Revenue class total	267	267	267	-
TRANSFERS AND OTHER AVAILABLE FUNDS				
Appropriated Cemetery Trustee	950	950	-	(950)
Appropriated Parking Meter Receipts	30,000	30,000	-	(30,000)
Appropriated Funds Balance	40,000	40,000	-	(40,000)
American Rescue Plan	40,000	40,000	40,000	-
Revenue class total	110,950	110,950	40,000	(70,950)
Total Revenues and Other financing Sources	\$ 4,002,989	\$ 4,002,989	\$ 4,252,240	\$ 249,251

See accompanying independent auditors' report

GENERAL FUND

**Schedule of Expenditures Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2023**

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Costs of Issuance - RANS	\$ 500	\$ 157	\$ 157	\$ -
Annual Audit Costs	750	1,593	1,593	-
Mayor's Office	6,148	7,595	7,595	-
City Council	7,689	7,079	7,079	-
Office of New Bostonians	3,109	2,954	2,954	-
Consumer Affairs and Licensing	1,805	1,784	1,784	-
Election Department - Election Division	6,089	5,136	5,136	-
Election Department - Listing Board	726	601	601	-
Auditing Department	3,255	3,449	3,449	-
Assessing Department	8,223	7,466	7,466	-
Treasury Department - Collecting Division	3,620	3,581	3,581	-
Treasury Department - Treasury Division	2,090	1,982	1,982	-
Office of Budget Management	3,355	2,751	2,751	-
Human Resources	6,564	5,647	5,647	-
Purchasing Division	2,083	2,470	2,470	-
Office of Administration & Finance	2,649	1,588	1,588	-
Office of People Operations	496	470	470	-
Office of Labor Relations	1,961	1,453	1,453	-
Department of Innovation & Technology	41,945	47,466	47,466	-
Intergovernmental Relations	1,550	1,103	1,103	-
Law Department	9,773	9,746	9,746	-
Labor Compliance & Worker Prot	3,479	1,942	1,942	-
Risk Retention Reserved	2,500	3,881	3,881	-
Housing Trust Fund	618	547	547	-
City Clerk	1,779	1,458	1,458	-
Registry Division	1,182	1,196	1,196	-
Finance Commission	321	312	312	-
Tregor Reserve Fund	2,069	4,318	4,318	-
Office of Equity	1,371	881	881	-
Office of Civil Rights	533	405	405	-
Commission for Persons with Disabilities	688	633	633	-
Office of Resiliency & Racial Equity	1,127	896	896	-
Language & Community Access	1,849	1,748	1,748	-
Police Accountability & Transparency	1,489	1,134	1,134	-
Neighborhood Services	4,659	4,261	4,261	-
Arts & Cultural Develop	4,078	3,523	3,523	-
Arts, Tourism & Special Events	1,582	1,093	1,093	-
Women's Commission	476	355	355	-
Participatory Budgeting	2,000	2,000	2,000	-
Black Male Advancement	1,804	1,397	1,397	-
Office of Food Justice	1,358	1,003	1,003	-
Office of Historic Preservatio	1,296	1,253	1,253	-
LGBTQ+ Advancement	445	477	477	-
Reserve for Collective Bargaining	42,688	40,000	40,000	-
Function Total	193,771	190,784	190,784	-
HUMAN SERVICES				
Boston Centers for Youth & Families	29,795	26,575	26,575	-
Elderly Commission	6,002	6,520	6,520	-
Office of Health & Human Service	5,786	5,535	5,535	-
Human Right Commission	631	275	275	-
Veterans Services Department	4,697	2,463	2,463	-
Function total	46,911	41,368	41,368	-

(continued)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
PUBLIC SAFETY				
Police Department	\$ 395,095	\$ 395,907	\$ 422,132	\$ (26,225)
Fire Department	276,903	276,903	280,621	(3,718)
Mayor's Office - Emergency Preparedness	1,288	1,192	1,192	-
Transportation - Traffic Division	34,144	35,443	35,443	-
Transportation - Parking Clerk	7,950	7,338	7,338	-
Inspection Services Department	22,886	21,826	21,826	-
Youth Fund	17,715	17,165	17,165	-
Function total	755,981	755,774	785,717	(29,943)
PUBLIC WORKS				
Public Works Department	108,556	108,364	108,364	-
Central Maintenance Facility	3,324	3,532	3,532	-
Snow & Winter Management	23,531	22,993	22,993	-
Function total	135,411	134,889	134,889	-
PROPERTY AND DEVELOPMENT				
Property Management	34,554	36,000	36,000	-
Neighborhood Development	44,284	43,719	43,719	-
Function total	78,838	79,719	79,719	-
PARKS AND RECREATION				
Parks and Recreation Department	28,252	32,520	32,520	-
Environment Department	3,807	6,641	6,641	-
Cemetery Division	2,994	2,994	2,870	124
Function total	35,053	42,155	42,031	124
LIBRARY				
Library Department	43,274	44,106	43,962	144
Function total	43,274	44,106	43,962	144
SCHOOLS				
Boston Public Schools	1,374,030	1,379,457	1,379,456	1
Function total	1,374,030	1,379,457	1,379,456	1
PUBLIC HEALTH				
Public Health Commission	117,884	120,802	120,802	-
Function total	117,884	120,802	120,802	-

(continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
JUDGMENTS AND CLAIMS				
Execution of Courts	\$ 5,000	\$ 5,000	\$ 32,026	\$ (27,026)
Function total	5,000	5,000	32,026	(27,026)
OTHER EMPLOYEE BENEFITS				
Medicare Payments	12,636	12,193	12,193	-
Health Benefits & Insurance	1,069	1,052	1,052	-
Health Insurance	217,310	212,934	212,934	-
Unemployment Compensation	350	207	207	-
Workers' Compensation Fund	2,000	1,916	1,916	-
OPEB Stabilization Fund	40,000	40,000	40,000	-
Function total	273,365	268,302	268,302	-
PENSION COSTS				
Boston Retirement System	353,856	381,919	381,919	-
Pensions and Annuities - City	3,900	5,572	5,572	-
Function total	357,756	387,491	387,491	-
DEBT REQUIREMENTS				
Redemption of City Loans	145,484	136,457	136,457	-
City Debt and Interest Payments	67,608	59,421	59,421	-
Temporary Notes	3,000	-	-	-
MWPAT Principal	688	688	688	-
MWPAT Interest	222	222	222	-
Debt Service Sinking Funds	1,455	1,455	1,455	-
Function total	218,457	198,243	198,243	-
STATE & DISTRICT ASSESSMENTS				
Health Insurance/Retirement	1	1	1	-
Parking Surcharge	2,195	1,986	1,986	-
Mosquito Control Projects	291	291	291	-
Special Education Chapter 766	597	655	655	-
Metropolitan Air Pollution Center	304	304	304	-
Metropolitan Area Planning	376	376	376	-
MBTA Assessments	93,613	93,613	93,613	-
MDC Assessments	12	12	12	-
School Choice	2,473	2,992	2,992	-
Charter School Sending Tuition	264,498	251,771	251,771	-
Suffolk County Jail	2,898	2,898	2,898	-
Function total	367,258	354,899	354,899	-
Total Expenditures	\$ 4,002,989	\$ 4,002,989	\$ 4,059,689	\$ (56,700)

See accompanying independent auditors' report



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SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects that are legally restricted or committed for specific purposes.

This fund accounts for a number of federal and state grants administered by the City's individual departments in addition to Community Preservation Act funds.

SPECIAL REVENUE FUND

Combining Balance Sheet

June 30, 2023

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2023
ASSETS:			
Cash and investments	\$ 664,285	\$ 27,846	\$ 692,131
Receivables, net:			
Intergovernmental	168,968	-	168,968
Departmental and other	21,869	201	22,070
Total receivables	190,837	201	191,038
Due from other funds	3,384	-	3,384
Total Assets	\$ 858,506	\$ 28,047	\$ 886,553
LIABILITIES:			
Warrants and accounts payable	\$ 35,122	\$ 1,096	\$ 36,218
Accrued liabilities:			
Deposits and other	91,534	-	91,534
Unearned Revenue	382,919	-	382,919
Due to other funds	3,105	58	3,163
Total liabilities	512,680	1,154	513,834
DEFERRED INFLOWS OF RESOURCES:			
Revenue not considered available and leases	1,943	20	1,963
Total deferred inflows of resources	1,943	20	1,963
FUND BALANCE:			
Restricted	9,625	26,873	36,498
Assigned	334,258	-	334,258
Total fund balance	343,883	26,873	370,756
Total liabilities, deferred inflows of resources and fund balance	\$ 858,506	\$ 28,047	\$ 886,553

SPECIAL REVENUE FUND

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2023
REVENUES:			
Real and Personal Taxes	\$ -	\$ 89	\$ 89
Excise	29	-	29
Investment income	615	1,072	1,687
Licenses and permits	34	-	34
Departmental and other	51,573	26,288	77,861
Intergovernmental	607,374	9,428	616,802
Total revenues	659,625	36,877	696,502
EXPENDITURES:			
Current:			
General government	12,411	37,030	49,441
Human services	17,085	-	17,085
Public safety	35,939	-	35,939
Public works	8,167	-	8,167
Property & development	243,653	-	243,653
Parks and recreation	4,911	-	4,911
Library	4,312	-	4,312
Schools	280,881	-	280,881
Public health programs	13,505	-	13,505
Total current expenditures	620,864	37,030	657,894
Capital outlays	2,254	-	2,254
Total Expenditures	623,118	37,030	660,148
Excess of revenues over expenditures	36,507	(153)	36,354
OTHER FINANCING SOURCES (USES):			
Premiums on long-term debt issued	1,146	-	1,146
Transfer in	40,705	-	40,705
Transfer out	(40,000)	-	(40,000)
Total other financing sources (uses)	1,851	-	1,851
Net change in fund balances	38,358	(153)	38,205
Fund balance - beginning	305,525	27,026	332,551
Fund balance - ending	\$ 343,883	\$ 26,873	\$ 370,756

See accompanying independent auditors' report



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CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

CAPITAL PROJECTS FUND

Balance Sheet

June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 304,355
Cash and investment held by trustees	35,405
Intergovernmental receivables	18,731
Total Assets	\$ 358,491
LIABILITIES:	
Warrants and accounts payable	\$ 69,657
Due to other funds	183
Total liabilities	69,840
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	11,222
FUND BALANCE:	
Restricted	277,429
Total fund balance	277,429
Total liabilities, deferred inflows of resources, and fund balance	\$ 358,491

CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
REVENUES:	
Intergovernmental	\$ 39,234
Total revenues	<u>39,234</u>
EXPENDITURES:	
Capital outlays	389,833
Total expenses	<u>389,833</u>
Deficiency of revenues under expenditures	<u>(350,599)</u>
OTHER FINANCING SOURCES (USES):	
Long-term debt and leases issued	385,669
Premiums on long-term debt issued	49,926
Total other financing sources (uses)	<u>435,595</u>
Net change in fund balances	<u>84,996</u>
Fund balance - beginning	<u>192,433</u>
Fund balance - ending	<u>\$ 277,429</u>



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OTHER GOVERNMENTAL FUNDS

Other Governmental Funds are those funds that are not defined as major funds.

Permanent Funds, established by GASB Statement No. 34, is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The permanent funds are composed of the following pools:

Pool#1 is a co-mingled investment fund and is used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

Pool#2 is a co-mingled investment fund and is used for scholarship awards, the purchase of educational equipment, and the aid of needy students.

Pool#7 is a co-mingled investment fund of various non-testamentary pooled funds of the City of Boston.

The expendable portion of the fund is composed of donations/contributions from either individuals or organizations. Donations/ contributions are to be expended in conformity with their respective trust instruments.

Debt Service Fund is used to account for resources accumulating for principal and interest for the 2009 Qualified Construction School Bond.

Dudley Square Realty Corporation (DSRC) and Ferdinand Building Development Corporation (FBDC) – The DSRC and FBDC are non-profit organizations qualified as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. Although legally separate, both DSRC and FBDC provide services entirely, or almost entirely, to the City and thus have been reported as blended component units. DSRC and FBDC are used to account for the construction and financing of the Dudley Municipal Center.

OTHER GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2023

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2023
ASSETS:							
Cash and investments	\$ -	\$ -	\$ -	\$ 17,818	\$ -	\$ -	\$ 17,818
Cash and investments held by trustees	83,328	887	25,497	-	1,156	2,295	113,163
Receivables, net	75	3	113	-	-	142	333
Total assets	\$ 83,403	\$ 890	\$ 25,610	\$ 17,818	\$ 1,156	\$ 2,437	\$ 131,314
LIABILITIES:							
Warrants and accounts payable	\$ 275	\$ -	\$ 66	\$ -	\$ -	\$ -	\$ 341
Accrued liabilities	-	-	-	-	-	26	26
Due to other funds	-	-	169	-	-	-	169
Total liabilities	275	-	235	-	-	26	536
DEFERRED INFLOWS OF RESOURCES:							
Revenue not considered available and leases	-	-	-	-	-	112	112
Total deferred inflows of resources	-	-	-	-	-	112	112
FUND BALANCE:							
Nonexpendable	21,360	144	-	-	-	-	21,504
Restricted	61,768	746	25,375	17,818	1,156	2,299	109,162
Total fund balance	83,128	890	25,375	17,818	1,156	2,299	130,666
Total liabilities, deferred inflows of resources and leases, and fund balance	\$ 83,403	\$ 890	\$ 25,610	\$ 17,818	\$ 1,156	\$ 2,437	\$ 131,314

OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

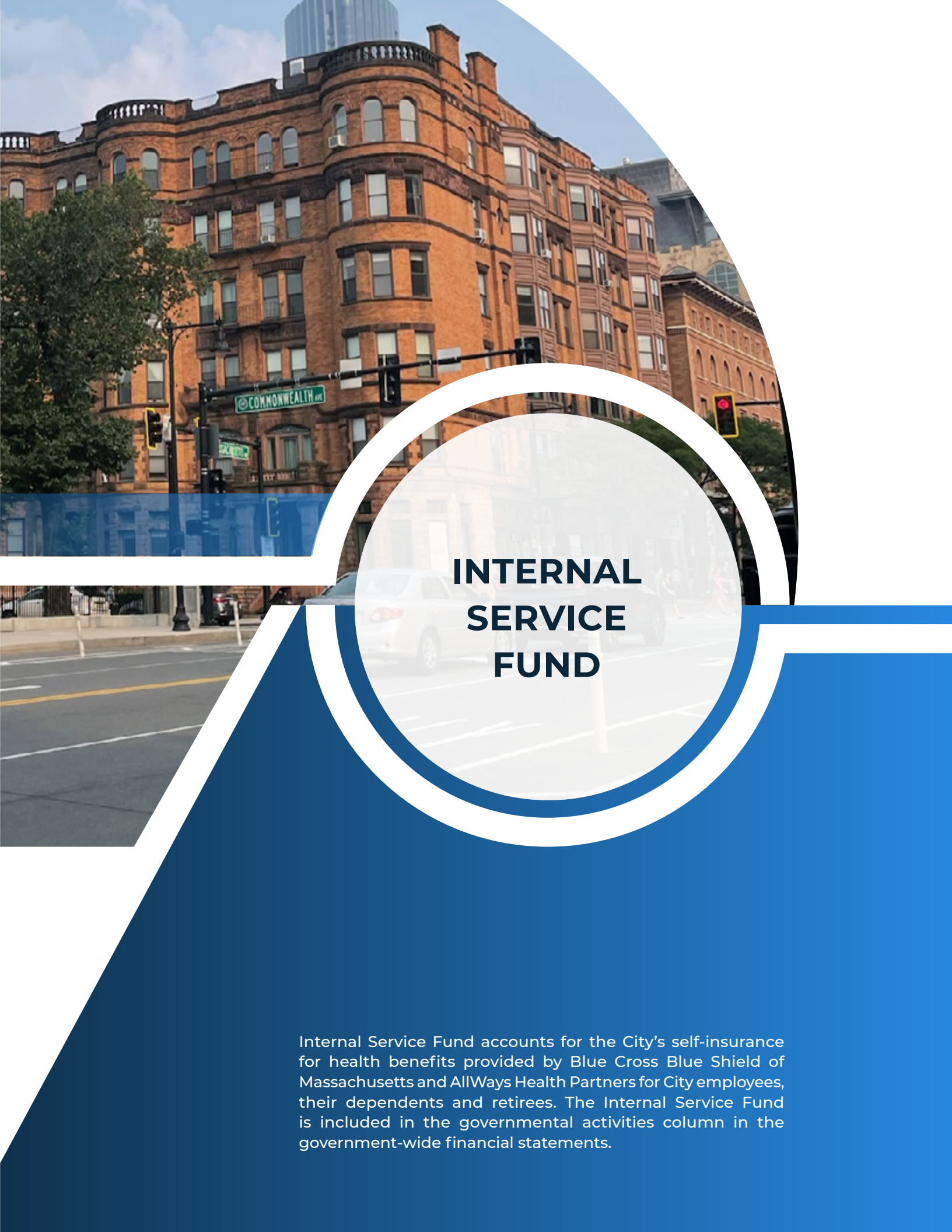
Year Ended June 30, 2023

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2023
REVENUES:							
Investment income (loss)	\$ 11,049	\$ 63	\$ 4,456	\$ (851)	\$ 1	\$ 90	\$ 14,808
Departmental and other	247	-	6,022	(364)	21	74	6,000
Total revenues	\$ 11,296	\$ 63	\$ 10,478	\$ (1,215)	\$ 22	\$ 164	\$ 20,808
EXPENDITURES:							
General government	5,276	8	9,842	-	-	23	15,149
Total expenditures	5,276	8	9,842	-	-	23	15,149
Net change in fund balances	6,020	55	636	(1,215)	22	141	5,659
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	1,454	-	-	1,454
Total other financing sources	-	-	-	1,454	-	-	1,454
Net change in fund balances	6,020	55	636	239	22	141	7,113
Fund balance - beginning	77,108	835	24,739	17,579	1,134	2,158	123,553
Fund balance - ending	\$ 83,128	\$ 890	\$ 25,375	\$ 17,818	\$ 1,156	\$ 2,299	\$ 130,666



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INTERNAL SERVICE FUND

Internal Service Fund accounts for the City's self-insurance for health benefits provided by Blue Cross Blue Shield of Massachusetts and AllWays Health Partners for City employees, their dependents and retirees. The Internal Service Fund is included in the governmental activities column in the government-wide financial statements.

INTERNAL SERVICE FUND

Statement of Net Position

June 30, 2023

(amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and Investments	\$ 82,412
Due from component unit	949
Other assets	14,022
Total Assets	<u>97,383</u>
LIABILITIES:	
Accrued liabilities	26,698
Total liabilities	<u>26,698</u>
NET POSITION:	
Unrestricted	70,685
Total net position	<u><u>\$ 70,685</u></u>

INTERNAL SERVICE FUND

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
REVENUES:	
Employee contributions	\$ 91,162
Employer contributions	212,163
	<u>303,325</u>
EXPENDITURES:	
Health benefits	300,447
Total expenditures	<u>300,447</u>
Change in net position	2,878
Net position - beginning	<u>67,807</u>
Net position - ending	<u>\$ 70,685</u>

INTERNAL SERVICE FUND**Statement of Cash Flows****Year Ended June 30***(Amounts in thousands)*

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 303,877
Cash paid to vendors	(306,485)
Net cash used in operating activities	<u>(2,608)</u>
Cash and cash equivalents, beginning of year	85,020
Cash and cash equivalents, end of year	<u>\$ 82,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ 2,878
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	(2,174)
Due from component units / receivables	552
Accrued liabilities	(3,864)
Net cash used in operating activities	<u>\$ (2,608)</u>



FIDUCIARY FUNDS

EMPLOYEE RETIREMENT PLAN

Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority, and the Boston Water and Sewer Commission. The System is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

OPEB TRUST FUND

The OPEB Trust Fund is an irrevocable trust fund established for other postemployment benefits. The assets are appropriated from the General Fund and accumulate to reduce the unfunded actuarial liability for health care and other postemployment benefits.

PRIVATE PURPOSE TRUST FUNDS

Private purpose trust funds are used to report any trust arrangement not otherwise classified as pension or benefit trusts, or an investment trust fund, "under which principal and income benefit individuals, private organizations, or other governments."

Pool#1 is a co-mingled investment fund of various trust funds of the City. A number of the Pool#1 trust funds are for the maintenance and improvement of the City's parks and cemeteries for the use and enjoyment of City residents. The other portion of Pool#1 trust funds lack a general government purpose and are therefore classified here as private purpose trust funds.

Pool#2 is a co-mingled investment fund and is used for scholarship awards, the purchase of educational equipment, and the aid of needy students.

Pool#5 is formed by the will of George R. White dated May 21, 1920. The will requires that the fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

Pool#7 is a co-mingled investment fund of various non-testamentary trust funds of the City of Boston. The expendable portion of the fund is composed of donations/contributions from either individuals or organizations. Donations/contributions are to be expended in conformity with their respective trust instruments.

LAW ENFORCEMENT TRUST FUND

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug-related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise, and to provide matching funds for federal grants.

STUDENT ACTIVITY CUSTODIAL FUND

Student activity accounts are accounts set up for the express purpose of conducting student activities. Student activities for this purpose are broadly defined to be co-curricular in nature, contingent on a fee or fundraising, and for the sole benefit of students. Funds collected for student activities belong to the students. Funds may be received and expended by school leaders on behalf of the students through the student activity account.

BEFORE & AFTER SCHOOL PROGRAMS

The City of Boston has created a dedicated Citizens Bank account for Before/After School Accounts, known as the "Custodial Account." Participating schools will receive their own unique deposit slips. These funds will be solely used for before and after school programs.



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PENSION AND OPEB TRUST FUNDS

Combining Statement of Plan Net Position

Years Ended December 31, 2022 (Pension) and June 30, 2023 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS:			
Cash and investments	\$ 8,542,487	\$ 981,504	\$ 9,523,991
Receivables:			
Interest and dividends	13,926	-	13,926
Securities sold	6,468	-	6,468
Employer contributions	21,466	-	21,466
Other	7,152	-	7,152
Total receivables	49,012	-	49,012
Prepaid expenses	954	-	954
Securities lending short-term collateral investment pool	158,416	-	158,416
Total Assets	\$ 8,750,869	\$ 981,504	\$ 9,732,373
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 33,120	\$ -	\$ 33,120
Securities purchased	28,219	-	28,219
Collateral held on securities lending	156,770	-	156,770
Total liabilities	218,109	-	218,109
NET POSITION RESTRICTED FOR:			
Held in trust for pension and OPEB benefits and other purposes	\$ 8,532,760	\$ 981,504	\$ 9,514,264

BOSTON RETIREMENT SYSTEM

Statement of Plan Net Position

Year Ended December 31, 2022

(Amounts in thousands)

	Total Boston Retirement System
	2023
ASSETS:	
Cash and investments	\$ 8,542,487
Receivables:	
Interest and dividends	13,926
Securities sold	6,468
Employer contributions	21,466
Other	7,152
Total receivables	<u>49,012</u>
Prepaid expenses	954
Securities lending short-term collateral investment pool	158,416
Total Assets	<u>\$ 8,750,869</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 33,120
Securities purchased	28,219
Collateral held on securities lending	156,770
Total liabilities	<u>218,109</u>
NET POSITION RESTRICTED FOR:	
Held in trust for pension benefits	<u>\$ 8,532,760</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Plan Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 981,504
Total Assets	<u>981,504</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ -
Total liabilities	<u>-</u>
NET POSITION RESTRICTED FOR:	
Held in trust for OPEB	<u>\$ 981,504</u>

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	Pool 1	Pool 2
ASSETS:		
Cash and investments	\$ 39,443	\$ 703
Receivables:		
Lease receivable	-	-
Other	33	2
Total receivables	33	2
Other assets	-	-
Total Assets	39,476	705
 LIABILITIES:		
Accounts payable	\$ 234	\$ -
Unearned revenue	-	-
Total liabilities	234	-
 Deferred inflows of resources:		
Deferred amount for leases	-	-
Total deferred inflow of resources	-	-
 NET POSITION RESTRICTED FOR:		
Held in trust for other purposes	\$ 39,242	\$ 705

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pool 5		Pool 7		Total Private Purpose Trust Funds 2023	
\$	31,554	\$	79,154	\$	150,854
	2,574		-		2,574
	29		2,444		2,508
	2,603		2,444		5,082
	30		-		30
	34,187		81,598		155,966
\$	964	\$	528	\$	1,726
	-		3,077		3,077
	964		3,605		4,803
\$	2,529		-	\$	2,529
	2,529		-		2,529
\$	30,694	\$	77,993	\$	148,634

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CUSTODIAL FUNDS

Combining Statement of Net Position

June 30, 2023

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total Custodial Funds 2023
ASSETS:				
Cash and investments	\$ 10,457	\$ 890	\$ 215	\$ 11,562
Total assets	10,457	890	215	11,562
LIABILITIES:				
Refunds payable and other	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION:				
Total net position	10,457	890	215	11,562

PENSION AND OPEB TRUST FUNDS

Combining Statement of Changes in Plan Net Position

Years Ended December 31, 2022 (Pension) and June 30, 2023 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employers	\$ 410,093	\$ 174,842	\$ 584,935
Employees	189,082	-	189,082
Commonwealth of Massachusetts (nonemployer)	196,833	-	196,833
Net appreciation (depreciation) in fair value of investments	(1,128,596)	67,325	(1,061,271)
Interest and dividends	182,727	13,936	196,663
Management and related fees	(63,450)	(1,723)	(65,173)
Securities lending income	3,470	-	3,470
Borrower rebates and fees	(2,680)	-	(2,680)
Intergovernmental	8,805	-	8,805
Miscellaneous Income	98	-	98
Total additions	(203,618)	254,380	50,762
DEDUCTIONS:			
Benefits	711,615	132,592	844,207
Reimbursements to other systems	10,181	-	10,181
Refunds of contributions	16,920	-	16,920
Administration	8,536	-	8,536
Total deductions	747,252	132,592	879,844
Changes in net position	(950,870)	121,788	(829,082)
Net position - beginning of year	9,483,630	859,716	10,343,346
Net position - end of year	\$ 8,532,760	\$ 981,504	\$ 9,514,264

See accompanying independent auditors' report

BOSTON RETIREMENT SYSTEM
Statement of Changes in Plan Net Position
Year Ended December 31, 2022
(Amounts in thousands)

	<u>2022</u>
ADDITIONS:	
Contributions:	
Employers	\$ 410,093
Employees	189,082
Commonwealth of Massachusetts (nonemployer)	196,833
Net appreciation (depreciation) in fair value of investments	(1,128,596)
Interest and dividends	182,727
Management and related fees	(63,450)
Securities lending income	3,470
Borrower rebates and fees	(2,680)
Intergovernmental	8,805
Miscellaneous Income	98
Total additions	<u>(203,618)</u>
DEDUCTIONS:	
Benefits	711,615
Reimbursements to other systems	10,181
Refunds of contributions	16,920
Administration	8,536
Total deductions	<u>747,252</u>
Changes in net position	<u>(950,870)</u>
Net position - beginning of year	<u>9,483,630</u>
Net position - end of year	<u><u>\$ 8,532,760</u></u>

OPEB TRUST FUND

Statement of Changes in Plan Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ADDITIONS:	
Contributions:	
Employers	\$ 174,842
Net depreciation in fair value of investments	67,325
Interest and dividends	13,936
Management and related fees	(1,723)
Total additions	<u>254,380</u>
DEDUCTIONS:	
Benefits	132,592
Administrative expenses and other	-
Total deductions	<u>132,592</u>
Changes in net position	<u>121,788</u>
Net position - beginning of year	<u>859,716</u>
Net position - end of year	<u>\$ 981,504</u>

PRIVATE PURPOSE TRUST FUNDS
 Combining Statement of Changes in Net Position
 Year Ended June 30, 2023
 (Amounts in thousands)

	Pool 1	Pool 2
ADDITIONS:		
Investment income (loss)	\$ 7,402	\$ 44
Donations and other	602	-
Total additions	8,004	44
DEDUCTIONS:		
Administrative expenses and other	3,558	7
Total operating expenses	3,558	7
Net changes in net position	4,446	37
Net position - beginning of year	34,796	668
Net position - end of year	\$ 39,242	\$ 705

Pool 5		Pool 7		Total Private Purpose Trust Funds 2023	
\$	3,441	\$	18,984	\$	29,871
	217		(475)		344
	3,658		18,509		30,215
	3,823		17,698		25,086
	3,823		17,698		25,086
	(165)		811		5,129
	30,859		77,182		143,505
\$	30,694	\$	77,993	\$	148,634


CUSTODIAL FUNDS

Statement of Changes in Net Position

Year ended June 30, 2023

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total
ADDITIONS:				
Contributions:				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Employers	-	-	-	-
Commonwealth of Massachusetts (nonemployer)	-	-	-	-
Employees	-	-	-	-
Donations and other	969	117	-	1,086
Total contributions	969	117	-	1,086
Investment earnings:				
Net depreciation in fair value of investments	-	-	-	-
Investment income	-	-	-	-
Less investment expenses	-	-	-	-
Net investment earnings	-	-	-	-
Securities lending activities:				
Securities lending income	-	-	-	-
Less borrower rebates and fees	-	-	-	-
Net income from securities lending activities	-	-	-	-
Total net investment income (loss)	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous income	-	-	1,512	1,512
Total additions	969	117	1,512	2,598
DEDUCTIONS:				
Benefits	-	-	-	-
Reimbursements	-	-	-	-
Refunds of contributions	-	-	-	-
Refunds payable and other	-	-	-	-
Administrative expenses and other	896	146	1,680	2,722
Total deductions	896	146	1,680	2,722
Change in net position	73	(29)	(168)	(124)
Net position - beginning of year	10,384	919	383	11,686
Net position - end of year	\$ 10,457	\$ 890	\$ 215	\$ 11,562



DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are legally separate from the City but are included because the City is financially accountable for the organizations.

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Net Position
 June 30, 2023

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Assets:		
Current assets:		
Cash and investments	\$ 62,297	\$ 64,291
Cash and investments held by trustee	-	-
Receivables, net:		
Leases receivable, current	-	5,585
Other	37,757	13,814
Other assets	3,229	256
Due from primary government	3,178	-
Total current assets	<u>106,461</u>	<u>83,946</u>
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables:		
Notes receivable	47,802	88,512
Lease receivable, net	39,670	183,596
Interest receivable	-	-
Accrued interest receivable on leases	-	2,344
Disposition receivable	-	30,692
OPEB Asset	-	6,052
Other	-	-
Capital assets, net:		
Nondepreciable	12,948	13,137
Depreciable assets, net	12,263	13,010
Right of use lease assets, net	1,406	5,727
Subscription IT assets, net	-	-
Total noncurrent assets	<u>114,089</u>	<u>343,070</u>
Total assets	<u>220,550</u>	<u>427,016</u>
Deferred outflows of resources:		
Deferred amount for pension costs	57,322	7,253
Deferred amount for postemployment benefit costs	5,733	1,177
Total deferred outflows of resources	<u>63,055</u>	<u>8,430</u>
Liabilities:		
Current liabilities		
Warrants and accounts payable	21,968	9,587
Accrued liabilities:		
Other	623	948
Current portion of long-term debt	2,367	-
Compensated absences	-	-
Due to primary government	1,050	2,618
Pollution remediation	-	-
Unearned revenue	5,437	1,804
Subscription agreement liability	-	-
Leases obligations/payables	529	-
Total current liabilities	<u>31,974</u>	<u>14,957</u>
Noncurrent liabilities:		
Bonds, notes and leases due in more than one year	3,378	7,511
Other noncurrent liabilities	1,725	136,796
OPEB liability	80,780	-
Subscription agreement liability LT	-	-
Unearned revenue	47,434	30,692
Net pension liability	138,512	16,729
Total noncurrent liabilities	<u>271,829</u>	<u>191,728</u>
Total liabilities	<u>303,803</u>	<u>206,685</u>
Deferred inflows of resources:		
Deferred amount for pension costs	13,685	2,852
Deferred amount for other postemployment benefits costs	42,643	4,188
Deferred amount for leases	40,215	184,543
Total deferred inflows of resources	<u>96,543</u>	<u>191,583</u>
Net Position:		
Net investment in capital assets	20,343	23,267
Restricted for:		
Restricted	-	-
Unrestricted	(137,084)	13,911
Total net position	<u>\$ (116,741)</u>	<u>\$ 37,178</u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library of the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2023
\$ 6,781	\$ 65,198	\$ 198,567
24,225	-	24,225
171	4,670	10,426
2,418	15,821	69,810
1,035	851	5,371
-	-	3,178
<u>34,630</u>	<u>86,540</u>	<u>311,577</u>
65,526	704	66,230
466	-	136,780
275	1,527,933	1,751,474
-	33,398	33,398
-	-	2,344
-	1,784	32,476
-	-	6,052
-	-	-
-	11,813	37,898
588	33,544	59,405
1,728	1,305	10,166
-	272	272
<u>68,583</u>	<u>1,610,753</u>	<u>2,136,495</u>
<u>103,213</u>	<u>1,697,293</u>	<u>2,448,072</u>
-	-	64,575
-	-	6,910
-	-	<u>71,485</u>
1,309	8,802	41,666
542	649	2,762
-	-	2,367
-	113	113
791	-	4,459
-	-	-
-	296	7,537
567	174	741
-	233	762
<u>3,209</u>	<u>10,267</u>	<u>60,407</u>
-	-	10,889
-	4,339	142,860
-	-	80,780
1,127	45	1,172
-	-	78,126
-	-	155,241
<u>1,127</u>	<u>4,384</u>	<u>469,068</u>
<u>4,336</u>	<u>14,651</u>	<u>529,475</u>
-	-	16,537
-	-	46,831
402	1,480,921	1,706,081
<u>402</u>	<u>1,480,921</u>	<u>1,769,449</u>
622	46,934	91,166
84,779	704	85,483
13,074	154,083	43,984
<u>\$ 98,475</u>	<u>\$ 201,721</u>	<u>\$ 220,633</u>

See accompanying independent auditors' report

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Activities

Year Ended June 30, 2023

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Expenses	\$ 229,958	\$ 31,366
Program revenues:		
Charges for services	45,066	25,566
Operating grants and contributions	117,450	-
Capital grants and contributions	-	-
Total program revenues	162,516	25,566
Net expenses	(67,442)	(5,800)
General revenues:		
Investment income	2,304	3,581
Investment income from leases	1,441	372
Sale of property	118	3,345
City appropriation	120,025	-
Miscellaneous income	913	71
Total general revenues	124,801	7,369
Changes in net position	57,359	1,569
Net position - beginning of year, as restated (for BPDA and EDIC)	(174,100)	35,609
Net position - end of year	\$ (116,741)	\$ 37,178

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library of the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2023
\$ 20,351	\$ 56,544	\$ 338,219
2,883	44,061	117,576
16,264	24,229	157,943
-	923	923
19,147	69,213	276,442
(1,204)	12,669	(61,777)
6,055	1,119	13,059
-	30,175	31,988
-	-	3,463
-	-	120,025
1,947	-	2,931
8,002	31,294	171,466
6,798	43,963	109,689
91,677	157,758	110,944
\$ 98,475	\$ 201,721	\$ 220,633

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023



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Statistical
SECTION



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Sources: Unless otherwise noted, the prior year information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2023	2022	2021	2020	2019
General Government	\$ 154,252	\$ 123,041	\$ 122,106	\$ 117,152	\$ 112,998
% of Total	3.7	3.1	3.3	3.2	3.3
% Change	25.4	0.8	4.2	3.7	25.4
Public Safety	\$ 809,042	\$ 797,386	\$ 735,254	\$ 763,381	\$ 726,406
% of Total	19.5	20.0	19.8	21.0	21.1
% Change	1.5	8.5	(3.7)	5.1	5.3
Public Works	\$ 125,102	\$ 130,807	\$ 116,862	\$ 111,346	\$ 106,504
% of Total	3.0	3.3	3.1	3.1	3.1
% Change	(4.4)	11.9	5.0	4.5	(4.7)
Library	\$ 44,041	\$ 41,098	\$ 39,422	\$ 38,270	\$ 38,597
% of Total	1.1	1.0	1.1	1.1	1.1
% Change	7.2	4.3	3.0	(0.8)	7.1
Schools	\$ 1,357,011	\$ 1,324,486	\$ 1,234,353	\$ 1,176,493	\$ 1,118,332
% of Total	32.6	33.3	33.3	32.4	32.5
% Change	2.5	7.3	4.9	5.2	2.9
Retirement Costs	\$ 565,815	\$ 502,585	\$ 473,494	\$ 447,159	\$ 400,973
% of Total	13.6	12.6	12.8	12.3	11.6
% Change	12.6	6.1	5.9	11.5	12.6
Employee Benefits	\$ 259,465	\$ 258,112	\$ 260,997	\$ 259,420	\$ 264,832
% of Total	6.2	6.5	7.0	7.2	7.7
% Change	0.5	(1.1)	0.6	(2.0)	1.3
State & District Assessments	\$ 354,900	\$ 332,586	\$ 320,220	\$ 299,740	\$ 283,360
% of Total	8.5	8.4	8.6	8.3	8.2
% Change	6.7	3.9	6.8	5.8	6.0
Property & Development	\$ 41,491	\$ 37,327	\$ 32,631	\$ 32,618	\$ 41,483
% of Total	1.0	0.9	0.9	0.9	1.2
% Change	11.2	14.4	0.0	(21.4)	6.3
Other	\$ 448,073	\$ 429,654	\$ 376,539	\$ 381,936	\$ 350,195
% of Total	10.8	10.8	10.1	10.5	10.2
% Change	4.3	14.1	(1.4)	9.1	4.5
Total Expenditures	\$ 4,159,192	\$ 3,977,082	\$ 3,711,878	\$ 3,627,515	\$ 3,443,680
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.6	7.1	2.3	5.3	5.2

*General fund only

Fiscal Year						FUNCTION
2018	2017	2016	2015	2014		
\$ 90,076	\$ 85,855	\$ 80,684	\$ 58,242	\$ 102,786		General Government
2.8	2.8	2.7	2.0	3.7		% of Total
4.9	6.4	38.5	(43.3)	32.6		% Change
\$ 689,929	\$ 643,100	\$ 610,233	\$ 633,471	\$ 558,802		Public Safety
21.1	20.6	20.6	22.2	20.4		% of Total
7.3	5.4	(3.7)	13.4	0.9		% Change
\$ 111,772	\$ 106,059	\$ 101,157	\$ 123,767	\$ 113,239		Public Works
3.4	3.4	3.4	4.3	4.1		% of Total
5.4	4.8	(18.3)	9.3	10.2		% Change
\$ 36,025	\$ 35,791	\$ 33,870	\$ 33,966	\$ 33,978		Library
1.1	1.1	1.1	1.2	1.2		% of Total
0.7	5.7	(0.3)	-	10.0		% Change
\$ 1,087,192	\$ 1,048,987	\$ 1,016,412	\$ 960,228	\$ 940,276		Schools
33.2	33.6	34.3	33.6	34.2		% of Total
3.6	3.2	5.9	2.1	6.9		% Change
\$ 356,251	\$ 347,402	\$ 309,083	\$ 282,648	\$ 255,647		Retirement Costs
10.9	11.1	10.4	9.9	9.3		% of Total
2.5	12.4	9.4	10.6	8.7		% Change
\$ 261,377	\$ 247,965	\$ 236,661	\$ 230,089	\$ 234,400		Employee Benefits
8.0	7.9	8.0	8.1	8.5		% of Total
5.4	4.8	2.9	(1.8)	0.7		% Change
\$ 267,205	\$ 244,320	\$ 234,450	\$ 215,538	\$ 197,939		State & District Assessments
8.2	7.8	7.9	7.5	7.2		% of Total
9.4	4.2	8.8	8.9	12.3		% Change
\$ 39,022	\$ 42,460	\$ 33,870	\$ 35,594	\$ 33,376		Property & Development
1.2	1.4	1.1	1.2	1.2		% of Total
(8.1)	25.4	(4.8)	6.6	2.5		% Change
\$ 335,108	\$ 317,804	\$ 311,077	\$ 282,621	\$ 275,250		Other
10.2	10.2	10.5	9.9	10.0		% of Total
5.4	2.2	10.1	2.7	4.8		% Change
\$ 3,273,957	\$ 3,119,743	\$ 2,967,497	\$ 2,856,164	\$ 2,745,693		Total Expenditures
100.0	100.0	100.0	100.0	100.0		% of Total
4.9	5.1	3.9	4.0	6.2		% Change

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2023	2022	2021	2020	2019
Property Taxes	\$ 2,988,917	\$ 2,819,651	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686
% of Total	67.3	69.7	72.5	67.0	66.1
% Change	6.0	6.4	6.1	6.6	5.5
Motor Vehicle Excises	\$ 59,835	\$ 60,803	\$ 54,184	\$ 62,792	\$ 66,026
% of Total	1.3	1.5	1.5	1.7	1.9
% Change	(1.6)	12.2	(13.7)	(4.9)	26.9
Other Excises	\$ 238,242	\$ 150,005	\$ 60,227	\$ 178,976	\$ 190,203
% of Total	5.4	3.7	1.6	4.8	5.4
% Change	58.82	149.1	(66.3)	(5.9)	(0.7)
Departmental & Other	\$ 109,001	\$ 124,563	\$ 60,555	\$ 103,476	\$ 97,442
% of Total	2.5	3.1	1.7	2.8	2.7
% Change	(12.5)	105.7	(41.5)	6.2	(0.9)
State Distributions	\$ 690,938	\$ 649,471	\$ 619,709	\$ 627,590	\$ 577,458
% of Total	15.6	16.0	16.9	16.8	16.3
% Change	6.4	4.8	(1.3)	8.7	1.2
Payment in Lieu of Taxes	\$ 103,315	\$ 92,008	\$ 88,615	\$ 72,349	\$ 87,018
% of Total	2.3	2.3	2.4	1.9	2.5
% Change	12.3	3.8	22.5	(16.9)	2.4
Fines	\$ 60,429	\$ 61,591	\$ 52,302	\$ 67,367	\$ 73,792
% of Total	1.4	1.5	1.4	1.8	2.1
% Change	(1.9)	17.8	(22.4)	(8.7)	16.7
Investment Income	\$ 88,404	\$ 4,482	\$ 3,615	\$ 29,472	\$ 30,408
% of Total	2.0	0.1	0.1	0.8	0.9
% Change	1,872.4	24.0	(87.7)	(3.1)	97.6
Licenses & Permits	\$ 102,244	\$ 84,825	\$ 67,977	\$ 88,272	\$ 82,658
% of Total	2.3	2.1	1.9	2.4	2.3
% Change	20.5	24.8	(23.0)	6.8	11.5
Total Revenues	\$ 4,441,325	\$ 4,047,399	\$ 3,657,224	\$ 3,728,729	\$ 3,549,691
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	9.7	10.7	(1.9)	5.0	5.3

*General fund only

Fiscal Year						SOURCE
2018	2017	2016	2015	2014		
\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783		Property Taxes
65.9	65.7	64.4	64.0	63.6		% of Total
6.8	5.7	5.4	5.6	5.4		% Change
\$ 52,040	\$ 52,061	\$ 67,686	\$ 52,922	\$ 52,972		Motor Vehicle Excises
1.5	1.6	2.2	1.8	1.9		% of Total
-	(23.1)	27.9	(0.1)	12.5		% Change
\$ 191,541	\$ 160,736	\$ 168,577	\$ 176,040	\$ 170,161		Other Excises
5.7	5.1	5.5	6.0	6.1		% of Total
19.2	(4.7)	(4.2)	3.5	(2.3)		% Change
\$ 98,287	\$ 87,985	\$ 86,791	\$ 86,392	\$ 84,385		Departmental & Other
2.9	2.8	2.8	3.0	3.0		% of Total
11.7	1.4	0.5	2.4	(3.7)		% Change
\$ 570,753	\$ 554,661	\$ 543,683	\$ 523,256	\$ 509,199		State Distributions
16.9	17.5	17.8	17.9	18.3		% of Total
2.9	2.0	3.9	2.8	0.9		% Change
\$ 84,940	\$ 80,501	\$ 90,215	\$ 79,232	\$ 73,324		Payment in Lieu of Taxes
2.5	2.5	3.0	2.7	2.6		% of Total
5.5	(10.8)	13.9	8.1	1.4		% Change
\$ 63,206	\$ 63,046	\$ 60,953	\$ 60,116	\$ 59,922		Fines
1.9	2.0	2.0	2.1	2.2		% of Total
0.3	3.4	1.4	0.3	1.8		% Change
\$ 15,390	\$ 2,329	\$ 184	\$ 61	\$ 57		Investment Income
0.5	0.1	-	-	-		% of Total
560.8	1,165.8	201.6	7.0	(68.2)		% Change
\$ 74,144	\$ 84,470	\$ 70,005	\$ 71,205	\$ 62,257		Licenses & Permits
2.2	2.7	2.3	2.4	2.2		% of Total
(12.2)	20.7	(1.7)	14.4	31.8		% Change
\$ 3,372,178	\$ 3,165,482	\$ 3,055,781	\$ 2,916,483	\$ 2,780,060		Total Revenues
100.0	100.0	100.0	100.0	100.0		% of Total
6.5	3.6	4.8	4.9	4.1		% Change

See accompanying independent auditors' report

NET POSITION BY COMPONENT

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental/primary government activities:					
Net investment in capital assets	\$ 1,206,883	\$ 1,101,116	\$ 1,058,576	\$ 950,089	\$ 802,391
Restricted	157,701	118,324	113,881	72,436	98,106
Unrestricted	(1,978,608)	(2,035,104)	(2,249,008)	(2,183,384)	(2,675,142)
Total governmental/primary government activities net position	\$ (614,024)	\$ (815,664)	\$ (1,076,551)	\$ (1,160,859)	\$ (1,774,645)

Fiscal Year				
2018	2017	2016	2015	2014
\$ 685,036	\$ 648,786	\$ 557,142	\$ 502,985	\$ 457,789
75,098	52,746	53,200	51,446	62,701
(2,501,770)	(1,206,488)	(1,159,303)	(1,184,987)	82,638
<u>\$ (1,741,636)</u>	<u>\$ (504,956)</u>	<u>\$ (548,961)</u>	<u>\$ (630,556)</u>	<u>\$ 603,128</u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CHANGES IN NET POSITION
Government-wide Financial Statements
Last Ten Fiscal Years
(Amounts in thousands)

EXPENSES:	Fiscal Year			
	2023	2022	2021	2020
Governmental activities:				
General government	\$ 260,589	\$ 209,435	\$ 217,654	\$ 202,347
Human services	69,950	65,555	56,814	47,648
Public safety	1,262,121	1,172,308	1,112,320	968,853
Public works	171,610	173,842	158,722	161,598
Property and development	324,015	291,461	186,903	140,930
Parks and recreation	67,172	54,430	53,824	52,148
Library	71,312	57,149	58,717	51,348
Schools	2,575,648	2,123,695	2,083,935	1,874,077
Public health programs	148,884	142,341	123,473	99,414
Interest on long-term debt	45,056	36,821	36,213	47,039
Total governmental activities expenses	<u>4,996,357</u>	<u>4,327,037</u>	<u>4,088,575</u>	<u>3,645,402</u>
Business-type activities:				
Total primary government expenses	<u>\$ 4,996,357</u>	<u>\$ 4,327,037</u>	<u>\$ 4,088,575</u>	<u>\$ 3,645,402</u>
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
Public safety	172,392	178,866	128,307	184,364
Public works	33,230	23,003	19,760	30,192
Schools	11,821	15,165	10,996	9,444
Other	57,829	87,842	67,914	81,892
Operating grants and contributions	1,129,258	864,380	770,430	788,801
Capital grants and contributions	57,370	42,584	54,589	38,382
Total governmental activities program revenues	<u>1,461,900</u>	<u>1,211,840</u>	<u>1,051,996</u>	<u>1,133,075</u>
Business-type activities:				
Total primary government program revenues	<u>\$ 1,461,900</u>	<u>\$ 1,211,840</u>	<u>\$ 1,051,996</u>	<u>\$ 1,133,075</u>

See accompanying independent auditors' report

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 175,161	\$ 156,670	\$ 128,465	\$ 128,288	\$ 103,923	\$ 161,913
57,359	58,494	49,974	52,056	49,884	49,291
1,113,749	1,048,825	962,654	941,313	941,531	821,196
160,918	163,337	130,182	139,816	178,569	157,491
146,886	137,296	168,276	118,582	134,506	118,816
48,804	48,861	41,236	39,769	35,890	32,297
55,944	55,626	51,397	49,959	48,931	52,192
2,026,241	1,931,452	1,833,105	1,803,331	1,620,851	1,554,563
91,468	86,228	81,859	96,083	83,276	69,896
39,562	44,263	42,321	40,995	49,300	48,188
<u>3,916,092</u>	<u>3,731,052</u>	<u>3,489,469</u>	<u>3,410,192</u>	<u>3,246,661</u>	<u>3,065,843</u>
<u>\$ 3,916,092</u>	<u>\$ 3,731,052</u>	<u>\$ 3,489,469</u>	<u>\$ 3,410,192</u>	<u>\$ 3,246,661</u>	<u>\$ 3,065,843</u>
158,455	139,793	147,471	133,656	138,066	139,431
28,609	31,120	28,268	24,269	23,975	19,165
11,385	4,275	5,163	10,540	6,623	2,832
37,547	46,350	36,647	34,730	40,718	41,811
822,932	788,666	760,230	746,277	670,640	583,480
36,224	64,548	52,348	39,381	53,099	11,972
<u>1,095,152</u>	<u>1,074,752</u>	<u>1,030,127</u>	<u>988,853</u>	<u>933,121</u>	<u>798,691</u>
<u>\$ 1,095,152</u>	<u>\$ 1,074,752</u>	<u>\$ 1,030,127</u>	<u>\$ 988,853</u>	<u>\$ 933,121</u>	<u>\$ 798,691</u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CHANGES IN NET POSITION (CONTINUED)

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year		
	2023	2022	2021
NET EXPENSE:			
Governmental activities	\$ (3,534,457)	\$ (3,115,197)	\$ (3,036,579)
Total primary government net expense	\$ (3,534,457)	\$ (3,115,197)	\$ (3,036,579)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	2,959,106	2,810,807	2,630,781
Excises	295,941	211,520	103,720
Payment in lieu of taxes	103,315	92,007	88,615
Grants and contributions not restricted	266,455	245,625	233,771
Investment income	109,546	11,264	32,659
Miscellaneous	1,734	4,861	3,867
Special items	-	-	-
Total governmental activities	3,736,097	3,376,084	3,093,413
Total primary government	\$ 3,736,097	\$ 3,376,084	\$ 3,093,413
CHANGES IN NET POSITION:			
Governmental activities	\$ 201,640	\$ 260,887	\$ 56,834
Total primary government	\$ 201,640	\$ 260,887	\$ 56,834

							Fiscal Year							
2020		2019		2018		2017		2016		2015		2014		
\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	\$	(2,267,152)	
\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	\$	(2,267,152)	
	2,520,908		2,338,507		2,219,700		2,087,659		1,967,021		1,866,277		1,771,166	
	240,908		264,703		239,005		213,198		224,052		236,208		220,761	
	72,349		87,018		84,940		80,501		90,215		79,232		73,324	
	245,559		208,839		214,106		201,013		199,835		191,172		199,007	
	43,280		46,405		31,417		19,588		15,753		15,404		16,713	
	3,109		3,011		2,121		3,738		6,058		2,983		4,012	
	-		57,000		-		-		-		-		-	
	3,126,113		3,005,483		2,791,289		2,605,697		2,502,934		2,391,276		2,284,983	
\$	3,126,113	\$	3,005,483	\$	2,791,289	\$	2,605,697	\$	2,502,934	\$	2,391,276	\$	2,284,983	
\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	\$	17,831	
\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	\$	17,831	

See accompanying independent auditors' report

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2023	2022	2021	2020
General Fund				
Assigned	\$ 420,028	\$ 320,733	\$ 313,001	\$ 359,789
Unassigned	1,186,928	994,535	898,161	911,690
Total general fund	\$ 1,606,956	\$ 1,315,268	\$ 1,211,162	\$ 1,271,479
All other Governmental Funds				
Nonspendable	\$ 21,504	\$ 21,504	\$ 21,504	\$ 10,041
Restricted	423,089	331,132	243,913	239,978
Assigned	334,258	295,901	255,852	211,308
Total all other governmental funds	\$ 778,851	\$ 648,537	\$ 521,269	\$ 461,327

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 392,000	\$ 300,652	\$ 283,208	\$ 266,222	\$ 228,236	\$ 251,353
794,610	781,402	702,080	682,781	633,936	532,955
\$ 1,186,610	\$ 1,082,054	\$ 985,288	\$ 949,003	\$ 862,172	\$ 784,308
\$ 10,041	\$ 10,041	\$ 10,041	\$ 4,974	\$ 4,974	\$ 4,974
434,893	322,950	240,172	204,810	194,044	199,703
196,634	199,537	220,359	203,134	161,742	154,667
\$ 641,568	\$ 532,528	\$ 470,572	\$ 412,918	\$ 360,760	\$ 359,344

See accompanying independent auditors' report

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2023	2022	2021	2020
REVENUES:				
Real and personal property taxes	\$ 2,989,006	\$ 2,819,773	\$ 2,650,094	\$ 2,498,435
Excises	298,106	210,808	114,411	241,768
Payments in lieu of taxes	103,315	92,008	88,615	72,349
Fines	60,429	61,591	52,302	67,367
Investment Income	104,899	4,686	26,216	34,230
Licenses and permits	102,278	84,859	68,272	88,471
Departmental and other	192,862	193,580	143,001	186,826
Intergovernmental	1,346,974	1,208,707	1,022,654	961,630
Total revenues	5,197,869	4,676,012	4,165,565	4,151,076
EXPENDITURES:				
General government	218,842	192,291	181,583	207,793
Human services	58,023	53,501	45,211	41,561
Public safety	844,981	826,121	773,699	787,128
Public works	133,269	136,647	123,469	118,424
Property and development	285,144	242,249	169,778	125,180
Parks and recreation	38,816	35,117	31,096	33,104
Library	48,353	44,419	43,491	41,624
Schools	1,637,892	1,509,522	1,374,621	1,302,764
Public health programs	140,380	136,193	117,678	95,853
Judgments and claims	27,031	30,239	11,477	11,670
Retirement costs	565,815	502,585	473,494	447,159
Other employee benefits	259,465	258,112	262,997	259,420
State and district assessments	354,900	332,586	320,220	299,740
Capital outlays	410,688	394,480	356,601	275,339
Debt service:				
Principal	139,768	138,878	124,514	126,553
Interest	60,955	49,583	51,495	57,032
Total Expenditures	5,224,322	4,882,523	4,461,424	4,230,344
Excess (deficiency) of revenues over (under) expenditures	(26,453)	(206,511)	(295,859)	(79,268)
OTHER FINANCING SOURCES (USES):				
Long-term debt and leases issued	397,383	375,675	205,418	15,998
Issuance of refunding bonds	-	-	91,405	82,590
Payments to refunded bonds escrow agent	-	-	(95,934)	(82,481)
Proceeds from sale of property	-	-	-	-
Premiums on long-term debt issued	51,072	62,210	34,910	-
Total other financing sources (uses)	448,455	437,885	235,799	16,107
Net change in fund balances	\$ 422,002	\$ 231,374	\$ (60,060)	\$ (63,161)
Debt Service as a percentage of noncapital expenditures	4.35%	4.38%	4.48%	4.87%

See accompanying independent auditors' report

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 2,344,686	\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	
256,229	243,581	212,797	236,263	228,962	223,133	
87,018	84,940	80,501	90,215	79,232	73,324	
73,792	63,279	63,046	65,223	60,116	59,952	
35,974	21,534	10,396	1,713	2,312	6,508	
82,881	74,356	84,682	70,191	71,291	62,325	
177,945	176,731	154,333	134,701	139,321	137,366	
894,522	874,737	856,911	827,100	829,582	804,289	
3,953,047	3,761,035	3,542,359	3,393,093	3,278,075	3,134,680	
130,774	106,048	99,007	92,429	67,461	113,743	
42,909	43,976	39,751	40,482	39,578	39,205	
750,072	711,621	677,471	640,599	665,655	596,239	
113,236	121,834	114,593	116,787	142,223	127,703	
125,199	127,027	136,177	102,751	111,513	107,771	
28,313	30,130	24,509	23,378	21,574	20,937	
40,734	38,477	38,971	36,641	36,518	36,026	
1,271,813	1,237,390	1,188,114	1,143,249	1,087,896	1,091,899	
88,527	83,269	79,369	80,525	74,821	68,697	
1,202	7,693	3,766	1,100	3,678	9,493	
400,973	356,251	347,402	309,083	282,648	255,647	
264,832	261,377	247,965	236,661	230,089	234,400	
283,360	267,205	244,320	234,450	215,538	197,939	
263,416	233,995	233,690	234,126	247,474	248,864	
126,469	122,041	117,527	109,825	111,381	110,949	
56,256	54,199	53,604	54,883	46,890	42,966	
3,988,085	3,802,533	3,646,236	3,456,969	3,384,937	3,302,478	
(35,038)	(41,498)	(103,877)	(63,876)	(106,862)	(167,798)	
165,836	176,698	181,935	181,193	170,190	178,444	
-	-	58,370	8,100	126,735	-	
-	-	(65,799)	(9,487)	(147,658)	-	
57,000	-	-	-	-	-	
25,798	23,522	23,310	23,059	36,875	17,172	
248,634	200,220	197,816	202,865	186,142	195,616	
\$ 213,596	\$ 158,722	\$ 93,939	\$ 138,989	\$ 79,280	\$ 27,818	
5.16%	5.20%	5.28%	5.39%	5.31%	5.31%	

See accompanying independent auditors' report

ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Real Property			Personal Property	Total Assessed Value ⁽¹⁾	Total Direct Tax Rate ^{(b) (c)}
	Residential Value ^(a)	Commercial Value	Industrial Value	Assessed Value		
2023	\$ 141,541,580	\$ 60,779,084	\$ 1,427,979	\$ 8,468,831	\$ 212,217,474	15.38
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916	15.58
2021	127,136,166	54,632,351	1,251,386	7,633,024	190,652,927	15.29
2020	115,818,106	51,958,596	1,153,868	7,268,332	176,198,902	15.48
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,120	15.52
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958	15.65
2017	93,462,191	43,571,094	1,103,888	5,804,774	143,941,947	15.77
2016	83,719,423	38,031,832	908,352	5,387,474	128,047,081	16.47
2015	72,346,068	32,451,521	785,062	5,154,211	110,736,862	18.15
2014	64,541,403	29,631,863	707,564	4,951,983	99,832,813	19.16

⁽¹⁾ Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2023 assessed values are as of January 1, 2022.

^(a) Exempt residential properties not included.

^(b) Tax rates are per \$1,000 of assessed value and are reported in whole dollars in the above table.

^(c) Total direct tax rate is the weighted average calculation of the residential, commercial, and industrial values.

Source: City of Boston Assessing Department

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS ^{(1) (2)}

Last Ten Fiscal Years

Fiscal Year	Class	City General	Total	% Change	Total Direct ⁽³⁾
2023	Residential	\$ 10.74	\$ 10.74	(0.1) %	\$ 15.38
	C.I.P.	24.68	24.68	(0.3) %	
2022	Residential	10.88	10.88	0.2 %	15.58
	C.I.P.	24.98	24.98	0.4 %	
2021	Residential	10.67	10.67	0.1 %	15.29
	C.I.P.	24.55	24.55	(0.4) %	
2020	Residential	10.56	10.56	0.2 %	15.48
	C.I.P.	24.92	24.92	(0.3) %	
2019	Residential	10.54	10.54	0.6 %	15.52
	C.I.P.	25.00	25.00	(0.8) %	
2018	Residential	10.48	10.48	(1.0) %	15.65
	C.I.P.	25.20	25.20	(0.7) %	
2017	Residential	10.59	10.59	(3.7) %	15.77
	C.I.P.	25.37	25.37	(5.4) %	
2016	Residential	11.00	11.00	(9.2) %	15.77
	C.I.P.	26.81	26.81	(9.2) %	
2015	Residential	12.11	12.11	(3.7) %	18.15
	C.I.P.	29.52	29.52	(5.3) %	
2014	Residential	12.58	12.58	(4.3) %	19.16
	C.I.P.	31.18	31.18	(2.4) %	

⁽¹⁾ Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters

⁽²⁾ Real and personal property tax rates are per \$1,000 of assessed value.

⁽³⁾ Total direct tax rate is the weighted average calculation of the residential, commercial, and industrial values. C.I.P. = Commercial, Industrial, and Personal Property.

Source: City of Boston Assessing Department

LARGEST PRINCIPAL TAXPAYERS ^{(1) (2)}
 Current and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	\$4,359,548,151	1	2.05%	\$2,645,041,500	2	2.68%
Eversource	3,147,561,090	2	1.48%			
Oxford Properties	2,243,860,250	3	1.06%			
Rockpoint Group	1,908,210,730	4	0.90%			
Tishman Speyer Properties	1,865,615,206	5	0.88%	917,083,700	4	0.92%
Teacher’s Insurance and Annuity Association	1,731,216,410	6	0.82%	854,932,000	5	0.86%
Equity Residential	1,588,537,280	7	0.75%			
PGIM Real Estate fka Fort Hill Associates	1,396,495,100	8	0.66%	702,097,100	7	0.70%
MetLife Real Estate Investments	1,234,690,760	9	0.58%			
National Grid	1,161,873,850	10	0.55%	577,742,700	9	0.58%
Blackstone Real Estate Partners	1,159,353,340	11	0.55%	2,679,804,900	1	2.68%
Diversified Healthcare Trust fka Senior Housing	1,104,558,900	12	0.52%			
Synergy Investments	1,027,070,623	13	0.48%			
John Hancock Financial	886,449,640	14	0.42%			
Morgan Stanley	851,138,510	15	0.40%			
Fortis Property Group	780,977,800	16	0.37%			
Clarion	760,499,700	17	0.36%			
Beacon Capital	744,896,620	18	0.35%	826,872,480	6	0.83%
NSTAR				1,860,353,661	3	1.86%
Fallon Company/MA Mutual				587,326,070	8	0.59%
UIDC of Massachusetts, Inc				487,308,180	10	0.49%
	<u>\$27,952,553,960</u>		<u>13.18%</u>	<u>\$12,138,562,291</u>		<u>12.19%</u>

(1) The methodology used in creating the table involves the search of the title holder(s) of all major parcels of property in the City, and then further researching to identify common ownership of subsidiaries. This methodology does not necessarily locate all parcels owned by affiliates. If common ownership of a property is identified that value is assigned by allocating the property equally to all owners (e.g. three owners are each assumed to own 33%).

(2) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that are taxable: business and professional furnishings, machinery used in the conduct of business, and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(amounts in millions)

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2023		
	Gross ⁽¹⁾	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
2023	\$ 2,996.1	\$ 2,966.3	99.0%	\$ 3,001.1	100.2%	101.2%	\$ 2,971.1	99.2%	100.2%
2022	2,826.2	2,793.0	98.8	2,809.3	0.994	1.006	2,801.0	0.991	100.3
2021	2,678.1	2,674.4	99.9	2,665.8	99.5	99.7	2,647.5	98.9	99.0
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7
2018	2,223.2	2,192.6	98.6	2,216.2	99.7	101.1	2,207.1	99.3	100.7
2017	2,093.9	2,055.2	98.2	2,083.3	99.5	101.4	2,075.4	99.1	101.0
2016	1,963.1	1,924.8	98.0	1,958.4	99.8	101.7	1,949.3	99.3	101.3
2015	1,869.0	1,833.1	98.1	1,865.6	99.8	101.8	1,853.6	99.2	101.1
2014	1,779.8	1,744.9	98.0	1,784.7	100.3	102.3	1,765.8	99.2	101.2

⁽¹⁾ Includes omitted assessments billed in June of each fiscal year and subsequently reduced through residential exemption.

Source: City of Boston Treasury Department

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Amounts in thousands, except per capita amount)

Fiscal Year	Governmental Activities				
	General	Notes Payable ⁽¹⁾	Equipment	Leases	Subscription IT
	Obligation Bonds		Financing Payable		Arrangements
2023	\$ 1,907,077	\$ 18,069	\$ 74,545	\$ 15,587	\$ 12,521
2022	1,661,956	20,286	67,863	16,372	-
2021	1,418,056	21,725	61,608	-	-
2020	1,348,339	23,308	56,410	-	-
2019	1,491,091	65,822	64,096	-	-
2018	1,457,450	67,398	69,626	-	-
2017	1,416,971	74,266	69,465	-	-
2016	1,395,367	76,619	62,266	-	-
2015	1,339,367	63,361	56,425	-	-
2014	1,296,153	75,680	45,887	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Includes Bond Anticipation Notes, MWPAT Notes, and Other Notes.

⁽²⁾ See page 151 for the City's total personal income data.

⁽³⁾ See page 151 for the City's population data.

	Total Primary Government	% of Total Personal Income ⁽²⁾	Per Capita ⁽³⁾
\$	2,027,799	5.36%	2,932.33
	1,766,477	5.15	2,530.77
	1,501,389	4.42	2,171.11
	1,428,057	4.73	2,052.02
	1,621,009	5.37	2,329.28
	1,594,474	5.28	2,291.15
	1,560,702	5.41	2,285.02
	1,534,252	5.55	2,280.26
	1,459,153	5.55	2,179.57
	1,417,720	5.72	2,160.99

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

RATIOS OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA

Last Ten Fiscal Years

(Amounts in thousands, except per capita amount)

Calendar Year	General Bonded Debt Outstanding	Assessed Value ⁽¹⁾	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita ⁽²⁾
2023	\$ 1,907,077	\$ 212,217,474	0.9%	\$ 2,757.76
2022	1,661,956	197,826,916	0.8	2,403.30
2021	1,418,056	190,652,927	0.7	2,050.60
2020	1,348,339	176,198,902	0.8	1,937.47
2019	1,491,091	164,514,120	0.9	2,142.60
2018	1,457,450	153,925,958	1.0	2,094.26
2017	1,416,971	143,941,947	1.0	2,074.58
2016	1,395,367	128,047,081	1.1	2,073.85
2015	1,339,367	110,736,862	1.2	2,000.64
2014	1,296,153	99,832,813	1.3	1,975.69

⁽¹⁾ See page 141 for the City's total assessed value of property.

⁽²⁾ See page 151 for the City's population data.



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LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts in thousands)

	2023	2022	2021	2020	2019
Debt limit	\$ 11,318,383	\$ 10,194,726	\$ 10,194,726	\$ 8,989,652	\$ 8,989,652
Total net debt applicable to limit	<u>3,455,346</u>	<u>3,071,258</u>	<u>2,869,764</u>	<u>2,470,631</u>	<u>2,311,238</u>
Legal debt margin	<u>\$ 7,863,037</u>	<u>\$ 7,123,468</u>	<u>\$ 7,324,962</u>	<u>\$ 6,519,021</u>	<u>\$ 6,678,414</u>
Total net debt applicable to the limit as a percentage of debt limit	30.53%	30.13%	28.15%	27.48%	25.71%

Legal Debt margin Calculation for Fiscal Year 2022

Fiscal year 2023 equalized valuation, 2022 ⁽¹⁾	\$ 226,367,657
Debit limit (5% of assessed value) ⁽²⁾	<u>11,318,383</u>
Debit applicable to limit:	
General obligation bonds	(1,238,218)
Total authorized/unissued	<u>(2,217,134)</u>
Total debt outstanding plus authorized/unissued	(3,455,352)
Less new authorization adjustments approved through June 30, 2023	<u>6</u>
Amount within debt limit	-
Debt incurring capacity as of June 30, 2023	<u>\$ 7,863,037</u>

⁽¹⁾ Includes the value of Chapter 121A tax agreement properties

⁽²⁾ The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5.0% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Commonwealth's Secretary of Administration and Finance.

⁽³⁾ The debt authorized but unissued as of June 30, 2022 and City Council authorizations during fiscal year 2023 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management

	2018	2017	2016	2015	2014
\$	7,178,810	\$ 7,178,810	\$ 5,540,530	\$ 5,540,530	\$ 5,156,374
	2,122,823	1,913,350	1,809,054	1,388,019	1,590,189
\$	<u>5,055,987</u>	<u>\$ 5,265,460</u>	<u>\$ 3,731,476</u>	<u>\$ 4,152,511</u>	<u>\$ 3,566,185</u>
	29.57%	26.65%	32.65%	25.05%	30.84%

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Fiscal Year	Population ⁽¹⁾	Total Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income	Unemployment Rate ⁽³⁾
2023	N/A	N/A	N/A	N/A
2022	650,706	37,822,286	58,125	3.6
2021	654,776	32,959,460	50,337	5.8
2020	691,531	*N/A	*N/A	9.2
2019	694,295	34,005,181	48,978	2.60
2018	695,926	30,180,223	43,367	3.00
2017	683,015	28,847,822	42,236	3.40
2016	672,840	27,625,465	40,237	3.40
2015	669,469	26,273,980	39,246	4.40
2014	656,051	24,804,632	36,395	5.30

N/A = Information not available for this fiscal year

⁽¹⁾ 1 Source: U.S. Census Bureau, Population Estimates Program, Vintage 2019 Population Estimates (for 2011-2019), 2020 Decennial Census (for 2020) and Vintage 2022 Population Estimates (for 2021-2022); BPDA Research Division Analysis.

⁽²⁾ 2 Source: U.S. Census Bureau, 2011-2022 1-year American Community Survey estimates; BPDA Research Division Analysis. Converted to 2022 dollars using the Consumer Price Index.

⁽³⁾ 3 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics; BPDA Research Division Analysis.

* Due to data collection challenges during the pandemic, the Census Bureau released only experimental American Community Survey estimates for 2020. They caution against comparing these to other years.

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	18,798	1	2.27%	17,036	1	2.48%
Brigham and Women's Hospital	14,584	2	1.76%	13,120	2	1.91%
Boston University	10,468	3	1.27%	10,797	3	1.57%
Boston Children's Hospital	9,198	4	1.11%	8,363	4	1.22%
Beth Israel Deaconess Medical Center	8,737	5	1.06%	7,435	6	1.08%
State Street Bank & Trust Company	7,500	6	0.91%	7,800	5	1.14%
Boston Medical Center	7,156	7	0.87%	5,285	8	0.77%
Harvard University Graduate Schools	6,934	8	0.84%	5,571	7	0.81%
Northeastern University*	6,699	9	0.81%	4,767	10	0.69%
Dana-Farber Cancer Institute	6,013	10	0.73%			
Fidelity Investments	-			5,000	9	0.73%
Total	96,087		11.62%	85,174		12.40%
Total Boston Employment **	826,967					

Source: Bureau of Economic Analysis; Center for Medicare and Medicaid Services, Form CMS-2552-10; National Center for Education Statistics; Harvard University Fact Book; Direct Contact with Employers; Boston Business Journal; BPDA Research Division Analysis. Estimates reflect most recent data available.

* Northeastern's employment includes Northeastern University Professional Programs.

** Boston's total payroll and non-payroll employment as of 2021. Total employment for the city for 2022 is not available until the release of U.S. Bureau of Economic Analysis (BEA) data in late November 2023.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT⁽¹⁾
 Last Ten Fiscal Years

	Fiscal Year				
	2023	2022	2021	2020	2019
CITY-FUNDED:					
Public safety ⁽²⁾	4,287	4,369	4,460	4,518	4,476
Public works	308	331	349	358	357
Other city departments ⁽³⁾	2,755	2,641	2,727	2,715	2,708
Boston Public Health Commission ⁽⁴⁾	824	857	872	847	832
Schools	9,623	9,559	9,528	9,303	9,249
Total city-funded	17,797	17,757	17,936	17,741	17,622
GRANT-FUNDED:					
Schools	1,096	756	621	654	636
All others ⁽⁵⁾	343	284	299	287	270
Total grant-funded	1,439	1,040	920	941	906
Total employees	19,236	18,797	18,856	18,682	18,528

- ⁽¹⁾ All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.
- ⁽²⁾ Public Safety includes the Police Department and the Fire Department and starting in FY15 the Office of Emergency Management
- ⁽³⁾ Includes Boston State Retirement System funded solely from the investment income account of the system.
- ⁽⁴⁾ Boston Public Health Commission employees are funded by the City, but are not employees of the City.
- ⁽⁵⁾ All Suffolk County Registry of Deedsemployees became employees of the Commonwealth as of July 1, 1999.
- ⁽⁶⁾ Does not include grants managed by the Boston Public Health Commission.
- ⁽⁷⁾ All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.

Fiscal Year					
2018	2017	2016	2015	2014	
4,442	4,501	4,456	4,529	4,541	
362	373	377	394	366	
2,730	2,688	2,650	2,678	2,696	
845	827	777	770	762	
9,005	8,782	8,746	8,789	8,664	
17,384	17,171	17,006	17,160	17,029	
595	610	656	601	698	
358	385	370	282	277	
953	995	1,026	883	975	
18,337	18,166	18,032	18,043	18,004	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Service calls answered	634,765	572,844	598,470	568,707	497,728
Moving/traffic violations	19,640	26,354	28,519	61,731	103,485
Parking violations as of June 30	1,004,736	1,080,858	908,581	1,067,501	1,289,023
Fire					
Calls answered	93,301	85,572	75,346	84,357	83,173
Inspections conducted	23,804	22,530	21,614	21,350	25,896
Library					
Personnel full-time	445	407	400	416	410
Personnel part-time	36	28	38	36	43
Central and branch libraries	26	26	26	26	26
Books, audio and video materials, newspapers, and magazines in circulation	4,148,898	4,382,562	3,898,416	3,629,323	4,223,612
Library cards in force	450,902	590,793	504,138	383,240	332,468
Schools					
Student enrollment as of June 30	48,927	49,970	51,434	53,094	54,300
Streets, sidewalks, and bridges					
Streets in miles	988	988	988	988	988
Hospitals					
Births as of June 30	20,303	21,015	20,340	20,532	20,217
Deaths as of June 30	8,001	8,561	8,347	8,771	7,763

Source: City of Boston Auditing Department

Fiscal Year				
2018	2017	2016	2015	2014
494,226	516,741	408,144	421,573	566,297
92,111	95,865	107,204	110,254	90,180
1,414,184	1,358,385	1,346,400	1,272,107	1,326,235
86,103	85,598	82,438	80,079	73,443
24,009	24,332	25,519	23,019	23,896
411	411	413	417	408
45	45	50	58	59
25	25	24	24	25
3,806,215	3,796,379	3,707,607	3,715,079	3,732,000
292,763	281,439	268,275	323,789	361,939
55,594	56,433	56,531	57,102	56,975
988	988	988	988	988
20,686	20,089	20,968	19,586	20,392
7,790	7,526	7,383	7,438	7,330

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CAPITAL ASSET STATISTICS BY DEPARTMENT

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Officers and personnel	2,754	2,857	2,883	2,754	2,936
Stations	11	11	11	11	11
Fire					
Officers and personnel	1,604	1,650	1,644	1,855	1,649
Stations	35	34	34	34	34
Parks and Recreation					
Personnel (Parks Division)	212	253	255	298	274
Neighborhood (city) parks	266	258	258	257	257
Neighborhood (city) playgrounds – Tot Lots	140	137	137	137	137
Community Centers – (BCYF operated)	29	29	30	28	36
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	18	18	20	17	19
Tennis courts	70	64	64	55	58
Public Education					
Total number of Boston Public Schools employees	10,386	9,987	10,149	10,380	10,695
Total number of schools	115	121	123	125	125
Public Works					
Traffic signals (signalized intersections)	896	886	883	847	872
Parking meters (approximately)	6,018	5,960	6,258	6,603	6,736
Bridges	40	40	40	40	40
Hospitals					
Number of hospitals	20	20	20	20	19
Patient beds	6,234	6,152	6,140	6,113	6,108

Source: City of Boston Auditing Department

Fiscal Year					
2018	2017	2016	2015	2014	
2,869	2,896	2,895	2,907	2,933	
11	11	11	11	11	
1,652	1,623	1,618	1,604	1,604	
34	35	35	35	35	
269	280	251	306	233	
257	258	251	251	262	
132	131	129	127	129	
36	30	29	29	29	
2	2	2	2	2	
19	18	18	17	18	
65	65	65	65	66	
10,344	10,255	9,634	9,530	9,374	
125	124	125	128	128	
866	859	854	849	841	
6,722	6,420	7,626	7,699	7,614	
40	40	40	36	37	
19	20	20	20	21	
6,053	6,021	5,227	6,049	5,402	

See accompanying independent auditors' report

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EXHIBIT II

Schedules of Comparative Financial Statements for Fiscal Years 2019 - 2023

The following schedules of Comparative Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balance as of and for the fiscal years ended June 30, 2023, 2022, 2021, 2020 and 2019 have been prepared by the City of Boston Auditing Department based on information taken from the City's audited financial statements.

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City of Boston

General Fund

Balance Sheets

June 30, 2023, 2022, 2021, 2020, and 2019

(in thousands)

	2023	2022	2021	2020	2019
ASSETS:					
Cash and investments.....	\$ 1,928,611	\$ 1,642,616	\$ 1,466,932	\$ 1,520,175	\$ 1,434,832
Receivables :					
Property taxes.....	24,985	25,241	30,574	31,209	16,974
Motor vehicle/boat excise.....	33,659	32,749	29,559	37,330	35,707
Intergovernmental.....	9,595	12,912	335	12,087	6,629
Departmental and other.....	29,243	23,660	18,855	10,563	15,085
Tax title and possession.....	73,384	70,583	72,064	63,042	60,818
Total receivables.....	170,866	165,145	151,387	154,231	135,213
Allowance:					
Motor vehicle/boat excise.....	(24,896)	(23,835)	(22,892)	(21,765)	(21,001)
Tax title and possession.....	(72,404)	(70,582)	(72,064)	(63,043)	(60,819)
Total allowances.....	(72,404)	(70,582)	(94,956)	(84,808)	(81,820)
Net receivable.....	98,462	94,563	56,431	69,423	53,393
Due from other funds.....	927	1,131	1,964	2,967	1,111
Due from component units.....	3,511	5,667	6,454	4,727	3,983
Total assets.....	\$ 2,031,511	\$ 1,743,977	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319
LIABILITIES:					
Warrants and accounts payable.....	\$ 57,117	\$ 64,618	\$ 64,277	\$ 74,315	\$ 67,915
Accrued liabilities:					
Payroll and related costs.....	268,041	260,631	185,196	168,620	170,480
Deposits and other.....	30,503	37,770	37,363	33,218	32,231
Due to other funds.....	796	168	172	1,154	168
Due to component units.....	3,178	1,039	2,486	578	4,712
Total liabilities.....	\$ 359,635	\$ 364,226	\$ 289,494	\$ 277,885	\$ 275,506
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	38,745	40,648	31,125	47,928	31,203
Total fund balance.....	1,606,956	1,315,268	1,211,162	1,271,479	1,186,610
Total liabilities, deferred inflows of resources and fund balance.....	\$ 2,005,336	\$ 1,720,142	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319

City of Boston

General Fund

**Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2023, 2022, 2021, 2020 and 2019
(in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES:					
Local:					
Real and personal property taxes.....	2,988,917	2,819,651	2,650,040	2,498,435	2,344,686
Excises.....	298,077	210,808	114,411	241,768	256,229
Payments in lieu of taxes.....	103,315	92,008	88,615	72,349	87,018
Fines.....	60,429	61,591	52,302	67,367	73,792
Investment income.....	88,404	4,482	3,615	29,472	30,408
Licenses and permits.....	102,244	84,825	67,977	88,272	82,658
Departmental and other.....	109,001	124,563	60,555	103,476	97,442
Total local revenues.....	<u>3,750,387</u>	<u>3,397,928</u>	<u>3,037,515</u>	<u>3,101,139</u>	<u>2,972,233</u>
Intergovernmental:					
Intergovernmental.....	690,938	649,471	619,709	627,590	577,458
Total intergovernmental revenues.....	<u>690,938</u>	<u>649,471</u>	<u>619,709</u>	<u>627,590</u>	<u>577,458</u>
Total revenues.....	<u>4,441,325</u>	<u>4,047,399</u>	<u>3,657,224</u>	<u>3,728,729</u>	<u>3,549,691</u>
EXPENDITURES:					
Current:					
General government.....	154,252	123,041	122,106	117,152	112,998
Human services.....	40,938	36,961	34,010	34,458	34,208
Public safety.....	809,042	797,386	735,254	763,381	726,406
Public works.....	125,102	130,807	116,862	111,346	106,504
Property and development.....	41,491	37,327	32,631	32,618	41,483
Parks and recreation.....	33,905	33,019	29,118	28,616	26,890
Library.....	44,041	41,098	39,422	38,270	38,597
Schools.....	1,357,011	1,324,486	1,234,353	1,176,493	1,118,332
Public health programs.....	126,875	116,705	106,715	94,337	87,487
Judgments and claims.....	27,031	30,239	11,477	11,670	1,202
Retirement costs.....	565,815	502,585	473,494	447,159	400,973
Other employee benefits.....	259,465	258,112	260,997	259,420	264,832
State and district assessments.....	354,900	332,586	320,220	299,740	283,360
Capital outlays.....	18,601	24,269	19,210	29,270	17,683
Debt Service.....	200,723	188,461	176,009	183,585	182,725
Total expenditures.....	<u>4,159,192</u>	<u>3,977,082</u>	<u>3,711,878</u>	<u>3,627,515</u>	<u>3,443,680</u>
Excess (deficiencies) of revenues over expenditures.....	<u>282,133</u>	<u>70,317</u>	<u>(54,654)</u>	<u>101,214</u>	<u>106,011</u>
OTHER FINANCING SOURCES (USES):					
Transfers in.....	40,000	55,000	20,000	-	-
Transfers out.....	(42,159)	(30,995)	(25,663)	(16,345)	(1,455)
Leases issued.....	11,714	9,784	-	-	-
Total other financing uses, net.....	<u>9,555</u>	<u>33,789</u>	<u>(5,663)</u>	<u>(16,345)</u>	<u>(1,455)</u>
Net change in fund balances.....	291,688	104,106	(60,317)	84,869	104,556
Fund balance, beginning of year.....	<u>1,315,268</u>	<u>1,211,162</u>	<u>1,271,479</u>	<u>1,186,610</u>	<u>1,082,054</u>
Fund balance, end of year.....	<u>\$ 1,606,956</u>	<u>\$ 1,315,268</u>	<u>\$ 1,211,162</u>	<u>\$ 1,271,479</u>	<u>\$ 1,186,610</u>

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City of Boston

General Fund - Budgetary Basis

Statements of Revenues and Expenditures
Encumbrances and Prior Years' Deficit Raised - Budget to Actual
Fiscal Years Ended June 30, 2023, 2022, 2021, 2020 and 2019

(in thousands)

	2023			2022			2021		
	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
Revenues, Transfers and Other Available Funds:									
Real and personal property taxes, net.....	\$ 2,963,299	\$ 2,969,073	\$ 5,774	\$ 2,790,149	\$ 2,793,795	\$ 3,646	\$ 2,671,124	\$ 2,676,286	\$ 5,162
Excises.....	161,275	298,136	136,861	126,140	210,697	84,557	134,540	116,340	(18,200)
Commonwealth of Massachusetts.....	508,686	493,969	(14,717)	478,914	469,990	(8,924)	455,736	468,819	13,083
Departmental and other revenue.....	69,913	100,140	30,227	65,536	96,108	30,572	67,926	77,569	9,643
Fines.....	54,165	60,630	6,465	51,800	61,754	9,954	60,953	52,153	(8,800)
Payments in lieu of taxes.....	66,499	102,298	35,799	67,350	91,837	24,487	67,978	88,674	20,696
Investment income.....	3,000	88,335	85,335	2,800	4,429	1,629	4,000	3,615	(385)
Licenses and permits.....	64,935	99,392	34,457	62,370	84,032	21,662	61,960	67,332	5,372
Miscellaneous.....	267	267	-	267	267	-	267	267	-
Transfers from other available funds.....	110,950	40,000	(70,950)	125,950	55,000	(70,950)	70,950	60,000	(10,950)
Total revenues, transfers and other available funds.....	4,002,989	4,252,240	249,251	3,771,276	3,867,909	96,633	3,595,434	3,611,055	15,621
Expenditures and Encumbrances:									
General government.....	190,784	190,784	-	187,172	186,040	1,132	131,671	128,508	3,163
Human services.....	41,368	41,368	-	37,095	37,088	7	38,008	36,027	1,981
Public safety.....	755,774	785,717	(29,943)	751,129	784,791	(33,662)	743,251	757,279	(14,028)
Public works.....	134,889	134,889	-	126,392	133,199	(6,807)	121,063	118,229	2,834
Property and development.....	79,719	79,719	-	70,967	70,966	1	60,892	59,441	1,451
Parks and recreation.....	42,155	42,031	124	39,283	39,135	148	31,305	31,245	60
Library.....	44,106	43,962	144	42,243	40,924	1,319	41,387	39,841	1,546
Schools.....	1,379,457	1,379,456	1	1,294,720	1,294,706	14	1,260,490	1,260,465	25
Boston Public Health Commission.....	120,802	120,802	-	114,802	114,802	-	106,474	106,474	-
Judgments and claims.....	5,000	32,026	(27,026)	5,000	34,509	(29,509)	5,000	5,791	(791)
Other employee benefits.....	268,302	268,302	-	258,778	258,778	-	264,958	264,719	239
Retirement costs.....	387,491	387,491	-	327,014	327,014	-	295,519	295,518	1
Debt requirements.....	198,243	198,243	-	184,093	184,093	-	175,194	171,971	3,223
State and district assessments.....	354,899	354,899	-	332,585	332,585	-	320,222	320,221	1
Total expenditures.....	4,002,989	4,059,689	(56,700)	3,771,273	3,838,630	(67,357)	3,595,434	3,595,729	(295)
Excess of revenues available for appropriation over expenditures.....	\$ -	\$ 192,551	\$ 192,551	\$ 3	\$ 29,279	\$ 29,276	\$ -	\$ 15,326	\$ 15,326

Source: City's ACFR, Statement of Revenue and Expenditures, Budgetary Basis

(continued)

City of Boston

General Fund - Budgetary Basis

Statements of Revenues and Expenditures
 Encumbrances and Prior Years' Deficit Raised - Budget to Actual
 Fiscal Years Ended June 30, 2023, 2022, 2021, 2020 and 2019

(in thousands)

2020			2019		
Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
\$ 2,461,443	\$ 2,466,831	\$ 5,388	\$ 2,316,649	\$ 2,320,883	\$ 4,234
216,040	239,950	23,910	201,290	256,219	54,929
464,201	458,848	(5,353)	446,950	434,357	(12,593)
69,990	76,586	6,596	68,774	83,739	14,965
69,175	67,258	(1,917)	68,745	73,931	5,186
68,530	72,473	3,943	63,016	88,745	25,729
15,000	29,472	14,472	5,000	30,408	25,408
64,047	88,364	24,317	66,260	82,596	16,336
267	267	-	267	267	-
64,850	-	(64,850)	78,450	-	(78,450)
3,493,543	3,500,049	6,506	3,315,401	3,371,145	55,744
134,699	130,543	4,156	124,048	122,973	1,075
35,478	35,321	157	34,196	34,129	67
752,940	767,968	(15,028)	718,947	740,556	(21,609)
130,793	123,312	7,481	113,308	113,251	57
51,214	50,560	654	43,923	43,881	42
32,285	31,966	319	30,783	30,768	15
39,120	39,120	-	38,664	38,664	-
1,178,564	1,178,562	2	1,126,705	1,126,676	29
93,405	93,405	-	87,967	87,967	-
5,000	7,083	(2,083)	5,000	18,234	(13,234)
276,529	265,278	11,251	265,325	265,164	161
284,803	284,119	684	266,850	266,797	53
178,048	177,795	253	176,975	176,857	118
300,665	299,740	925	282,710	282,617	93
3,493,543	3,484,772	8,771	3,315,401	3,348,534	(33,133)
\$ -	\$ 15,277	\$ 15,277	\$ -	\$ 22,611	\$ 22,611

City of Boston

Special Revenue Fund

Balance Sheets
June 30, 2023, 2022, 2021, 2020 and 2019
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS:					
Cash and investments.....	\$ 692,131	\$ 824,523	\$ 597,206	\$ 414,132	\$ 255,096
Receivables, net:					
Intergovernmental.....	168,968	100,644	105,648	82,698	72,723
Departmental and other.....	22,070	21,679	21,871	23,422	24,117
Total receivables.....	<u>191,038</u>	<u>122,323</u>	<u>127,519</u>	<u>106,120</u>	<u>96,840</u>
Due from other funds.....	3,384	2,370	3,888	1,813	357
Total assets.....	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 36,218	\$ 37,420	\$ 39,581	\$ 22,285	\$ 24,738
Accrued liabilities:					
Payroll and related costs.....	-	4,626	-	-	-
Deposits and other.....	91,534	96,720	86,883	78,075	65,217
Unearned revenue.....	382,919	472,272	282,718	120,684	-
Due to other funds.....	3,163	3,100	4,903	3,626	1,299
Total liabilities.....	<u>513,834</u>	<u>614,138</u>	<u>414,085</u>	<u>224,670</u>	<u>91,254</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	1,963	2,527	-	-	-
FUND BALANCES:					
Restricted.....	36,498	36,650	58,676	53,876	64,405
Assigned.....	334,258	295,901	255,852	243,519	196,634
Total fund balance.....	<u>370,756</u>	<u>332,551</u>	<u>314,528</u>	<u>297,395</u>	<u>261,039</u>
Total liabilities and fund balance.....	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>

City of Boston

Special Revenue Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2023, 2022, 2021, 2020 and 2019
(in thousands)

	2023	2022	2021	2020	2019
REVENUES:					
Local:					
Fines.....	\$ 118	\$ 122	\$ 54	\$ -	\$ -
Investment income.....	1,687	171	81	954	942
Licenses and permits.....	34	34	295	199	223
Departmental and other.....	77,861	56,240	71,736	78,850	76,286
Total local revenues.....	<u>79,700</u>	<u>56,567</u>	<u>72,166</u>	<u>80,003</u>	<u>77,451</u>
Intergovernmental:					
Intergovernmental.....	616,802	526,551	365,007	306,221	284,054
Total intergovernmental revenues.....	<u>616,802</u>	<u>526,551</u>	<u>365,007</u>	<u>306,221</u>	<u>284,054</u>
Total revenues.....	<u>696,502</u>	<u>583,118</u>	<u>437,173</u>	<u>386,224</u>	<u>361,505</u>
EXPENDITURES:					
Current:					
General government.....	49,441	59,311	38,192	54,328	11,672
Human services.....	17,085	16,540	11,201	7,103	8,701
Public safety.....	35,939	28,735	38,445	23,747	23,666
Public works.....	8,167	5,840	6,607	7,078	6,732
Property & development.....	243,653	204,922	137,147	92,562	83,716
Parks and recreation.....	4,911	2,098	1,978	4,488	1,423
Library.....	4,312	3,321	4,069	3,354	2,137
Schools.....	280,881	185,036	140,268	126,271	153,481
Public health programs.....	13,505	19,488	10,963	1,516	1,040
Other employee benefits.....	-	-	2,000	-	-
Capital outlays.....	2,254	726	437	1,411	1,596
Total expenditures.....	<u>660,148</u>	<u>526,017</u>	<u>391,307</u>	<u>321,858</u>	<u>294,164</u>
Excess of revenues over expenditures.....	<u>36,354</u>	<u>57,101</u>	<u>45,866</u>	<u>64,366</u>	<u>67,341</u>
OTHER FINANCING SOURCES (USES):					
Premiums on long-term debt issued.....	1,146	574	24,208	14,890	110
Transfers out, net.....	705	(39,652)	(52,941)	(42,900)	(53,803)
Total other financing uses, net.....	<u>1,851</u>	<u>(39,078)</u>	<u>(28,733)</u>	<u>(28,010)</u>	<u>(53,693)</u>
Net change in fund balances.....	38,205	18,023	17,133	36,356	13,648
Fund balance, beginning of year.....	332,551	314,528	297,395	261,039	247,391
Fund balance, end of year.....	<u>\$ 370,756</u>	<u>\$ 332,551</u>	<u>\$ 314,528</u>	<u>\$ 297,395</u>	<u>\$ 261,039</u>

City of Boston

Capital Projects Fund
Balance Sheets

June 30, 2023, 2022, 2021, 2020 and 2019
(in thousands)

	2023	2022	2021	2020	2019
ASSETS:					
Cash and investments.....	\$ 304,355	\$ 226,377	\$ 139,762	\$ 143,058	\$ 297,463
Cash and investments held by trustees.....	35,405	31,643	15,018	12,070	17,994
Intergovernmental receivable.....	18,731	12,350	12,448	7,958	10,011
Total assets.....	<u>\$ 358,491</u>	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 69,657	\$ 75,972	\$ 70,792	\$ 38,775	\$ 46,278
Due to other funds.....	183	171	375	-	-
Payroll and related costs.....	-	55	-	-	-
Total liabilities.....	<u>69,840</u>	<u>76,198</u>	<u>71,167</u>	<u>38,775</u>	<u>46,278</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	<u>11,222</u>	<u>1,739</u>	<u>9,692</u>	<u>7,666</u>	<u>4,713</u>
FUND BALANCES:					
Restricted.....	<u>277,429</u>	<u>192,433</u>	<u>86,369</u>	<u>116,667</u>	<u>274,477</u>
Total fund balance.....	<u>277,429</u>	<u>192,433</u>	<u>86,369</u>	<u>116,645</u>	<u>274,477</u>
Total liabilities and fund balance.....	<u>\$ 358,491</u>	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>

City of Boston

Capital Projects Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2023, 2022, 2021, 2020 and 2019
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES:					
Intergovernmental.....	\$ 39,234	\$ 33,830	\$ 37,938	\$ 27,819	\$ 33,010
Total revenues.....	<u>39,234</u>	<u>33,830</u>	<u>37,938</u>	<u>27,819</u>	<u>33,010</u>
EXPENDITURES:					
Capital outlays.....	424,833	369,485	336,954	244,658	244,137
Property & development.....	(35,000)	-	-	-	-
Total expenditures.....	<u>389,833</u>	<u>369,485</u>	<u>336,954</u>	<u>244,658</u>	<u>244,137</u>
Deficiency of revenues under expenditures.....	<u>(350,599)</u>	<u>(335,655)</u>	<u>(299,016)</u>	<u>(216,839)</u>	<u>(211,127)</u>
OTHER FINANCING SOURCES (USES):					
Long-term debt and leases issued.....	385,669	365,891	205,418	15,998	165,836
Refunding bonds issued.....	-	-	91,405	82,590	-
Payments to escrow agent.....	-	-	(95,934)	(82,481)	-
Premiums on long-term debt issued.....	49,926	61,636	34,910	-	25,688
Proceeds from Sale of Property.....	-	-	-	-	57,000
Operating transfers, net	-	14,192	32,941	42,900	53,803
Total other financing sources, net.....	<u>435,595</u>	<u>441,719</u>	<u>268,740</u>	<u>59,007</u>	<u>302,327</u>
Net change in fund balances.....	84,996	106,064	(30,276)	(157,832)	91,200
Fund balance, beginning of year.....	192,433	86,369	116,645	274,477	183,277
Fund balance, end of year.....	<u>\$ 277,429</u>	<u>\$ 192,433</u>	<u>\$ 86,369</u>	<u>\$ 116,645</u>	<u>\$ 274,477</u>

City of Boston

Internal Service Fund

Balance Sheets
June 30, 2023, 2022, 2021, 2020, and 2019
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS:					
Cash and cash equivalents.....	\$ 82,412	\$ 85,020	\$ 114,521	\$ 90,637	\$ 102,341
Due from component unit.....	949	1,501	2,857	-	-
Other assets.....	14,022	11,848	10,455	33,991	7,539
Total assets.....	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>
LIABILITIES:					
Accrued Liabilities.....	\$ 26,698	\$ 30,562	\$ 30,818	\$ 23,708	\$ 27,576
Total liabilities.....	<u>26,698</u>	<u>30,562</u>	<u>30,818</u>	<u>23,708</u>	<u>27,576</u>
NET POSITION:					
Unrestricted.....	70,685	67,807	97,015	100,920	82,304
Total fund net position.....	<u>70,685</u>	<u>67,807</u>	<u>97,015</u>	<u>100,920</u>	<u>82,304</u>
Total liabilities and fund net position.....	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>

City of Boston

Internal Service Fund

Statements of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended June 30, 2023, 2022, 2021, 2020, and 2019
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES:					
Employee contributions.....	\$ 91,162	\$ 87,150	\$ 86,545	\$ 80,615	\$ 83,972
Employer contributions.....	212,163	200,565	213,259	209,246	198,178
Total revenues.....	<u>303,325</u>	<u>287,715</u>	<u>299,804</u>	<u>289,861</u>	<u>282,150</u>
EXPENSES:					
Health benefits.....	300,447	316,923	303,709	271,245	281,239
Total expenditures.....	<u>300,447</u>	<u>316,923</u>	<u>303,709</u>	<u>271,245</u>	<u>281,239</u>
Changes in net assets.....	2,878	(29,208)	(3,905)	18,616	911
Net position, beginning of year.....	67,807	97,015	100,920	82,304	81,393
Net position, end of year.....	<u>\$ 70,685</u>	<u>\$ 67,807</u>	<u>\$ 97,015</u>	<u>\$ 100,920</u>	<u>\$ 82,304</u>

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SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

The following report has been prepared by the Boston Planning and Development Agency (the “BPDA”), for inclusion in the Official Statement. The report describes the principal components of the economy of the City of Boston (the “City” or “Boston”) and presents major economic, demographic and market indicators, and historical, statistical and other information.

This report contains estimates that are based on expectations and assumptions which existed at the time estimates were prepared. Considering the important factors that may materially affect economic conditions of the City, many of which are beyond the control of the City, the inclusion in this report of such estimates should not be regarded as a representation of the BPDA or the City that such estimates will occur or as representation of fact or guarantees of results. Historical results or trends may not continue in the future.

The information contained herein has been furnished by the BPDA and certain information has been obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and as to information from other sources, it is not to be construed as a representation of the BPDA or the City.

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THE BOSTON ECONOMY

Boston is the twenty-third most populous city in the United States (2020 Census) and the economic hub of The Commonwealth of Massachusetts (the “Commonwealth”). It is a center for professional services, business, finance, technology, research and development, higher education and health care, as well as for transportation, exports, communications, culture and entertainment. Boston is the capital of the Commonwealth and is host to several federal regional offices.

According to the U.S. Census Bureau’s 2020 Decennial Census, Boston’s population for 2020 was 675,647. The City successfully challenged the Census count of Boston’s group quarters population, providing evidence of 6,290 college dorm and prison residents missed by the Census. The BPDA Research Division estimates there are 883,257 full and part-time, payroll and non-payroll jobs in Boston as of 2022 based on data provided by the Bureau of Economic Analysis (“BEA”) and Massachusetts Executive Office of Labor and Workforce Development (“EOLWD”). This represents 17.4% of the total statewide jobs. This reflects a new high in employment for Boston, eclipsing the 851,322 jobs recorded in 2019.

These data do not measure how often employees on payrolls at Boston establishments are reporting to work on site in Boston, and the share working remotely for Boston companies is known to have risen dramatically post-pandemic. While we do not have direct measurement of the share of people working from home, we know from cell phone mobility data that people making stops in the City is still down 12 percent in January 2024 compared to January 2019, and that stoppers in Downtown Boston are down 23 percent over that time period.¹

Overview of Recent Economic Conditions

Total employment grew in Boston at an average annual rate of 2.7% from 2010 through 2019, exceeding the national recovery from the Great Recession. With the onset of the COVID-19 pandemic, Boston’s unemployment rate skyrocketed from 2.8% in March 2020 to 15.7% in May 2020, well above the Great Recession peak of 8.4% reached in September 2009.² Boston’s economy began to recover in the summer of 2020 and as of December 2023 Boston’s unemployment rate had fallen to 3.2%. Approximately 12,800 Boston residents were unemployed as of December 2023. Boston’s average unemployment rate for 2023 was 2.9%, 0.7 percentage points below the national rate.³

Boston’s commercial real estate market rebounded from the Great Recession and showed strong growth until the beginning of the pandemic. Reduced demand for office space during the pandemic has led to an increase in office vacancies and increased the square footage on the sublease market. Cell phone data suggest that the number of commuters in Boston fell by about half during the pandemic, rising to 59% of December 2019 levels by December 2022⁴. Utilization of office space in Boston has increased as the public health threat has receded, but remote or hybrid office work trends continue. Boston’s direct vacancy rate for the fourth quarter of 2023 was 16.2% according to realty firm Jones Lang LaSalle (JLL), up 5 percentage points from the prior year, and still elevated from the 6.1% direct vacancy rate measured in the fourth quarter of 2019.

The residential real estate market has cooled in response to increasing interest rates. The 2023 annual median sales price for a single-family home in Boston was \$765,000 according to the Mayor’s Office of Housing using Banker & Tradesman home sales data, up less than 1% from 2022, with quarterly 2023 prices peaking at \$815,000 in the third quarter, down from the \$850,000 peak price seen in the second quarter of 2022.

Decreased public health threats in 2023 have allowed for a significant recovery in Boston’s employment and economic activity. Adaptation to long term remote/hybrid office work trends poses a challenge for the City and its businesses. However, tourism, higher education, and life science research - areas of strength and specialization for Boston - have shown signs of recovery and growth. The full impact of the COVID-19 pandemic on the City, its economy, businesses and residents continues to evolve. Historical trends and data, especially pre-pandemic ones, are

¹ Cuebiq mobility data, BPDA Research Division Analysis

² Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Labor Force and Unemployment Data

³ Massachusetts Executive Office of Labor and Workforce Development (EOLWD), U.S. Bureau of Labor Statistics (BLS)

⁴ Cuebiq mobility data. Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously through a GDPR-compliant framework

not necessarily predictive of future trends or outcomes. It is not possible yet to predict the short-term or long-term impact of the pandemic on the Boston and regional economy.

Statistical Data

Statistical data relating to population, employment and income are derived primarily from four separate sources: the U.S. Census Bureau; the BEA; the U.S. Department of Labor, Bureau of Labor Statistics (the “BLS”); and the City of Boston and the BPDA, each of which is described below.

The Census Bureau publishes information about population, housing and the economy. The most recent Decennial Census data are from the 2020 Census. In addition, some monthly, quarterly and annual data are available through December 2023 on certain topics for the region, the Commonwealth, and Metropolitan Boston.⁵ The Census Bureau also publishes the American Community Survey (ACS), which provides data through 2022 on a citywide basis and by census tract.

The BEA publishes quarterly and annual statistics on income and employment. The most recent annual figures for the nation, Massachusetts and Metropolitan Boston are for 2022. The BLS publishes data and reports about the workforce and related subjects including unemployment rates, area wages, and cost-of-living adjustments. The most recent monthly data are for December 2023.

The City and the BPDA prepare reports and compile data on the population and economy of the City and its neighborhoods. The BPDA also analyzes and reports on local, regional, state and national trends obtained from public and private sources on the following topics: employment, occupations, large employers, City schools, universities and colleges, medical institutions, tourism and lodging, transportation, office and industrial markets, housing, building activity, urban redevelopment, and infrastructure projects.

The statistical data contained in this report represent the latest published data available. While the City believes that it has used the most recent available data in this report, the data contained herein may not reflect current conditions or trends because of publication lags resulting from time required to collect, tabulate and publish the data. Moreover, statistical data are approximations and generalizations subject to various sources of error inherent in the statistical process and may be revised based on additional data. The statistical data contained herein describes past activity and are not presented in order to suggest the continuation of any trend, or to predict future economic activity either in particular categories or in general.

Population

Boston’s population from the 2022 American Community Survey was 649,768, which represented a 5.9% increase from the 2010 Census but a 3.2% decrease from the 2020 Census official count. The 2023 American Community Survey is expected to incorporate Boston’s successful group quarters challenge which provided evidence of an undercount of 6,290 group quarters residents in the 2020 Census. The Census Bureau’s 2022 population count for Metropolitan Boston was 4,900,550, representing an increase of 7.6% since 2010 but a 0.8% decrease from 2020. Massachusetts’ 2022 American Community Survey enumeration was 6,981,974, a gain of 6.6% over the 2010 count but a 0.7% loss from 2020.

⁵ Federal data sources have three prevailing definitions of the Boston Metropolitan Area. Each table with Metropolitan data explains whether Metropolitan Boston refers to: the Metropolitan Statistical Area (“MSA”), the New England City and Town Area (“NECTA”) or Combined Statistical Area (“CSA”). Revised data was unavailable for Boston-Cambridge-Quincy MA-NH MSA and NECTA. All data was revised to reflect the new Boston-Cambridge-Newton MA-NH MSA and NECTA Division.

Table 1. Population of Massachusetts, Metropolitan Boston ⁽¹⁾ and the City of Boston 1990 to 2021

	1990	2000	2010	2020	2022	2010 to 2022 Compound Annual Growth
Massachusetts	6,016,425	6,349,097	6,547,629	7,029,917	6,981,974	0.5%
Metropolitan Boston ⁽¹⁾	4,133,895	4,391,344	4,552,402	4,941,632	4,900,550	0.6
City of Boston	574,283	589,141	617,594	675,647	649,768	0.5

⁽¹⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford), as defined by the Office of Management and Budget (OMB)
Source: U.S. Census Bureau, 1990, 2000, 2010, and 2020 Decennial Censuses; and 2022 American Community Survey one-year estimate. Note: this number does not include the undercount of 6,290 group quarters residents in the 2020 Census as evidenced in the City of Boston’s successful group quarters challenge.

The 2022 American Community Survey Public Use Microdata Sample (PUMS) showed that Boston’s racial composition was White, Non-Hispanic 43.7%; Black, Non-Hispanic 20.0%; Hispanic 20.0%; Asian/Pacific Islander 9.9%; multi-racial 5.6%; other single race 0.9%; and Native American 0.2%. The Hispanic and Asian/Pacific Islander populations have grown dramatically, growing about 20.4% and 17.0% respectively, from 2010 to 2022, while other populations have seen small growth or decline. Immigration has been a prime driver of increases in the Hispanic and Asian populations. In 2022, Boston’s foreign-born population represented 27.4% of the total population, and the foreign-born population was comprised of 31.2% Hispanic, 23.9% Asian/Pacific Islander, 22.0% Black, 14.7% White, and 8.2% other.⁶ Like the rest of the country, Boston is currently experiencing a sharp increase in the number of asylum-seekers in need of shelter. State data showed 1,308 families sheltering in Boston under the Emergency Housing Assistance Program as of December 2023. While this represents a small share of Boston’s overall foreign-born population, and follows several years of low net international migration, those arriving recently have a high level of resource need. The fiscal impact on the City is addressed in the Information Statement earlier in this report.

Boston continues to be a city of young adults; 32.3% of all Boston residents in 2022 were between 20 and 34 years old. The fastest growing age group in Boston between 2000 and 2022 was the age group 70-74, which saw a 59.5% increase. This is consistent with national trends and the aging of the baby boomer population. Boston’s older population (ages 65 and over) grew to 84,348 people but has remained at 13.0% of the total population. Boston’s population of school age children (ages 5 to 17) is 68,367, a level it has maintained since the dramatic fall from over 100,000 in the 1970s.

Along with population growth, the number of households in Boston has also grown, to 284,061 households with an average household size of 2.25 according to the 2022 American Community Survey (PUMS).

Employment Structure, Employment Trends and Occupational Changes

The largest industries in the City are health care and social assistance, professional and technical services, finance and insurance, government, accommodation and food services, and education. The table below shows Boston’s employment growth by industry category for 2018 through 2022. The industry categories are in the North American Industrial Classification System (“NAICS”) format, which the BEA began using in 2001. Suffolk County data are mathematically reduced to the Boston geography using unemployment insurance coverage data (Employment Security, ES-202, for cities and towns from the Massachusetts EOLWD).

Prior to the pandemic, total employment in Boston had risen to the highest level in recent decades and Boston’s job growth had been positive across most industries. The health care and social assistance industry employs the largest number of people in Boston, 17.5% percent of total jobs in 2022. Educational services is an area of specialization for Boston with an employment share three times the national average. With the onset of the COVID-19 pandemic and the resulting economic disruption, Boston lost 59,000 jobs in 2020, a decline of 6.9%. However, the City, started its recovery journey in 2021, adding 23,175 jobs, marking a 2.9% increase from the previous year. The positive trajectory continued into 2022, with Boston gaining 54,258 jobs compared to 2021, reflecting a robust 6.5% growth. In 2022, job gains were particularly strong in the accommodation and food services which increased by 32.1% and arts entertainment and recreation which increased by 22.6%.

⁶ U.S. Census Bureau, 2021 American Community Survey PUMS, BPDA Research Division Analysis. The American Community Survey (ACS) provides detailed demographic information for Boston and its neighborhoods

Boston and the surrounding area continued to see employment gains throughout 2023. While total jobs data is not yet available for 2023, data on payroll employment is available for Boston from the Quarterly Census of Employment and Wages (QCEW) up through the second quarter of 2023, and for the Boston-Cambridge-Newton MA NECTA Division from the Current Employment Statistics (CES) through the end of the 2023. Payroll employment in Boston rose to 685,805 in June 2023, up from 679,839 in December 2022 and up 1.9% compared to June 2022. Payroll employment in the Boston-Cambridge-Newton MA NECTA Division continued to increase through the end of the year, with payroll employment in December 2023 up 3.4% from the prior December. These data capture workers on the payroll of business establishments located in Boston. We expect that post-pandemic a smaller share of these workers are reporting to the office on a daily basis. Comprehensive data on the share of these workers who are working partly or fully from home was not available.

Table 2. City of Boston Employment 2018-2022 ⁽¹⁾⁽³⁾
North American Industry Classification System (NAICS)

Industry	2018	2019	2020	2021	2022	Absolute change '21-'22	Percentage Change '21-'22
Natural Resources and Mining	304	279	292	245	267	22	9.0%
Utilities	1,661	1,823	1,983	1,967	1,982	15	0.8
Construction	21,540	21,699	20,954	21,174	21,680	506	2.4
Manufacturing	8,115	8,402	7,574	8,243	8,805	562	6.8
Wholesale Trade	11,128	11,881	11,373	11,015	11,531	516	4.7
Retail Trade	38,485	40,322	37,785	37,701	39,612	1,911	5.1
Transportation and Warehousing	36,675	38,362	32,439	33,604	37,178	3,574	10.6
Information	20,787	23,361	23,093	26,853	29,148	2,295	8.5
Finance and Insurance	94,282	94,884	100,060	103,342	110,179	6,837	6.6
Real Estate and Rental and Leasing	38,582	37,649	39,098	42,099	46,158	4,059	9.6
Professional and Technical Services	106,214	113,180	113,427	117,896	126,251	8,355	7.1
Management of Companies and Enterprises	9,908	10,127	9,532	8,939	8,793	-146	-1.6
Administrative and Waste Services	40,232	40,023	35,905	38,411	39,598	1,187	3.1
Educational Services	60,683	66,402	66,093	63,215	67,716	4,501	7.1
Health Care and Social Assistance	145,335	148,757	148,147	153,208	154,535	1,327	0.9
Arts, Entertainment, and Recreation	19,409	19,089	13,831	14,387	17,641	3,254	22.6
Accommodation and Food Services	65,871	65,645	38,061	42,640	56,309	13,669	32.1
Other Services ⁽²⁾	34,004	33,927	28,906	29,489	31,790	2,301	7.8
Government	75,180	75,510	75,258	74,571	74,084	-487	-0.7
Total	828,395	851,322	803,811	828,999	883,257	54,258	6.5%

⁽¹⁾ The employment figures are from the BEA Series for Suffolk County, pro-rated to the City's geographical boundary using data from EOLWD

⁽²⁾ Other services include repair and maintenance, personal and laundry services, and religious, grant making, civic, professional, and similar organizations

⁽³⁾ The BEA revised its historic employment data by incorporating additional data sources and improving allocation methods, resulting in revised employment estimates for Boston

Source: U.S. Bureau of Economic Analysis, Massachusetts Executive Office of Labor and Workforce Development, BPDA Research Division Analysis

Boston's tech sector thrives by bringing together researchers and entrepreneurs from the region's world class universities, hospitals, and private companies. Employment in Boston's high-tech sectors saw little disruption during the pandemic and resumed strong growth over the following two years. The information sector added 2,295 jobs between 2021 and 2022, and employment in the sector is up 40.0% percent since 2018. Likewise, employment in professional, scientific and technical services grew by 8,355 jobs between 2021 and 2022 and is up 18.9% since 2018. Announcements of layoffs at large tech companies, both locally and nationally became more common in 2023 as higher borrowing costs put pressure on the tech sector. These layoffs have not resulted in aggregate employment losses in Boston data for these sectors as of the most recent payroll data available at the time of this report (Q2 2023), suggesting losses at some firms have been offset by hiring elsewhere. We will continue to monitor this trend in data over the coming year.

Unemployment

According to the Massachusetts EOLWD, Boston's average unemployment rate for 2019 was 2.7%, 1.0 percentage point lower than the national unemployment rate. With the onset of the global COVID-19 pandemic, unemployment spiked in the spring of 2020, resulting in an annual unemployment rate of 9.8% for 2020 but recovering to 2.9% for 2023.

**Table 3. Annual Unemployment Rates, 2018-2023 ⁽¹⁾
(Not Seasonally Adjusted)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 ⁽³⁾</u>
City of Boston	3.1%	2.7%	9.8%	5.6%	3.6%	2.9%
Metropolitan Boston ⁽²⁾	3.0	2.5	8.6	4.9	3.3	2.7
Massachusetts	3.5	3.0	9.4	5.5	3.8	3.1
United States	3.9	3.7	8.1	5.4	3.7	3.6

⁽¹⁾ Each year, historical estimates from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. Therefore, unemployment rates may differ from previous publications of this report

⁽²⁾ The Boston-Cambridge-Newton MA NECTA Division is similar to the MSA, except the NECTA is composed of sub-county units, usually cities and towns. The Boston-Cambridge-Newton MA NECTA is made up of 92 cities and towns in Massachusetts, as defined by the Office of Management and Budget (OMB)

⁽³⁾ These are preliminary estimates and subject to revision

Sources: Bureau of Labor Statistics for United States, Massachusetts and Metro; and Massachusetts EOLWD for the City, January 2024

Table 4 presents monthly unemployment data from January 2021 through December 2023. The latest monthly data for December 2023 show Boston's unemployment rate was 3.2%, down from a peak of 15.7% in June 2020.

Table 4. Monthly Unemployment Rates for City of Boston, Metropolitan Boston, ⁽¹⁾ Massachusetts, and the United States for 2021, 2022, and 2023 (Not Seasonally Adjusted) ⁽²⁾

	<u>City of Boston</u>			<u>Metropolitan Boston ⁽¹⁾</u>			<u>Massachusetts</u>			<u>United States</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Jan.	7.7%	4.1%	3.5%	6.8%	3.9%	3.4%	7.7%	4.6%	4.1%	6.8%	4.4%	3.9%
Feb.	7.0	3.6	3.5	6.3	3.5	3.4	7.2	4.3	4.2	6.6	4.1	3.9
Mar.	6.3	3.3	3.2	5.8	3.2	3.2	6.7	3.9	3.9	6.2	3.8	3.6
Apr.	6.1	3.1	2.2	5.3	3.0	2.1	6.0	3.5	2.4	5.7	3.3	3.1
May	6.0	3.5	2.3	5.1	3.2	2.1	5.7	3.6	2.3	5.5	3.4	3.4
Jun.	6.5	4.0	2.9	5.5	3.6	2.6	6.1	3.9	2.8	6.1	3.8	3.8
Jul.	6.0	4.2	3.0	5.2	3.5	2.6	5.7	3.9	2.9	5.7	3.8	3.8
Aug.	5.4	4.0	2.9	4.7	3.4	2.6	5.2	3.9	2.9	5.3	3.8	3.9
Sep.	4.9	3.5	2.6	4.3	3.2	2.3	4.7	3.5	2.5	4.6	3.3	3.6
Oct.	4.3	3.3	2.6	3.9	3.1	2.4	4.2	3.4	2.6	4.3	3.4	3.6
Nov.	3.8	3.1	2.7	3.4	2.9	2.5	3.8	3.3	2.8	3.9	3.4	3.5
Dec. ⁽³⁾	3.4	3.0	3.2	3.1	2.8	3.1	3.6	3.3	3.5	3.7	3.3	3.5

⁽¹⁾ The Boston-Cambridge-Newton MA NECTA Division is similar to the MSA, except the NECTA is composed of sub-county units, usually cities and towns. The Boston-Cambridge-Newton MA NECTA is made up of 92 cities and towns in Massachusetts

⁽²⁾ Each year, historical estimates from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. Therefore, unemployment rates may differ from previous publications of this report

⁽³⁾ Preliminary, subject to revision for 2022

Sources: Bureau of Labor Statistics for United States, Massachusetts, and Metropolitan Boston; and Massachusetts EOLWD for the City of Boston, January 2024

Largest Private Employers in Boston

The ten largest private employers in Boston combine to employ 94,639 people, or about 10.7% of all employment. These numbers reflect the most recently reported data available, which come from 2022 data reported to federal agencies for hospitals and universities and data sourced from recent direct employer contact or media reports for other private firms.

Table 5. Top 10 Largest Private Employers in Boston

Employer	Jobs	Share of Total
Massachusetts General Hospital	18,798	2.1%
Brigham and Women's Hospital	14,584	1.7
Boston University	10,674	1.2
Boston Children's Hospital	9,198	1.0
Beth Israel Deaconess Medical Center	8,737	1.0
Boston Medical Center	7,156	0.8
Harvard University Graduate Schools	6,934	0.8
Northeastern University	6,685	0.8
Dana-Farber Cancer Institute	6,013	0.7
Fidelity Investments	5,860	0.7
Sum of Top 10 Employers	94,639	10.7
Total Boston Employment ⁽¹⁾	883,257	

(1) Boston's total payroll and non-payroll employment as of 2022

Source: Bureau of Economic Analysis; Center for Medicare and Medicaid Services, Form CMS-2552-10; National Center for Education Statistics; Harvard University Fact Book; Direct Contact with Employers; Boston Business Journal; Boston Globe; BPDA Research Division Analysis. Estimates reflect most recent data available

In addition to private employers, local, state, and federal government institutions employ significant numbers of people in Boston. Boston is home to large state government offices, federal regional offices, U.S. Postal Service facilities, state-chartered authorities and commissions (such as the Massachusetts Port Authority and the Boston Water and Sewer Commission), and the City's local government agencies and departments.

Labor Force and Education

According to the 2022 1-year ACS survey, 393,891 Boston residents were in the labor force and 373,038 were employed. The educational attainment of Boston residents, measured as the share of residents over the age of 25 with at least a bachelor's degree, also improved from 35.6% in 2000 to 54.2% in 2022. Improving educational attainment has supported the City's transition to a knowledge-based economy.

Table 6. Years of School Completed for Boston Residents Aged 25 and over, 1980, 1990, 2000, 2010 and 2022

	1980		1990		2000		2010		2022	
	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent
Fewer than nine years	54,932	16.6%	37,824	10.3%	34,321	9.1%	31,263	7.9%	27,923	6.2%
9 to 12 years, no diploma	49,407	14.9	51,051	14.0	45,308	12.0	24,987	6.3	21,314	4.7
High school graduate (or GED)	115,787	35.0	97,233	26.6	90,568	24.0	94,342	23.8	84,753	18.8
Some college or Associates	43,451	13.2	69,889	19.1	73,125	19.4	70,044	17.7	72,766	16.1
Bachelors, Masters, or Prof.	67,073	20.3	109,711	30.0	134,252	35.6	175,819	44.3	245,032	54.2
Total	330,650	100%	365,708	100%	377,574	100%	396,455	100%	451,788	100%

Note: GED stands for General Equivalency Diploma, which is equivalent to regular high school diploma and is earned for completing work for graduation after having left high school

Source: U.S. Census Bureau, 1980-2000 Decennial Census reports, 2010 and 2022 1-year American Community Survey

The Mayor's Office of Workforce Development (OWD), a division of the BPDA, funds workforce development in the City to promote the full participation of all Boston residents in the City's economy. OWD policies and programs ensure that low-income Boston residents, both youth and adults, are connected to the training necessary to obtain career-oriented employment that leads to economic stability. Programs and services offered through OWD grants include adult basic education, English for Speakers of Other Languages (ESOL), High School diploma/HiSET, occupational skills training, transitional job experience, career exploration and support services which address a wide range of individual and family needs.

In fiscal year 2022, OWD supported 145 programs with more than \$10.9 million in funding, to provide a variety of services to greater Boston's residents. These services included apprenticeship training in hospitality, facilities maintenance, information technology, emergency medical services, and the building trades; internship and

alternative education programs for young adults; summer youth employment; and adult ESOL programs. OWD also oversees and convenes the City’s two one-stop career centers (American Job Centers), which served 8,316 jobseekers and 722 employers. Linkage contributions paid into the Neighborhood Jobs Trust provide supplemental sources of funding for job training and adult education programs. For a full discussion of the City’s jobs linkage program, as well as the housing linkage program, see “The Linkage Program” below.

The impact of the migrant crisis on the workforce system has been limited as many newly arrived migrants do not have work authorization. The state has been investing in legal clinics and other types of assistance to ensure that newly arrived migrants are able to receive work permits if they are eligible, and that effort is starting to have an impact. The state has directed MassHire career centers to engage in planning to serve migrants in shelter, and there is a large demand right now for ESOL classes for new arrivals. Some OWD grantees are working directly with this population. The state is also advocating for a more streamlined and coordinated federal approach to ensure that migrants are able to obtain permits.

Income, Wages, and Cost of Living

Per capita personal income for Suffolk County was \$96,933 in 2022, 48.1% above the national per capita personal income of \$65,470, according to the BEA. From 2020 to 2022, Suffolk County followed a national trend in per capita personal income, with a 6.2% increase from 2020 to 2021, followed by a 7.6% decrease the following year. Nationally, the increase was driven by a recovering economy, a strengthening labor market, and sustained covid-related federal aid and public assistance. By 2022, policies such as stimulus payments and the expansion of unemployment insurance and Child Tax Credit were no longer in effect, contributing to the decrease in per capita personal income from 2021 to 2022.⁷ According to the 2022 American Community Survey, Boston residents constitute approximately 84.8% of the county’s population. The summary table below shows the per capita income from 1980 through 2022 for Suffolk County, Metropolitan Boston, Massachusetts and the nation. Annual growth in per capita income in Suffolk County was 67 percent higher than the national average from 2000 to 2022. The City’s median household income based on Census data from the ACS was \$86,331 in 2022. Per capita personal income reflects earned income of persons residing in the named areas plus rents, interest and other unearned income and transfer payments from governmental entities. As such, these figures consider income sources not included in the survey of average annual wages in the following paragraph, which reflect earned income of persons who work (but do not necessarily reside) in the named areas.

**Table 7. Per Capita Personal Income Comparison, 1980 to 2022⁽¹⁾
(In Fixed 2022 Dollars)**

Year	United States	Massachusetts	Metropolitan Boston⁽²⁾	Suffolk County⁽³⁾
1980.....	\$36,166	\$37,956	\$39,543	\$36,923
1990.....	43,944	51,774	55,356	55,152
2000.....	51,922	65,229	71,944	67,508
2010.....	54,432	70,740	77,499	86,478
2017.....	60,895	78,890	87,066	90,674
2018.....	62,130	80,644	89,267	93,562
2019.....	63,586	82,830	91,652	93,133
2020.....	66,888	87,513	95,758	98,866
2021.....	69,586	90,140	99,797	104,948
2022.....	65,470	84,561	94,082	96,933

⁽¹⁾ The BEA revised its historic employment data by incorporating additional data sources and improving allocation methods, which resulted in revised income estimates for Boston from 2010 through 2016

⁽²⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford)

⁽³⁾ City residents constitute approximately 84.8% of Suffolk County’s population

Source: Bureau of Economic Analysis, Personal Income Summary: Personal Income, Population and Per Capita Personal Income, January 2024

According to ES-202 data, payroll wages for jobs located in Boston had an average annual payroll wage of \$127,750 in 2022. Data from the BEA indicate that the average annual wage and salary disbursement per job for 1980 through 2020 by place of work has been consistently higher in Suffolk County than in Metropolitan Boston and the Commonwealth. Adjusted for inflation, the average wage per job in Suffolk County decreased by 4.8% from 2021 to 2022.

⁷ <https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>

**Table 8. Average Wage per Job, 1980 to 2022
(In Fixed 2022 Dollars)**

	United States	Massachusetts	Metropolitan Boston⁽¹⁾	Suffolk County⁽²⁾
1980.....	\$49,714	\$48,038	\$50,052	\$54,906
1990.....	52,464	58,933	62,064	69,982
2000.....	59,574	73,546	80,030	94,263
2010.....	63,078	76,204	82,665	100,434
2017.....	66,548	81,790	89,447	111,730
2018.....	67,107	82,708	90,722	114,553
2019.....	68,106	84,384	92,559	116,127
2020.....	72,567	92,049	101,072	127,319
2021.....	73,298	92,643	102,617	128,408
2022.....	70,282	87,563	96,341	122,206

⁽¹⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford)

⁽²⁾ In 2022, jobs in Boston constituted approximately 90.3% of jobs in Suffolk County

Source: Bureau of Economic Analysis, Economic Profile: Average Wages and Salaries, January 2024

After a decade of moderate price growth, inflation began to accelerate nationally and locally in 2021 amid strong demand for goods and supply chain disruptions. Prices in Metropolitan Boston rose 3.3% between 2020 and 2021 based on the annual average BLS Consumer Price Index (CPI) and increased by 7.1% between 2021 and 2022. In 2023, thanks to the numerous interest hikes by the Federal Reserve to tame inflation, the CPI in Metropolitan Boston only rose by 3.7% from 2022, a signal that the economy may start cooling down.

Table 9. Consumer Price Index for All Urban Consumers 2014-2023 (CPI-U)⁽¹⁾

Year	United States Index	Percent Change	Metropolitan Boston⁽²⁾ Index	Percent Change
2014.....	236.736	1.6%	255.184	1.6%
2015.....	237.017	0.1	256.715	0.6
2016.....	240.007	1.3	260.496	1.5
2017.....	245.120	2.1	267.033	2.5
2018.....	251.107	2.4	275.815	3.3
2019.....	255.657	1.8	281.082	1.9
2020.....	258.811	1.2	284.266	1.8
2021.....	270.970	4.7	293.521	3.3
2022.....	292.655	8.0	314.356	7.1
2023.....	304.702	4.1	326.016	3.7

⁽¹⁾ Index based upon 1982-1984=100.0. Not seasonally adjusted.

⁽²⁾ Includes all or parts of sixteen counties: eight counties in Massachusetts (Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk and Worcester), four counties in New Hampshire (Hillsborough, Merrimack, Rockingham and Strafford), one county in Maine (York), and one county in Connecticut (Windham) which together comprise the Boston-Brockton-Nashua MA-NH-ME-CT CSA.

Source: Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, Series ID: CUUR0000SA0, January 2024.

Medical and Higher Educational Institutions

Boston’s medical and educational institutions are important components of its economy, providing employment opportunities for residents of the City and Metropolitan Boston. Expenditures by these institutions, as well as their employees, patients, students and visitors stimulate the City’s trade and service sectors. There are twenty in-patient hospitals located within the City with a combined total of 6,234 beds as of January 2024.⁸ The largest of these are Massachusetts General Hospital, Brigham and Women’s Hospital, Beth Israel Deaconess Medical Center, Boston Children’s Hospital, Boston Medical Center, and Tufts New England Medical Center. The City is also home to the medical, dental and public health schools of Harvard, Tufts and Boston University. Boston-based institutions received a total of \$2.4 billion in NIH awards for fiscal year 2022. Five of the top ten funded hospitals in the U.S. are located in Boston: Massachusetts General Hospital, Brigham and Women’s Hospital, Boston Children’s Hospital, Dana-Farber Cancer Institute, and Beth Israel Deaconess Medical Center. MGH was the highest funded hospital in Boston, as well as the nation, with almost \$560 million in grants.

⁸ Center for Medicare and Medicaid Services, Form CMS-2552-10

Boston is home to top universities such as Boston University, Northeastern University, and University of Massachusetts (UMass) Boston. As of academic year 2023-2024, data from the City of Boston’s University Accountability Ordinance and the Mayor’s Office of Housing indicate that the City’s universities and colleges had a combined enrollment of 151,045 full- and part-time students.⁹ Enrollment has increased by approximately 18,000 students since 2013. This number includes the Boston-based Harvard professional and graduate schools and Tufts Health Sciences programs and the school of the Museum of Fine Arts but does not include MIT or undergraduate enrollment at Harvard or Tufts, whose principal campuses are in Cambridge and Medford, respectively. Based on total graduate, undergraduate and professional school enrollment, Northeastern University enrolled the most students during the fall of 2023 at 43,144, followed by Boston University at 32,050. Along with colleges and universities across the country, Boston schools sent students home in March 2020, however, universities have been operating at full capacity since the fall of 2021 and fall 2023 enrollment is 9% above fall 2019 levels.

In 2023, the BPDA approved one major institutional project. 175 North Harvard Street, located in Allston, will revitalize an underused plot, introducing a denser development with a diverse mix of uses. The 412,800 square foot development is set to accommodate a performing arts center for the American Repertory Theater and housing for Harvard affiliates. The nearly 70,000 sf performing arts center will include two performance auditoria, an outdoor performance yard, rehearsal areas, studio areas, concessions, and administrative office space. The approximately 275,000 sf dedicated to Affiliate Housing will include 275 residential units, amenity space for building residents, and below-grade parking. Further, the proposed project will incorporate landscaping and public realm improvements.

Tourism and Culture

The COVID-19 pandemic has taken a toll on the travel and tourism industry from the near shutdown in spring 2020. However, by the end of 2022, the industry had significantly recovered.

Boston ranks among the top destinations in North America for conventions, meetings and trade shows, based on the number and quality of the shows booked. Boston currently has three main convention sites—the John B. Hynes Veterans Memorial Convention Center (“Hynes”), the Seaport World Trade Center and the 2.1 million square foot Boston Convention & Exhibition Center (“BCEC”), which is the largest building in New England and capable of hosting large national and international events. In late summer of 2014, the Massachusetts Convention Center Authority (“MCCA”) also opened “The Lawn on D,” a flexible outdoor public and event space immediately adjacent to the BCEC. In 2019 the Hynes and the BCEC hosted a combined total of 336 events with an aggregate of 832,243 attendees. This resulted in approximately 800,000 hotel room nights and generated an overall economic impact of approximately \$870 million, according to the MCCA.¹⁰ The COVID-19 pandemic forced the cancellation of conventions and events, and the BCEC was converted to the Boston Hope field hospital in April and May 2020. In 2021, the convention centers gradually reopened, hosting a combined total of 68 events with 128,484 attendees, for an estimated economic impact of \$153 million.¹¹ In MCCA’s Fiscal Year 2023, total room nights were 607,000 and attendance was 760,000, resulting in direct spending and indirect economic impact of \$510 million and \$870 million, respectively. The MCCA estimates that this supported 5,100 direct jobs and over 7,300 when considering indirect and induced employment impacts Boston is a popular vacation destination with historical and cultural attractions such as the Freedom Trail, Faneuil Hall, Fenway Park, Boston Common and Public Garden, the Museum of Fine Arts, and the Museum of Science. Visitors also come to Boston to enjoy the local restaurants and attend performances such as the Boston Symphony Orchestra and theater productions. With the COVID-19 crisis, visitors to Boston declined dramatically in the spring of 2020, but they have largely returned. December 2023 visits to Boston (by commuters and leisure visitors) were 94% of December 2019 levels.¹²

Hotel Market

As of January 2024, Boston had 94 hotels open for business with a total of 23,771 hotel rooms.¹³ In 2023, Raffles Boston with 147 hotel rooms opened at 40 Trinity Place in Back Bay, replacing the closed Boston Common Hotel and Conference Center at the same location. Another hotel in Back Bay, Hotel 140 (65 rooms) located at 140 Clarendon Street, was closed and converted to affordable housing units in the same year. Meanwhile, part of Sheraton Boston Hotel (the South Tower with 428 rooms) located at 39 Dalton Street has been operated as a student dormitory

⁹ City of Boston Mayor’s Office of Housing

¹⁰ Massachusetts Convention Center Authority, January 2020

¹¹ Massachusetts Convention Center Authority, January 2022

¹² Cuebiq mobility data. Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously through a GDPR-compliant framework

¹³ City of Boston Licensing Board

of Northeastern University since the COVID-19 pandemic. In January 2024, the BPDA Board approved a proposal to permanently convert the South Tower to student housing. While the North Tower of Sheraton Boston Hotel continues to operate as a hotel, the conversion of the South Tower will result an overall shrinking size of Sheraton Boston Hotel. In 2023, three new hotel projects were approved by the BPDA, including 567 new hotel rooms.

In October 2019, the average occupancy rate of hotels in Boston was at its yearly peak as 90.7%, according to the Pinnacle Perspective Monthly Report. Boston hotels were closed to general public accommodation from late March 2020 to early June 2020 due to the COVID-19 pandemic. Hotel occupancy has largely recovered. In October 2023, the occupancy rate reached 89.1%, the highest level since the start of the pandemic. The City’s Average Daily Rate (“ADR”) represents the average rate paid per room over a given period. The ADR is highly correlated with the occupancy rate, which follows the same trend but on a lagged basis. The table below shows the room supply, occupancy rate, ADR and revenue per available room for Boston for the years 1990, 2000, 2010, and 2016 through 2023. The hotel industry provided 9,255 jobs in Boston in 2022 (down from 11,609 in 2018), accounting for 1.4% of Boston’s total payroll jobs and 27.8% of Massachusetts’ hotel industry employment.

Table 10. Boston Hotel Room Supply, Occupancy, Room Rate and Revenues per Available Room

Year	Room Supply	Average Occupancy Rate %	Average Daily Rate (2023\$)	Revenue Per Available Room (2023\$)
1990	12,070	74.3%	\$276.77	\$205.64
2000	14,002	78.4	350.35	274.85
2010	18,363	75.4	275.67	207.85
2017	20,498	82.4	322.56	265.65
2018	21,356	82.8	320.41	265.23
2019	22,524	82.7	312.85	258.64
2020	22,947	26.5	190.49	50.51
2021	24,300	46.9	242.52	113.79
2022	24,117	70.4	293.15	206.31
2023	23,771	77.1	294.61	227.23

Source: Occupancy, ADR and RevPAR reported by Pinnacle Advisory Group. All dollar concepts in fixed 2023 dollars

Transportation

Boston is a major national and international air terminus, a seaport and the center of New England’s rail, truck and bus service. The City is served by three limited-access interstate highways: I-90 (the “Massachusetts Turnpike”), which stretches 138 miles westward from downtown Boston to the New York State border; I-95, the East Coast’s principal north-south highway, which connects Greater Boston to Portland, Maine to the north and New York City and Washington, D.C. to the south; and I-93, another north-south interstate highway that extends from just south of the City north to New Hampshire.

Transportation planning includes both major highway and mass transit programs. The Massachusetts Department of Transportation (“MassDOT”) oversees statewide transportation services across several divisions: rail and transit, aeronautics, highway, the Registry of Motor Vehicles (RMV) and planning and enterprise. While MassDOT’s rail and transit division operates across Massachusetts, transit within the Greater Boston Area is overseen by the Massachusetts Bay Transportation Authority (“MBTA”).

The MBTA provides commuter rail, subway, local bus and express bus services throughout eastern Massachusetts. MBTA ridership fell dramatically with the onset of the pandemic in the spring of 2020. While ridership has slowly recovered, subway gated station ticket validations in Boston in December of 2023 were still 44% below the comparable figure in 2019.¹⁴ A substantial 27% increase in average headways at subway stations in Boston between 2019 and 2023 has likely contributed to the sluggish recovery in ridership.¹⁵ The increase in average time between subway departures has had a significant impact on the reliability of the transit system and can be attributed to more frequent services disruptions implemented by the MBTA in recent years.

¹⁴ MBTA Datablog

¹⁵ MBTA Blue Book Open Data Portal

Seaport and Airport

The Massachusetts Port Authority (“Massport”) was created by the state legislature to develop and manage the City’s major air and sea transportation centers. Massport is financially independent, and the City is not responsible for any debt or other obligations incurred by Massport. Heavy use of Boston Logan International Airport (“Logan Airport”) and the Port of Boston have induced significant expansion of both facilities.

The Port of Boston serves the six-state New England region as a natural deep-water port supporting import and export of containerized bulk and general cargo. The Port also provides ship repair supply services, customs and international freight forwarding services, intermodal cargo warehouse facilities and other maritime support services. Massport’s Conley Container Terminal provides containerized freight water access to other container terminals across the world. The Port of Boston is also a major cruise port. The cruise terminal served 402,346 passengers in 2019, but the pandemic forced a shutdown of operations.¹⁶ The Cruise Terminal reopened in 2022, but there has not been a full return to earlier numbers, with 373,000 passengers in 2023, a 20% increase from the previous year.¹⁷

Container traffic at the Port of Boston remains lower than 2019. The Port of Boston handled 300,762 boxed containers in calendar year 2019, 268,418 in 2020, 187,902 in 2021, 173,926 in 2022, and 236,975 in 2023.¹⁸ The port also handled 53,132 automobiles in 2019, 48,245 in 2020, 36,743 in 2021, 32,070 in 2022, and 33,616 in 2023. Cement handled by the Port rose significantly from 119,967 cement metric tons in 2022 to 256,147 cement metric tons in 2023, which is 157% higher than the pre-pandemic 2019 level.

Logan Airport served a total of 42.5 million domestic and international passengers in 2019. The onset of the pandemic caused passenger volume to fall in April 2020 to 2.6% of April 2019 levels. Passenger volume gradually increased throughout 2021, 2022, and into 2023, with 40.1 million domestic and international passengers, a 13.1% increase on passenger volumes as compared to 2022. The number of domestic passengers at Logan International Airport in November 2023 was just 1% below November 2019.¹⁹

Construction Activity

Building permits issued do not necessarily result in construction, but they provide an indication of potential future construction activity. Pandemic-related construction disruptions slowed building permitting, but activity resumed quickly. The estimated revenue from building permit fees during fiscal year 2022 indicated the potential for \$7.5 billion in construction activity compared to an estimate of \$5.7 billion for fiscal year 2021. This remained below the \$8.2 billion in estimated construction activity from fiscal year 2020. Construction hours worked in projects covered by the Boston Resident Jobs Policy also reflect a lower level of ongoing construction activity in the City compared to before the pandemic, with hours worked down 33% in November 2023 compared to November 2019.²⁰

¹⁶ <https://www.massport.com/massport/media/newsroom/massport-ends-the-2019-cruise-season-with-another-record/>

¹⁷ <https://www.massport.com/massport/media/newsroom/massport-continues-see-business-grow-flynn-cruiseport-2023-looks-ahead-busy-2024>

¹⁸ “Port Statistics”, Massport.com. <http://www.massport.com/conley-terminal/about-the-port/port-statistics/>

¹⁹ <https://www.massport.com/logan-airport/about-logan/airport-statistics>

²⁰ Boston Resident Jobs Policy Office (BRJP), Boston Jobs Policy Compliance Reports

**Table 11. Boston Building Permit Revenues and Estimated Construction Activity
Fiscal Years, 2014-2023 (In Millions of Dollars)**

Fiscal Year	Building Permit Revenues ⁽¹⁾	Estimated Potential Construction Activity ⁽²⁾
2014	\$40.1	\$4,718
2015	51.7	6,085
2016	52.3	6,151
2017	62.0	7,289
2018	52.8	6,212
2019	61.8	7,273
2020	69.6	8,188
2021	48.7	5,729
2022	64.1	7,541
2023	80.3	9,447

⁽¹⁾ Columns may not add due to rounding

⁽²⁾ Potential construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 estimated value of development cost, and 1% for the remainder of development cost

Source: City of Boston, Auditing Department Annual Comprehensive Financial Report. BPDA Research Division Analysis February 2024

Public Sector Projects

Currently there are several ongoing and proposed public sector projects spread across downtown and into Boston’s neighborhoods. The list of large public projects below is not comprehensive but highlights some unique projects covering transportation and other major infrastructure.

The North Washington Street Bridge Project began in 2018 and will continue until late 2024/early 2025. This major bridge replacement project will be constructed while also maintaining access throughout the construction process by providing a parallel temporary bridge structure. This important connection provides access between Charlestown and the North End/Central Business District.

The Boston Water and Sewer Commission is undertaking sewer separation projects in South Boston, Roxbury, and East Boston as well as rehabilitation of the New Boston Main Interceptor (NBMI).

Office Market

In the fourth quarter of 2023, Boston had approximately 69.6 million square feet of office space, making a 2.7% increase from 2019 (1.8 million sqft). Boston’s direct vacancy rate was 16.2%, according to realty firm Jones Lang LaSalle (JLL), up 6 percentage point from the prior year and still elevated from the 6.1% direct vacancy rate in the fourth quarter of 2019. According to CBRE Q4 2023 report, Boston’s office vacancy rate was among the lowest of major U.S. markets, due to the City’s strong employment base and diverse economy²¹. CBRE projects the overall office vacancy rate in U.S. to peak at 19.8% by the end of 2024²². Year-to-date net absorption of office space stood at -2 million square feet. The City’s average asking rent in Q4 2023 was \$67.58 per square foot, showing a 5% decrease from \$71.31 in 2019. This was \$24.11 less per square foot than the average rent in the Cambridge office market, a gap that has grown since the onset of the pandemic.

²¹ <https://mktgdocs.cbre.com/2299/dbc6ec53-eb51-420c-a892-d7502ed84871-2565354702.pdf>

²² <https://sprcdn-assets.sprinklr.com/2299/f3d6f5d4-8239-422f-a2bf-8d29d6b0c5de-1608051784.pdf>

Table 12. Boston Office Market—Fourth Quarter 2023

Market Area	Inventory Square Foot	YTD Absorption	Direct Vacancy	Average Asking Rent
Back Bay.....	12,482,958	-247,610	8.7%	\$69.08
Charlestown.....	1,791,416	-27,083	13.3	43.65
Fenway.....	1,830,325	-145,786	11.5	58.00
Downtown*.....	39,954,777	-1,093,302	20.1	69.17
North Station.....	2,371,416	-208,704	18.6	56.88
Seaport District.....	9,997,060	-256,647	10.9	64.12
South End.....	1,203,716	-44,583	13.1	58.00
Boston.....	69,631,668	-2,023,715	16.2	67.58

Source: Office Statistics: Boston Q4 2023, Jones Lang LaSalle IP, Inc.

The BPDA Board approved four significant office projects in 2023. In Allston, 1170-1190 Soldiers Field Road is expected to add 210,000 square feet of office space as a part of the redevelopment of 6.28 acres of land currently occupied by the WBZ-TV/CBS Studio facility for office, life science research, and residential uses. In Brighton, 155 North Beacon Street, a proposed life sciences campus development, is expected to add 199,467 square feet of office space. In the Fenway area of Boston, Fenway Corners North and Fenway Corners West plan to add 87,782 and 403,879 square feet of office space respectively as a part of a 5.32-acre mixed use redevelopment of 13 privately owned parcels that will also include research, residential, and retail uses.

Retail Market

In the first quarter of 2023, there were a total of 84,310 payroll employees in retail trade and accommodation and food services in Boston, with 29,092 in retail and 55,218 in accommodation and food services. The retail sector is complemented by an estimated 21,078 employees in personal services businesses, which include such services as repair and maintenance, hair and nail care and laundry and dry-cleaning service. These employment levels remain below their annual averages from 2019, when there were 37,871 payroll jobs in retail trade and 63,225 in accommodation and food services.²³

The COVID-19 crisis has provoked a sharp drop in participation in in-person activities such as in-person shopping and eating in restaurants. According to Mastercard Geographic Insight, by September 2023, in-person consumer spending had recovered to 93 percent of the same period in 2019.

The Boston retail real estate market has partially recovered from the pandemic. According to CoStar, Boston’s retail vacancy rate in December 2023 was 2.1%, virtually the same as 2022, though still above 2019. Retail asking rents decreased from \$49.90 in December 2019 to \$40.91/sf in December 2023

Industrial and Lab R&D Markets

The growth in the life science industry in Boston has been driving recent development trends, with new projects proposing lab/R&D space and previously approved projects proposing changes to pivot towards lab/R&D space. In 2023, the BPDA Board approved 13 projects with new research lab space, for a net increase of approximately 4.5 million square feet. Major lab/life science development approvals in 2023 included buildings in Allston, Brighton, Charlestown, Downtown, Fenway, South Boston, South End, and South Boston Waterfront. Phase 1 of the 776 Summer Street project is expected to add 677,000 sf of R&D space as a part of the redevelopment of developed and formerly industrial land along the Reserved Channel in South Boston. In Charlestown, 40 Rowland Street, one of the three projects comprising the Sullivan Square masterplan vision, plans to add 605,300 sf of R&D space to the mixed used development. In Fenway, Fenway Corners West proposes to add 599,121 sf of R&D space as a part of the redevelopment of 5.32 acres of privately owned parcels, which will include the creation of mixed-use buildings and public realm improvements. In Brighton, 176 Lincoln Street is expected to add 538,000 sf of R&D space as a part of the mixed-use redevelopment of an underused 5.2-acre site.

²³ The payroll employment numbers shown here are drawn from Massachusetts EOLWD’s Quarterly Census of Employment and Wages (QCEW) for the 2019 annual average and Q1 2023. The 2019 annual averages differ from those reported in the earlier table which showed total employment estimated to reflect the more inclusive BEA concept that counts both payroll employment as well as non-payroll employment such as self-employment up through 2022, the most recent year available.

The Raymond L. Flynn Marine Park (RLFMP), formerly the Boston Marine Industrial Park, consists of over three million square feet of developed real estate. The RLFMP, zoned for industrial and marine uses and close to downtown Boston, is a sought-after location for state-of-the-art research and development. The RLFMP continues to sustain robust industrial uses such as ship repair, seafood processing and design wholesale business clusters, along with small scale manufacturing and life science research and technology companies.

While it is true that there has been a recent increase in the vacancy rate in the Life Science market in the Greater Boston Area, the BPDA does not foresee that this is a concerning trend in this important economic and development field for the City. Boston remains by far one of the most sought-after and fastest-growing hubs of research space in the country — if not the world — and still maintains a vacancy rate at the lower end compared to other Cities. Boston is also an international hub of education, academia, and healthcare and is home to some of the greatest institutions in the world in these sectors which are key drivers of our Life Science market. According to the [MassBio 2023 Massachusetts Biopharma Funding and Pipeline Report](#), Biopharma companies headquartered in Massachusetts received \$7.67 billion in venture capital (VC) funding in 2023, increasing the state's share of total national VC funding to 31%. Within Massachusetts, Boston increased its share of the state's biopharma funding to 24%, receiving \$1.83 billion in 2023. In the meantime, there is over \$2 Billion in additional investment coming into the Boston Area lab market. (1) Governor Healey has committed a [\\$1 Billion 10-year reauthorization](#) of the Life Science Initiative. (2) The Federal Government has [chosen the Boston Area as a site](#) launch for an Advanced Research Projects Agency for Health (ARPA-H) facility, estimated at a \$500M investment. (3) Broad Institute co-founder Stuart Schreiber and Boston Celtics co-owner Steve Pagliuca [have committed a \\$600M](#) founding investment into Arena BioWorks, an institute focused on drug discovery and research work in the Boston area.

What the above data and facts indicate to us is that while in the short term there is a gap between demand and supply of life sciences lab space, we believe between the increased public and private funding for research, and resultant increase in demand, the gap between demand and supply will balance out.

Housing Stock, Housing Values, and Development

There were 301,702 housing units in Boston according to the 2020 Census, 279,495 of which were occupied. Preliminary data for 2023 real estate trends were provided by the Mayor's Office of Housing (MOH). Rental data are provided to MOH by Multiple Listing Service (MLS) and Rental Beast, an online database of rental listings. Because the sample of rental listings in a given month or year does not necessarily represent the compositions of units in each neighborhood or the City as a whole, MOH uses a weighted average methodology to compare rents across time periods. By holding the compositions of units by bedroom and neighborhood constant based on their share in the ACS, this methodology isolates changes in rent levels from other changes in the sample. The citywide weighted average advertised rents rose 5.5% between 2022 and the first two quarters of 2023 after seeing a more significant increase of 14.2% the year before. Rents rose in every neighborhood of the City. Weighted average monthly rents for an apartment in Boston's neighborhoods ranged from a low of \$2,357 in Hyde Park to a high of \$5,095 in the South Boston Waterfront.

**Table 13. Average Monthly Rent of Newly Rented Apartments in Boston Neighborhoods
(In Nominal Dollars)**

Neighborhood	2021 Weighted Average Rent	2022 Weighted Average Rent	Q1-Q2 2023 Weighted Average Rent	Percent Change, 2022-2023
Allston	\$2,161	\$2,474	\$2,668	7.8%
Back Bay	3,250	3,737	3,900	4.4%
Bay Village	2,508	3,167	4,261	34.5%
Beacon Hill	2,567	3,116	3,178	2.0%
Brighton	2,183	2,487	2,651	6.6%
Charlestown	2,852	3,308	3,384	2.3%
Chinatown	2,784	3,247	3,576	10.1%
Dorchester	2,352	2,667	2,713	1.7%
Downtown	3,534	4,038	4,114	1.9%
East Boston	2,293	2,690	2,887	7.3%
Fenway	2,500	2,881	2,908	0.9%
Hyde Park	2,071	2,253	2,357	4.6%
Jamaica Plain	2,511	2,799	2,988	6.8%
Longwood Medical Area	2,478	2,508	2,800	11.6%
Mattapan	2,169	2,450	2,518	2.8%
Mission Hill	2,419	2,837	2,936	3.5%
North End	2,586	3,295	3,380	2.6%
Roslindale	2,152	2,418	2,629	8.7%
Roxbury	2,465	2,671	2,863	7.2%
South Boston	2,961	3,408	3,565	4.6%
South Boston Waterfront	4,269	4,496	5,095	13.3%
South End	3,076	3,685	3,829	3.9%
West End	3,278	3,831	3,916	2.2%
West Roxbury	2,175	2,451	2,711	10.6%
Citywide	2,534	2,895	3,053	5.5%

⁽¹⁾ Averages weighted to match bedroom composition of units by neighborhood in ACS 2017-2021 5-Year Estimates. Data includes studios, 1-, 2-, and 3-bedroom listings

Source: City of Boston, Mayor's Office of Housing (MOH) using Rental Beast, January 2023

The median sale price for a single-family home in Boston in 2023 was \$765,000, according to sales record data provided by Banker & Tradesman and MOH. This reflects a 0.5% increase over 2022, while the median condo sales price stayed flat at \$725,000 in 2023. Sales prices of two and three-family structures fell 4.0% between 2022 and 2023.

**Table 14. Median Residential Sales Prices for Boston
2014 through 2023
(In Nominal Dollars)**

Year	Single-Family Median Sales Price	Percent Change	Two and Three-Family Median Sales Price	Percent Change	Condo Median Sales Price	Percent Change
2014.....	\$437,500	9.4%	\$480,000	15.7%	\$470,000	6.8%
2015.....	455,000	4.0	540,000	12.5	525,000	11.7
2016.....	500,000	9.9	580,000	7.4	593,500	13.0
2017.....	550,000	10.0	675,000	16.4	590,500	-0.5
2018.....	590,000	7.3	750,000	11.1	659,000	11.6
2019.....	610,000	3.4	805,000	7.3	660,000	0.2
2020.....	675,000	10.7	882,057	9.6	677,000	2.6
2021.....	732,000	8.4	965,000	9.4	699,000	3.2
2022.....	761,000	4.0	1,000,000	3.6	725,000	3.7
2023.....	765,000	0.5	960,000	-4.0	725,000	0.0

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

The total number of residential sales (1-3 families and condos) rose by 38.3% from 2020 to 2021 as the market picked up after the initial impact of the pandemic. Sales volumes cooled substantially in 2022 and 2023 with total sales falling year-over-year by 22.8% and 25.8%, respectively. The 5,492 total residential sales in 2023 were 28.4% below the annual average over the last decade with all three categories lagging behind their decadal averages.

Both supply-side and demand-side factors may be bringing down sales volumes, with low turnover of existing owners limiting available supply, and rising interest rates challenging affordability for new buyers.

Table 15. Annual Residential and Condominium Sales in Boston (2014-2023)

Year	Single-Family Sales	Percent Change	Two and Three-Family Sales	Percent Change	Total Condos Sales	Percent Change	Residential and Condo Sales	Percent Change
2014.....	1,258	-9.6%	1,180	-9.6%	4,900	-7.3%	7,338	-8.1%
2015.....	1,366	8.6	1,289	9.2	5,167	5.4	7,822	6.6
2016.....	1,418	3.8	1,251	-2.9	5,608	8.5	8,277	5.8
2017.....	1,378	-2.8	1,231	-1.6	5,206	-7.2	7,815	-5.6
2018.....	1,394	1.2	1,205	-2.1	5,705	9.6	8,304	6.3
2019.....	1,246	-10.6	1,079	-10.5	5,456	-4.4	7,781	-6.3
2020.....	1,081	-13.2	835	-22.6	5,015	-8.1	6,931	-10.9
2021.....	1,387	28.3	1,151	37.8	7,048	40.5	9,586	38.3
2022.....	1,138	-18.0	927	-19.5	5,338	-24.3	7,403	-22.8
2023.....	834	-26.7	598	-35.5	4,060	-23.9	5,492	-25.8

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

Prices and sales volumes for single-family homes and for condominiums are shown by neighborhood for calendar years 2022 and 2023. Areas of the City with the largest number of single-family home sales included West Roxbury, Dorchester, Hyde Park, and Roslindale. In Beacon Hill and the South End the median single-family sales price was over \$3 million. Mattapan had the lowest median single-family sales price at \$557,500.

**Table 16. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Single-Family Homes
In Boston's Neighborhoods, Calendar Years 2022 and 2023
(In Nominal Dollars)**

Neighborhood	2022 Single-Family Price	2023 Single Family Price	Percent Change	2022 Sales Volume	2023 Sales Volume	Percent Change
Allston	\$975,000	\$825,000	-15.4%	15	10	-33.3%
Back Bay	*	*	*	2	4	100.0
Beacon Hill	3,562,500	3,550,000	-0.4	30	11	-63.3
Brighton	851,500	805,000	-5.5	34	35	2.9
Charlestown	1,425,000	1,550,000	8.8	66	49	-25.8
Dorchester	700,000	715,500	2.2	171	104	-39.2
Downtown/Chinatown	*	*	*	1	-	-100.0
East Boston	690,000	649,900	-5.8	45	31	-31.1
Fenway	*	*	*	-	1	-
Hyde Park	600,500	595,000	-0.9	156	131	-16.0
Jamaica Plain	1,140,000	1,020,000	-10.5	77	62	-19.5
Mattapan	520,000	557,500	7.2	45	36	-20.0
Mission Hill/Longwood	*	*	*	4	2	-50.0
North End	*	*	*	1	1	0.0
Roslindale	750,000	775,000	3.3	113	78	-31.0
Roxbury	622,500	657,000	5.5	26	15	-42.3
South Boston	1,010,000	999,000	-1.1	75	43	-42.7
South Boston Waterfront	*	*	*	-	-	-
South End	3,437,500	4,800,000	39.6	24	15	-37.5
West End	*	*	*	-	-	-
West Roxbury	765,000	800,000	4.6	253	206	-18.6
Citywide	761,000	765,000	0.5	1,138	834	-26.7

* Medians or percentages with a sample size of less than ten are not shown

Note 1: The prices and volumes in the above table exempt all sales of properties of less than \$25,000 because these low-price sales are not considered to be "arms-length" transactions

Note 2: Data in the above table do not include "paired-sales" so the size, quality and type of houses sold vary from year-to-year

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

Condominium sales volumes and prices also showed variability across Boston neighborhoods in 2022 and 2023. The most expensive neighborhoods for condominiums were the South Boston Waterfront and Back Bay which had median sales prices over \$1.2 million. Hyde Park, Brighton, and West Roxbury had the least expensive condominiums with median sales prices under \$500,000.

**Table 17. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Condominiums
In Boston’s Neighborhoods, Calendar Years 2021 and 2022 (In Nominal Dollars)**

Neighborhood	2022 Condo Price	2023 Condo Price	Percent Change	2022 Sales Volume	2023 Sales Volume	Percent Change
Allston	\$505,000	\$576,500	14.2%	84	102	21.4%
Back Bay	1,247,000	1,300,000	4.3	338	352	4.1
Beacon Hill	1,055,000	844,500	-20.0	181	120	-33.7
Brighton	489,900	568,950	16.1	283	424	49.8
Charlestown	830,000	826,250	-0.5	330	214	-35.2
Dorchester	550,000	580,000	5.5	490	351	-28.4
Downtown/Chinatown	1,100,000	1,272,500	15.7	331	236	-28.7
East Boston	615,000	631,250	2.6	501	292	-41.7
Fenway	630,000	723,000	14.8	129	86	-33.3
Hyde Park	462,500	400,000	-13.5	54	39	-27.8
Jamaica Plain	695,000	675,000	-2.9	423	329	-22.2
Mattapan	610,000	525,000	-13.9	33	35	6.1
Mission Hill/Longwood	558,400	480,000	-14.0	41	40	-2.4
North End	755,500	857,500	13.5	136	102	-25.0
Roslindale	601,000	580,000	-3.5	189	158	-16.4
Roxbury	585,000	480,000	-17.9	197	117	-40.6
South Boston	800,000	800,000	0.0	630	394	-37.5
South Boston Waterfront	1,279,000	1,592,500	24.5	146	82	-43.8
South End	1,100,000	1,128,000	2.5	613	401	-34.6
West End	690,000	635,000	-8.0	59	56	-5.1
West Roxbury	487,000	507,450	4.2	144	130	-9.7
Citywide	725,000	725,000	0.0	5,338	4,060	-23.9

Note 1: The prices and volumes in the above table exempt all sales of properties of less than \$25,000 because these low-price sales are not considered “arms-length” transactions

Note 2: Data in the above table do not include “paired-sales” so the size, quality and type of houses sold vary from year-to-year

Source: City of Boston, Mayor’s Office of Housing (MOH) using Banker & Tradesman data, January 2023

In 2023, the BPDA Board approved project proposals that included a net 7,390 housing units, including 2,281 income-restricted units. 2023 was a slower year for residential permitting after a particularly strong year in 2022. In 2023, 2,400 new units (including 1,001 income-restricted units) received construction permits. As of January 17th, 2024, there were 5,991 units under construction in Boston. Housing completions in 2023 were 3,878 units, compared to 3,727 in 2022, 4,050 units in 2021 and 4,029 new units completed in 2020.²⁴

The Linkage Program

The City implemented its development linkage program in 1983 to direct some of the benefits of downtown investment to the building of affordable housing in its neighborhoods through the Neighborhood Housing Trust (“NHT”). The linkage program also funds job training for City residents through the Neighborhood Jobs Trust (“NJT”). Under the linkage program, real estate developers seeking approval of large scale commercial or institutional developments are required to enter into agreements to pay exactions in the amount of \$15.39 per square foot of non-residential construction over 100,000 square feet, of which \$2.39 per square foot goes to the job training fund and \$13.00 per square foot goes for affordable housing purposes. On December 1, 2022 Mayor Wu proposed increasing the total linkage fee over two years to \$30.78 per square foot for lab space, and to \$23.09 for other commercial uses. Sixteen percent of the fees will support job training and job preparedness programs, while the remaining 84 percent will support the creation and preservation of affordable housing. These changes were approved by the BPDA Board on February 16, 2023, and went into effect January 1, 2024. In fiscal year 2023, the NHT collected \$7.7 million and the NJT collected \$2 million. The NHT has awarded approximately \$266 million in grant funds from 1988 through calendar year 2023. The NHT funding contributed to the construction or renovation of 17,386 housing units of which 16,420 units were income restricted. The NHT funding represents 4.4% of the combined development cost of all assisted projects. NHT grant awards are allocated to fund low and moderate-income housing through the renovation of old buildings and schools and the construction of new housing. Projects have included rental developments of family-sized units, single room occupancy units, units set aside for homeless or formerly homeless households, elderly

²⁴ Mayor’s Office of Housing

housing units, and units exclusively for other special needs populations. In addition, the NHT grants support the development of housing ownership opportunities in condominiums, housing cooperatives, and single-family homes.

NJT supports innovative education and training activities leading to high wage employment, new or non-traditional employment opportunities, and community-based projects that respond to specific neighborhoods' education and training needs. In Fiscal Year 2022, NJT disbursed approximately \$2.7 million to job training and education programs. Among the NJT-funded programs were 30 job training programs chosen through an open request for proposals process. From Fall 2021 through Fall 2022, these grantees trained more than 450 adults for such industry sectors as early childhood education, culinary arts, hospitality, healthcare, human services, and Information Technology. Many of these adults faced at least one of the following barriers to employment: CORI record, Temporary Assistance for Needy Families, or housing insecurity.

In addition, NJT funded special projects through such organizations as SkillWorks and English for New Bostonians. These programs provided critical job training, English language instruction, and educational opportunities for Boston residents. Neighborhood Jobs Trust funds also supported key mayoral initiatives, including the Tuition-Free Community College (TFCC) Plan. TFCC provides up to three years of tuition and mandatory fees for income-eligible Boston students who are attending college. To date, over 1,800 students have enrolled in TFCC. NJT funds also supported City Academy, an innovative training pipeline for residents to access skills training for jobs with City agencies. To date, over 240 students have completed training to obtain either their Commercial Driver's License or Emergency Medical Technician license.