

# Financial Management of the City

## **OVERVIEW**

Managing the City's finances involves both a strategic and an operational component. Strategically, the financial operations must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the City must put in place clear financial goals, policies, and the tools to implement its strategic plan.

The Mayor ultimately directs all of the City's financial operations. The Mayor is the chief executive officer of the City and has general supervision of and control over the City's boards, commissions, officers, and departments.

The City operates under a cabinet form of government. This structure helps to facilitate the execution of mayoral priorities and the day-to-day executive and administrative business of the City.

The following departments are included in the Finance, Budget & Administration Cabinet and have major roles in the fiscal management of the City:

- The Treasury Department collects all revenues due to the City and pays all amounts due for payrolls and outside vendors. The Treasury Department prudently manages the investment of City funds and prioritizes the safety of such investments.
- The Auditing Department prepares the City's annual financial statements, implements fiscal controls over departmental spending, provides technical assistance to departments, and reviews and processes all financial transactions for accuracy, completeness, and compliance.
- The Assessing Department is responsible for the valuation and assessment of all real and personal property in the City for the purpose of taxation.

- The Office of Budget Management coordinates the analysis and presentation of the Mayor's operating budget and capital plan, assembles, analyzes, and presents data with respect to revenue and debt management, and facilitates the establishment and use of data to analyze performance.
- The Purchasing Department procures all supplies, materials, and equipment, selects vendors through public bidding and processes purchase orders and contracts.

## **STRATEGIC FINANCIAL MANAGEMENT**

Maintaining a healthy financial base that fully supports City services according to mayoral priorities requires both careful planning and constant scrutiny. This work is reflected in restructuring City services in order to streamline operations, gaining improved operational efficiencies from financial management systems, securing sound recurring revenues, and making responsible spending adjustments in light of any revenue growth limitations in order to achieve a balanced budget. Strong financial management provides a framework within which the City is able to safeguard the present and position itself for the future.

### ***Balanced Responsible Budgets***

In accordance with state law, the City develops a balanced budget every year. The Massachusetts Department of Revenue (DOR) approves property tax rates during the tax certification process governed under General Laws Chapter 59, Section 23. This approval ensures that all cities and towns have balanced budgets and that tax levies are within the limits set by Proposition 2 ½ (see *Revenue Estimates and Analysis* section of Volume I for detail on Prop. 2 ½). Appropriations, fixed costs, and any prior year deficits along with the approved property tax levy, estimated local revenues, and available prior year surpluses must

be in balance in order to obtain DOR authorization to issue property tax bills.

### ***Healthy Credit Profile***

In March 2016, Standard & Poor's and Moody's affirmed their AAA and Aaa bond ratings, respectively, the highest possible to achieve. These ratings reflect Boston's sound fiscal management of a stable financial position and the City's substantial and economically diverse tax base.

This superior credit quality allows the City to borrow new money and refinance existing debt at extremely attractive interest rates. The City has saved \$71.4 million on a net present value basis by refinancing \$1.1 billion of debt since 2001. In March 2016, the City sold a par amount of \$140.0 million general obligation bonds which resulted in proceeds of \$160.9 million.

### ***Maximizing Return on Investment***

The City has articulated a vision to make finance a high performing organization in supporting and serving the departments and citizens of Boston. By making daily operations more efficient, using leading business practices, spending more time on value-added activities, improving customer service while maintaining appropriate controls, and engaging the next generation of finance leaders, this City has been at the forefront of municipal finance.

### ***Protecting and Growing the Revenue Base***

Over 80% of recurring general fund revenue comes from just two sources, the property tax and state aid from the Commonwealth. The City continues to support the dual goals of both protecting and growing its revenue base through expansion of current revenue streams and the addition of diversified revenue streams that more closely match its economic strengths. Recent trends in property tax and state aid highlight the risk of relying too heavily on any one source of revenue.

The net property tax levy as a percentage of total recurring revenues has increased from 52% in FY02 to 69% in the FY16 budget (the net levy can be affected by structural changes, such as a change in the amount reserved for abatements, which did occur over this period). Property tax revenues now account for a larger share of recurring revenues than prior to the passage of Proposition 2 ½ in the early 1980's. This growth,

especially during challenging economic times, has again spurred discussion about the level of property taxes in municipalities across the state.

During the same period, state aid revenue to the City has fallen \$108 million, or from 30% to 15% of recurring revenue. State aid has been reduced by a total of \$240 million, or over 56%, between FY02 and the FY16 budget when including the increase in state assessments to the City. This staggering decline in the City's second largest single source of revenue leaves the City more reliant on local sources of revenue like the property tax.

Recognizing the threat to fiscal stability represented by these trends in property tax and state aid, the City has repeatedly filed legislation to modernize its revenue structure. The City was successful in this long legislative process when subsequent to the passage of the City's FY10 budget the State approved, and the City adopted, a new local option tax of .75% on restaurant meals and a 2% tax increase for hotel occupancy (bringing the City's share of the total hotel tax to 6.0%). As a matter of course, the City also regularly reviews its fee and fine structures for any necessary adjustments to meet the cost of providing services or deterring undesired behavior.

Due to the strength of its economy, the City's tax base has experienced robust growth following decline as a result of the recession. Fiscal 2015 assessments, based on assessed values as of January 1, 2014, totaled \$111 billion, a 28% increase over FY11 assessments, reflecting an appreciating real estate market.

### ***Multi-Year Budget Plan***

The City develops a financial forecast as part of the yearly budget process. Preparing a multi-year planning horizon provides time for the Administration to make adjustments and/or policy decisions that may be necessary.

### ***FINANCIAL POLICIES, PROCEDURES & CONTROLS***

Pursuant to state law mandates and policy initiatives, the City has well-established policies and internal controls to govern its financial operations effectively. These policies and controls

are designed to maximize revenue collections, safeguard assets, monitor both operating and capital spending, evaluate infrastructure needs, and enhance the City's internal control of its business procedures. The major components of the City's system of financial management controls and relevant financial policies are discussed below.

### ***Expenditure Controls***

The City operates under several statutory financial control systems which are summarized in the Statutes and Ordinances section in Volume I. Along with conservative revenue estimates and strong budgetary flexibility, the City is able to maintain a solid financial position. The City monitors spending and all transactions go through a budget-check process prior to procurement. Maintaining tight central expenditure controls allows for critical review of all non-personnel spending as well as the ability to nimbly adjust to any fiscal changes or trends. Additionally, the Office of Budget Management prepares monthly variance report, updating all departments expected year-end position using actual information, and maintains continuous dialogue with departments throughout the year.

### ***Position Review Committee (PRC)***

The PRC is comprised of the Chief Financial Officer, the Human Resources Director, and the City's Budget Director. In place for over a decade, the committee serves to strictly control and monitor all hiring. In a budget where people and the benefits they carry account for almost 78% of total appropriations, this committee has been instrumental in maximizing City resources.

### ***Debt Management***

The City uses a comprehensive, interactive debt capacity model that assists debt management administrators in evaluating the potential impact of debt issues on cash flow, credit, and statutory debt capacity. The Treasury Department manages all City borrowings, focusing on the timing of them in order to take advantage of favorable market conditions. The City's cash flow is anchored by the quarterly billing of the property tax and the monthly receipt of state aid distributions - Treasury manages this cash flow wisely, obviating the need to borrow for operating purposes. The Treasury Department also ensures adherence to the City's conservative debt policies, including the

rapid repayment of debt where at least 40% of overall debt is repaid within 5 years and 70% in 10 years, as well as a 7% ceiling on debt service as a percentage of general fund expenditures. The City imposes a 20% ceiling on variable debt and has no variable debt outstanding at this time. The City also utilizes lease-purchase financing of equipment with a three-to-seven year useful life to replace front-line equipment such as vehicles and upgrade technology and telecommunications equipment.

### ***Capital Planning***

The Office of Budget Management (OBM) is responsible for managing the City's capital plan and budget. OBM coordinates the evaluation of capital requests, forecasts the timing and financial requirements of new construction and rehabilitation, and recommends the allocation of current and future resources by monitoring capital expenditures.

The capital planning process is synchronized with the annual operating budget cycle, allowing for the regular reassessment of capital needs and refinement of projections, as well as the update of a rolling five-year capital plan.

The City funds its capital plan primarily through the issuance of general obligation bonds. The size of the City's bond issue is consistent with the City's financial management policies regarding its level of debt and debt service.

### ***Fund Balance Policy***

The City maintains adequate levels of fund balance to mitigate current and future risks – a generally accepted accounting principles (GAAP) Unassigned Fund Balance in the General Fund that is 15% or higher than the current fiscal year's GAAP General Fund Operating Expenditures, and a Budgetary Unassigned Fund Balance at 10% or higher than Budgetary Operating Expenses.

Budgetary fund balance can be appropriated for use during the fiscal year. Budgetary fund balance is more commonly referred to as "free cash" when used this way. This item is most simply described as the portion of available reserves, generated to a considerable degree by annual operating surpluses, which the City can responsibly appropriate for spending. The appropriation of Budgetary Fund Balance or Free Cash certified by the MA Department of Revenue is only considered

to offset certain fixed costs (pensions, OPEB) or to fund extraordinary and non-recurring events as determined by the City Auditor.

Prior year certifications and the amount used or appropriated from each certification are in Table 1.

In March 2015, the Director of Accounts certified that the amount of funds available for appropriation (“free cash”), as of July 1, 2014, was \$239.4 million. The FY16 Budget assumes the use of \$40 million in Budgetary Fund Balance from this certification.

<b>Budgetary Fund Balance</b>		
<b>Date Certified</b>	<b>Annual Amount Certified</b>	<b>Amount Appropriated from Certification*</b>
Mar. 2006	54.4	11.7
Jan. 2007	63.1	25.0
Apr. 2008	110.2	35.0
Mar. 2009	121.2	45.0
Mar. 2010	139.0	45.0
Mar. 2011	117.8	30.0
Mar. 2012	142.8	-
Mar. 2013	217.3	40.0
Mar. 2014	185.3	40.0
Mar. 2015	239.4	40.0
Mar. 2016	280.0	48.0**

\*Not all amounts appropriated were used

\*\*Includes \$8 m capital appropriation

Notes: (\$millions),

Table 1

### **Investment Policy**

Investment policies are defined in Chapter 643 of the Acts of 1983 (“The City of Boston Bond and Minibond Procedure Act”), Chapter 107 of the Acts of 1991, and Chapter 44 of the Massachusetts General Laws. The City’s policy for the investment of operating funds prioritizes security, liquidity, and yield. Certain limitations placed on the City’s investment activities or operational protocols are self-imposed so as to make sound, timely, and safe investment decisions. As a matter of practice, the City tends to limit its investments to repurchase agreements, money markets and certificates of deposit, all of which are collateralized by U.S. Government obligations and are held with a third party.

### **Contracting Procedures**

The Uniform Procurement Act (the UPA), Massachusetts General Laws Chapter 30B, creates uniform procedures for the contracting of services and supplies by all municipalities in the Commonwealth. The City has implemented internal processes to conform its contracting procedures to the requirements of the UPA and utilizes an online eProcurement system to further support these compliance efforts.

### **Tax Collections**

The City’s aggressive collecting efforts help reduce the number of property tax accounts that become delinquent. A variety of collection remedies are prescribed by state law if taxes become delinquent, namely the City’s ability to secure its right to foreclose by recording a tax title lien at the Registry of Deeds. The foreclosure process constitutes the most effective payment enforcement tool available to the City. The property tax collection rate was 99.2% of the FY14 gross tax levy as of June 30, 2014.

A Taxpayer Referral and Assistance Center provides “one-stop” service on tax-related matters and the City offers an on-line payment option for taxpayer convenience. Parcel-specific information as well as payment history is also available on-line.

### **Pension Management**

The City’s employees are not participants in the federal social security system. Instead, they participate in a contributory defined benefit retirement system that is administered by the Boston Retirement System (BRS), of which the City is the largest member. The BRS provides pension benefits to retired City employees under a state contributory retirement statute and is administered by a Retirement Board comprised of five members: 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 a selection is not agreed upon within 30 days of a vacancy.

The BRS performs a full valuation every two years to determine the total system liability and assets and the annual funding requirement for future years. The adoption of a new funding schedule as of January 1, 2014, adjusted the mortality tables to

better reflect longer life expectancies. The updated schedule continues the investment return assumption of 7.75% and reflects the increase to the retiree cost of living adjustment.

The City's pension liability is currently 70.2% funded and is on track to reduce the unfunded liability to zero by 2025, fifteen years prior to the legally required funding date of 2040. The BRS hires an investment manager who oversees the various fund managers of all (non-teacher) pension assets.

**Other Post-Employment Benefits**

Similar to pensions, employees earn post-employment health care and life insurance benefits (OPEB) over their years of active service, which are received during retirement. The City, including the Boston Public Health Commission (BPHC), has an unfunded liability for these benefits of \$2.26 billion, as of the most recent independent actuarial valuation on June 30, 2015. The size of this liability is largely influenced by changes to retiree health benefits, the City's annual additional contribution to fund the liability, and the discount rate used. The June 2015 estimate increased 5.6% over the previous valuation primarily due to a lower discount rate assumption.

While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. In FY08, the City followed new Governmental Accounting Standards Board (GASB) requirements to identify and disclose this estimated liability, and also began voluntary annual allocations to fund the liability. Annual allocations are retained in an irrevocable Trust Fund, authorized through the City's acceptance of M.G.L. Chapter 32B section 20. As of December 31, 2015 the Fund had a balance of \$369 million.

The Annual Required Contribution (ARC) for the City to significantly reduce the OPEB liability over a 30 year period is projected at \$178.4 million in FY17, as shown in Table 2. \$163.8 million (92%) of this amount will be funded through a combination of pay-as-you-go benefit payments for current retirees (included in health care costs discussed in previous section), a \$40 million FY17 allocation

by the City to the Trust, and an additional \$2.25 million deposit by the BPHC into the Trust.

As discussed further below, after the City fully funds its pension liability in 2025, annual contributions previously directed to reducing the pension liability will be redirected to reducing the unfunded OPEB liability. In 2026, total contributions to OPEB will exceed the annual required contribution, accelerating progress toward the goal of fully funding the OPEB liability in 30 years.

<b>FY17 Annual Required Contribution (ARC) to Reduce OPEB Liability Over 30 Years</b>		
	Dollars in Millions	% ARC
<b>Total ARC</b>	<b>\$178.4</b>	
Projected Benefit Payments	\$121.5	
FY17 Annual Allocation	\$42.3	
<b>Total FY17 Payments</b>	<b>\$163.8</b>	<b>92%</b>
<b>Difference</b>	<b>-\$14.62</b>	
Table 2		

**Risk Finance**

The City's risk-related costs related to legal liability claims, property losses, workplace injuries, and employee health care are managed by central departments, such as Law and Human Resource, in addition to individual operating departments. The Office of Budget Management's Risk Finance unit works to maximize the effectiveness of these departmental efforts by reviewing cost trends, assisting in improvements, and implementing the City's risk financing strategy.

The City's risk financing strategy is a planned self-insurance program which budgets for predictable levels of risk-related costs through the general fund, except for self-insured health care costs which are financed through trust funds established under MGL Ch 32b S. 3A. A catastrophic risk reserve is maintained for unexpected large losses, which allows the City to strategically purchase high deductible commercial insurance for specific exposures and minimum premium.

In addition to specific targeted insurance policies, the City purchases catastrophic property insurance for \$100 million all risk coverage, after a \$10 million deductible. In FY15, the City

partnered with FM Global as its property insurer, to take advantage of FM Global's engineering and loss control expertise in improving the resilience of the City's buildings against all types of risk.

Risk Finance also coordinates FEMA reimbursements of City costs expended for federally declared disasters, including an expected \$4.0 million reimbursement for costs from the January 2015 snowstorm.

### ***Reserve***

As required by law since 1986, the City has maintained a reserve fund equal to 2 1/2% of the preceding year's appropriations for all City departments except the School Department. The fund may be applied to extraordinary and unforeseen expenditures after June 1 in any fiscal year with the approval of the Mayor and the City Council. To date, this budgetary reserve has not been utilized. As of June 30, 2016, the reserve fund had a balance of \$30.6 million. The FY17 Recommended Budget adds an additional \$740,000 to this reserve in anticipation of a required contribution based on the FY16 Budget.

### ***Annual Audit/Management Letters***

The City has consistently received unqualified 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 latest Comprehensive Annual Financial Report.

The City's independent auditors deliver a yearly management letter containing comments and recommendations on internal financial controls. The current management letter did not identify any deficiencies in internal control considered to be material weaknesses.

### ***Financial Accounting Systems***

Financial management is supported through the use of the Boston Administrative Information System (BAIS). BAIS is an integrated financial and human resources 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 and 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 allows for direct evaluation of the financial status of individual departments. The City is currently in the process of updating the human resource functionality to build for the future image of human capital management, including the automation of time reporting and employee self-service.

The utilization of these systems supports the rigorous monitoring and reporting requirements enforced by the City.

## ***FINANCIAL MANAGEMENT PROGRAMS***

### ***Performance Management and Program Evaluation***

Boston About Results (BAR) is the City's performance management and evaluation program that helps drive operational improvement throughout the City. The BAR program provides city leaders and departmental managers with the tools and analysis needed to track service delivery, evaluate performance, and identify areas of improvement.

For more information about the BAR program and the City's efforts around performance management, please see the "Boston About Results" section in Volume 1.

### ***Energy Management***

The Mayor's Energy Management Board is charged with making decisions regarding the City's procurement, use, and conservation of energy. In addition, they monitor the City's progress in meeting the greenhouse gas reduction goals required by the City's Climate Action Plan. The Energy Management Unit, housed in the Environment, Energy and Open Space Cabinet, works with City departments and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's new construction and capital improvement projects.

## ***AUDITING & BUDGETING PRACTICES***

The City prepares its comprehensive financial reports in accordance with generally accepted accounting principles (GAAP). However,

accounting practices established by the Commonwealth's Department of Revenue, the so-called "budgetary basis" method of accounting, are used in the annual general fund budget and property tax certification process. Budgetary basis departs from GAAP in the following ways:

- (a) Real and personal property taxes are recorded as revenue when levied (budgetary), as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budgetary), as opposed to a reservation of fund balance (GAAP).
- (c) Certain activities and transactions are presented as components of the general fund (budgetary), rather than as separate funds (GAAP).
- (d) Prior years' deficits and utilized available funds from prior years' surpluses are recorded as expenditure and revenue items (budgetary), but have no effect on GAAP expenditures and revenues.

In addition, there are certain differences in classifications between revenues, expenditures and transfers. The reconciliation in Table 3 summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2014.

Table 4 shows a Statement of Revenues & Expenses and Changes in Fund Balance for FY13 & FY14 (actual) – FY15 (budgeted).

Financial statements for the fiscal year ended June 30, 2015 are expected to be available in late fall.

**Adjustments Between Budgetary Basis and  
GAAP Basis of Accounting for FY15**

	(in thousands)		Other Financing Sources, Net	Excess (Deficiency) of Revenue and Other Financing Sources
	Revenue	Expenditures		
As reported on a budgetary basis	2,780,419	2,773,058	-	7,361
<b><u>Adjustments:</u></b>				
Revenues to modified accrual basis	44,124	-	-	44,124
Expenditures, encumbrances and accruals, net	-	(26,379)	-	26,379
On-behalf contribution for teachers pension	109,485	109,485	-	-
<b><u>Reclassifications:</u></b>				
Other transfers	(17,545)	-	17,545	-
As reported on a GAAP basis	<u>2,916,483</u>	<u>2,856,164</u>	<u>17,545</u>	<u>77,864</u>

Table 3

**Statement of Revenues, Expenditures, and Changes in Fund Balances -  
General Fund  
Years ended June 30 2014 and 2015 (Actual), and 2016 (Budgeted)  
(in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Real and personal property taxes	1,923,431	1,867,259	1,767,783
Excises	204,351	228,962	223,133
Payments in lieu of taxes	66,662	79,232	73,324
Fines	60,060	60,116	59,922
Investment income	50	61	57
Licenses and permits	52,330	71,205	62,257
Departmental and other	104,735	86,392	84,385
Intergovernmental	424,029	523,256	509,199
Total revenues	<u>2,835,648</u>	<u>2,916,483</u>	<u>2,780,060</u>
Expenditures:			
Current:			
General government	88,321	58,242	102,786
Human services	33,207	31,507	31,358
Public safety	604,901	633,471	558,802
Public works	108,934	123,767	113,239
Property and development	36,489	35,594	33,376
Parks and recreation	21,386	20,063	19,792
Library	34,093	33,966	33,978
Schools	1,013,500	960,228	940,276
Public health programs	73,950	73,577	65,953
Judgements and claims	3,500	3,678	9,493
Retirement costs	188,749	282,648	255,647
Other employee benefits	247,706	230,089	234,400
State and district assessments	238,392	215,538	197,939
Total Current Expenditures	<u>2,693,128</u>	<u>2,702,368</u>	<u>2,597,039</u>
Capital outlays	-	348	1,106
Debt Service	162,515	153,448	147,548
Total expenditures	<u>2,855,643</u>	<u>2,856,164</u>	<u>2,745,693</u>
Excess(deficiency) of revenues over expenditures	(19,995)	60,319	34,367
Other financing sources (uses):			
Transfers in	21,450	19,000	-
Transfers out	(1,455)	(1,455)	1,455
Total other financing sources	<u>19,995</u>	<u>17,545</u>	<u>1,455</u>
Net change in fund balance	(0)	77,864	32,912
Fund balance - beginning	<u>862,172</u>	<u>784,308</u>	<u>751,396</u>
Fund balance - ending	<u>862,172</u>	<u>862,172</u>	<u>784,308</u>

Table 4

**Fund Structure and Use**

The accounts of the City are organized on a fund basis. Each fund is considered to be a separate accounting entity and complies with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

The City has four governmental funds - the General Fund, Special Revenue Fund, Capital Projects Fund and all non-major governmental funds in an "Other" category. The General Fund is the only fund for which a budget is legally adopted and is used to account for all revenues, expenditures, and other financial resources except those required to be accounted for in other funds.

The Special Revenue Fund accounts for proceeds that are legally restricted for specific purposes. This fund accounts for federal and state grants and also money that has been set aside by state statute and can be used to support the City's general fund operations.

The Capital Projects Fund accounts for financial resources, primarily from the issuance of bonds, used for the acquisition or construction of major capital facilities.

The Proprietary Funds are used to show activities that operate more like those of commercial enterprises. The City's only proprietary is its Internal Service Fund, which accounts for the City's self-insurance for health benefits.

Fiduciary Funds are used to account for resources held for the benefit of parties outside City government and are not available to support the City's own programs. The City's fiduciary funds are the Pension Trust Fund, the Other Post-Employment Benefits (OPEB) Liability Trust Fund, as well as Private Purpose Trust Funds.

The City's operating and capital budgets are also supported by available governmental funds transferred and appropriated from other available funds. The City may appropriate yearly parking meter revenues (Special Revenue Fund) to support the Transportation Department and to support traffic and parking capital projects and cemetery trust monies (Other Governmental Funds) to support the City's maintenance of its public cemeteries.

<b>Parking Meter Fund</b>				
<b>Fiscal Year</b>	<b>Beginning Year Balance</b>	<b>Funds Out</b>	<b>Funds In</b>	<b>Ending Year Balance</b>
FY10	60.700	(15.000)	13.662	59.362
FY11	59.362	(15.000)	14.729	59.091
FY12	59.091	-	16.560	75.651
FY13	75.651	-	15.514	91.165
FY14	91.165	-	15.547	106.712
FY15	106.712	(19.000)	14.685	102.397
*FY16	102.397	(27.000)**	16.000	91.397
*FY17	91.397	(37.500)***	16.000	69.897

Notes: (\$millions), \*projected, \*\*Includes \$6.5 m capital expenditure,

\*\*\*Includes \$ 5 m capital expenditure

Table 5

<b>Cemetery Trust Fund</b>				
<b>Fiscal Year</b>	<b>Beginning Year Balance</b>	<b>Funds Out</b>	<b>Funds In**</b>	<b>Ending Year Balance</b>
FY10	7.711	(2.507)	2.264	7.468
FY11	7.468	(2.651)	2.477	7.293
FY12	7.293	-	(1.152)	6.141
FY13	6.141	-	2.260	8.401
FY14	8.401	-	1.088	9.489
FY15	9.489	-	0.711	10.200
*FY16	10.200	(0.950)	1.000	10.250
*FY17	10.250	(0.950)	1.000	10.300

Notes: (\$millions), \*projected, \*\*Includes investment return

Table 6

<b>Surplus Property Disposition Fund</b>				
<b>Fiscal Year</b>	<b>Beginning Year Balance</b>	<b>Funds Out</b>	<b>Funds In</b>	<b>Ending Year Balance</b>
FY10	30.087	(5.979)	0.000	24.108
FY11	24.108	0.000	0.972	25.080
FY12	25.080	0.000	1.291	26.371
FY13	26.371	(22.120)	5.057	9.307
FY14	9.307	0.000	0.550	9.857
FY15	9.857	(5.250)	10.678	15.285
*FY16	15.285	0.000	1.145	16.430
*FY17	16.430	0.000	1.145	17.575

Notes: (\$millions), \*projected

Table 7

Tables 5-7 provide a history as well as projected changes in fund balances for the available funds used to support the City's operating budget.

Additional discussion of these revenue sources used to support the operating budget can be found in the *Summary Budget* section.

Table 8 shows the appropriations that make up the City's FY17 budget.

**CITY OF BOSTON**  
**BUDGET SUMMARY - APPROPRIATED FUNDS**

(Dollars in Millions)

	<b>Direct General Fund</b>	<b>Parking Meter Fund Transfer</b>	<b>Cemetery Trust Fund Transfer</b>	<b>Budgetary Fund Balance</b>	<b>Total FY16 General Fund Budget</b>
<b>REVENUES</b>					
Property Tax	2,055.33				2,055.33
Property Tax Overlay	(38.32)				(38.32)
Excises	190.67				190.67
Fines	60.36				60.36
Interest On Investments	2.84				2.84
Payments in Lieu of Taxes	44.47				44.47
Urban Redev Chapter 121A	43.80				43.80
Department Revenue	55.11				55.11
Licenses & Permits	54.71				54.71
Penalties & Interest	10.16				10.16
Available Funds	0.00	22.50	0.95		23.45
State Aid	432.57				432.57
<b>Total Recurring Revenue</b>	<b>2,911.68</b>	<b>22.50</b>	<b>0.95</b>		<b>2,935.13</b>
<b>Budgetary Fund Balance</b>	<b>0.00</b>			<b>40.00</b>	<b>40.00</b>
					<b>0.00</b>
<b>Total Revenues</b>	<b>2,911.68</b>	<b>22.50</b>	<b>0.95</b>	<b>40.00</b>	<b>2,975.13</b>
<b>EXPENDITURES</b>					
City Appropriations	1,171.73	22.50	0.95		1,195.18
Public Health Commission	77.27				77.27
School Department	1,031.68				1,031.68
Reserve for Collective Bargaining	13.30				13.30
Other Post Employment Benefits	0.00			40.00	40.00
<b>Total Appropriations</b>	<b>2,293.98</b>	<b>22.50</b>	<b>0.95</b>	<b>40.00</b>	<b>2,357.43</b>
Pensions	189.88				189.88
Debt Service	177.85				177.85
Charter School Tuition	156.81				156.81
MBTA	83.82				83.82
Other State Assessments	4.72				4.72
Suffolk County Sheriff Dept	3.87				3.87
Reserve	0.74				0.74
<b>Total Fixed Costs</b>	<b>617.70</b>				<b>617.70</b>
<b>Total Expenditures</b>	<b>2,911.68</b>	<b>22.50</b>	<b>0.95</b>	<b>40.00</b>	<b>2,975.13</b>

Numbers may not add due to rounding

**Table 8**