

CITY *of* **BOSTON**

Massachusetts

Annual
Comprehensive
Financial Report

2024

FISCAL YEAR ENDED
JUNE 30, 2024



MICHELLE WU
Mayor

ASHLEY GROFFENBERGER
Chief Financial Officer
& Collector Treasurer

SCOTT FINN
City Auditor

Prepared by the City of Boston Auditing Department



City of Boston
Massachusetts



*Annual Comprehensive
Financial Report*

Fiscal Year Ended June 30, 2024

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer & Collector Treasurer

Scott Finn, City Auditor

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Introductory SECTION



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Auditing Department

Michelle Wu, Mayor

December 31, 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, 2024. 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.

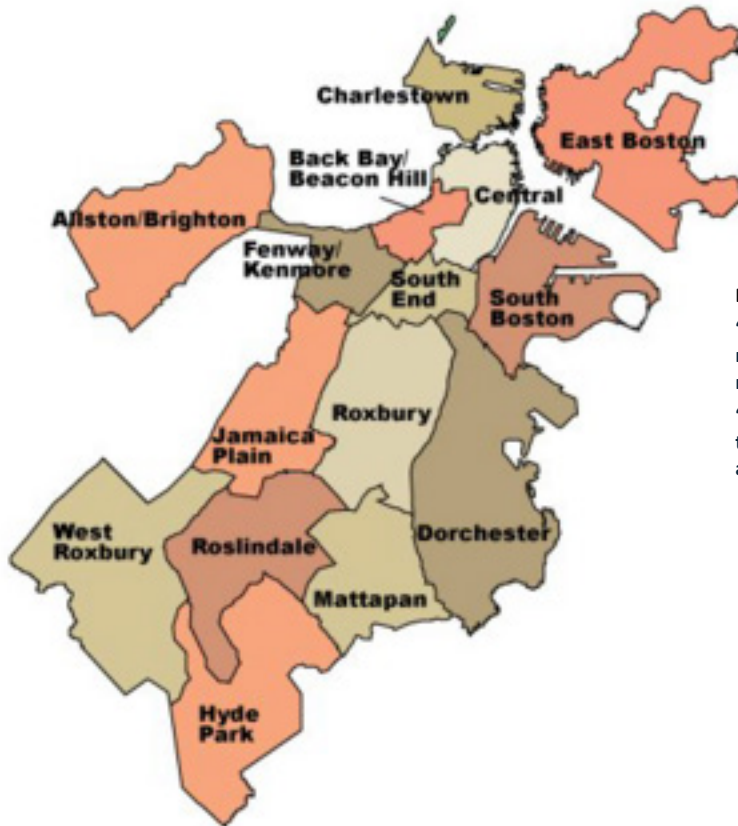
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations 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, 2024 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 74,084 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. Jobs in healthcare and education represent more than a quarter (25.2%) of the total jobs in Boston. Combined, the concentration of education and health services jobs in Boston is 1.16 times the national average. Boston hosts more than two dozen 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. .

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 156,337 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 increased from 826,967 in 2021 to 883,257 in 2022, or a gain of approximately 56,000 payroll jobs (7.0%). This sharp gain meant that total payroll jobs surpassed 2019 levels, 851,325 jobs.

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 FY24, the net property tax levy (levy less a reserve for abatements) totals \$3.1 billion, providing 72.4% of recurring revenue. In FY25, the net property tax levy is estimated to total \$3.30 billion and account for 71.1% 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 \$241.9 million or 76.4%. In FY25, net state aid is budgeted to decrease by \$10.0 million or -7.5% compared to FY24, based on the FY25 Governor's Budget for assessments and the FY24 State Aid budget. Please see the Management's Discussion and Analysis Section for additional information on financial trends.

In FY24, 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 \$60 million over five years. Funding of health care costs has progressively moved to self-insurance since FY13. Based on savings included in this agreement, the City will realize up to \$14.9 million in new avoided health care costs in FY25.

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, twenty-three unions during FY23, and fifteen unions during FY24. 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 FY24, the GAAP General Fund equity decreased to \$1.83 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 FY24 was \$1.3 billion and \$489.48 million was assigned. The unassigned fund balance represents approximately 30.1% of GAAP General Fund operating expenditures.

The FY25 Budget totals \$4.64 billion and represents an increase of \$357 million or 8.3% over FY24. 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 \$4.7 billion FY25-29 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 3.6% 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 FY25-29 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 FY25 are 42.0% for Major Renovations, 29.0% for New Construction, 18.0% for State of Good Repair, 7% for Planning and 4% for Equipment/Technology.

Financing for the FY25-FY29 Capital Plan comes from General Obligation (G.O.) bonds, state and federal funds, trust funds, and other funds. G.O. bonds represent 75.6% of all project funding. The Capital Plan assumes \$2.14 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 \$384.5 million and \$388.4 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 three projects in the Core program that are both in construction: the Josiah Quincy Upper Pilot School, and the Carter School. The Shaw Taylor School project is in the initial project phase.

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 \$14.8 million in FY25. 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 FY25-29 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, 2023. 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, 2023. 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 2013 through fiscal year 2024 are featured on the City's web page www.boston.gov/departments/auditing.

Respectfully submitted,



Scott Finn
City Auditor



Ashley Groffenberger
Chief Financial Officer & Collector Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Boston
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

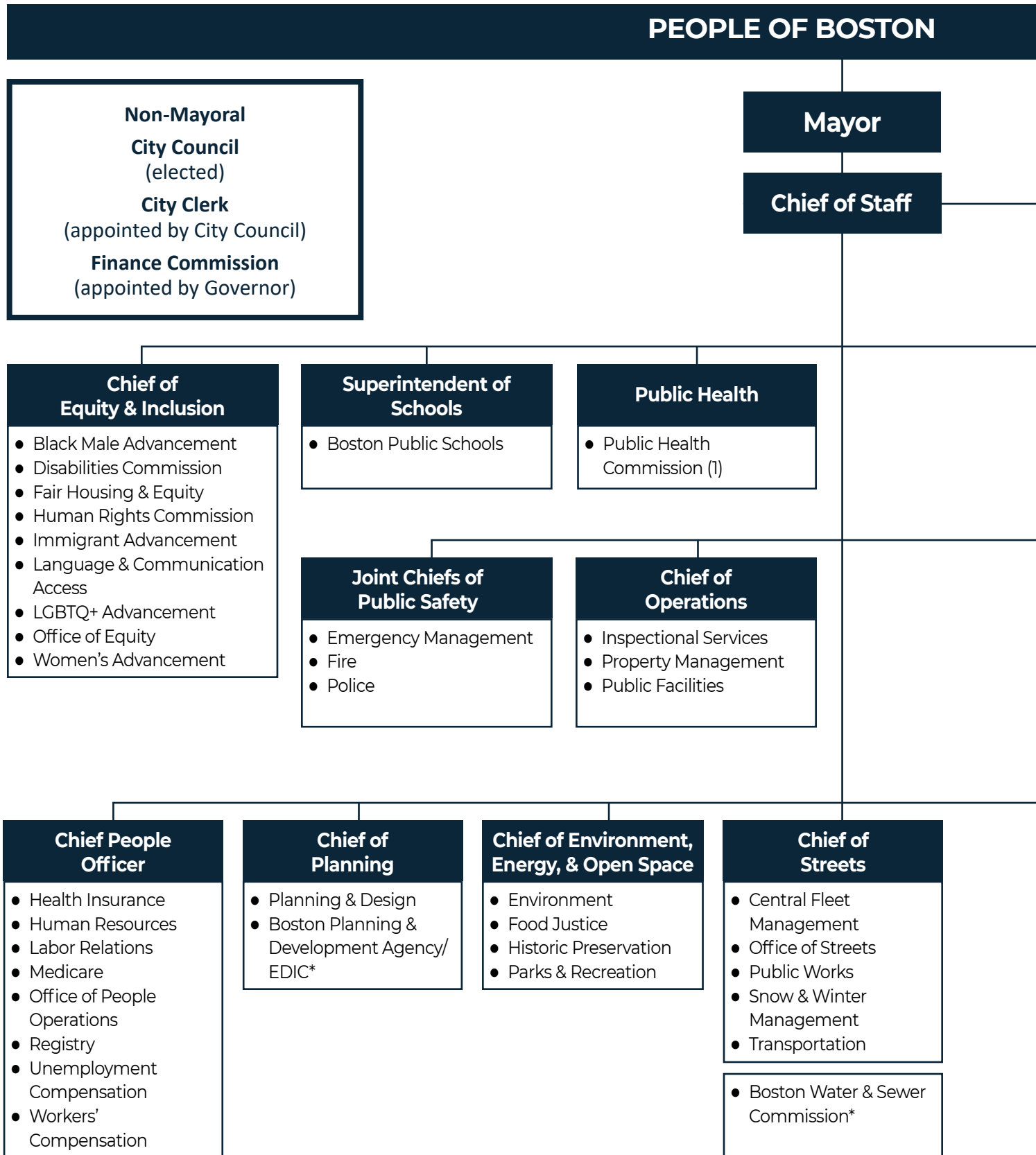
Christopher P. Morill

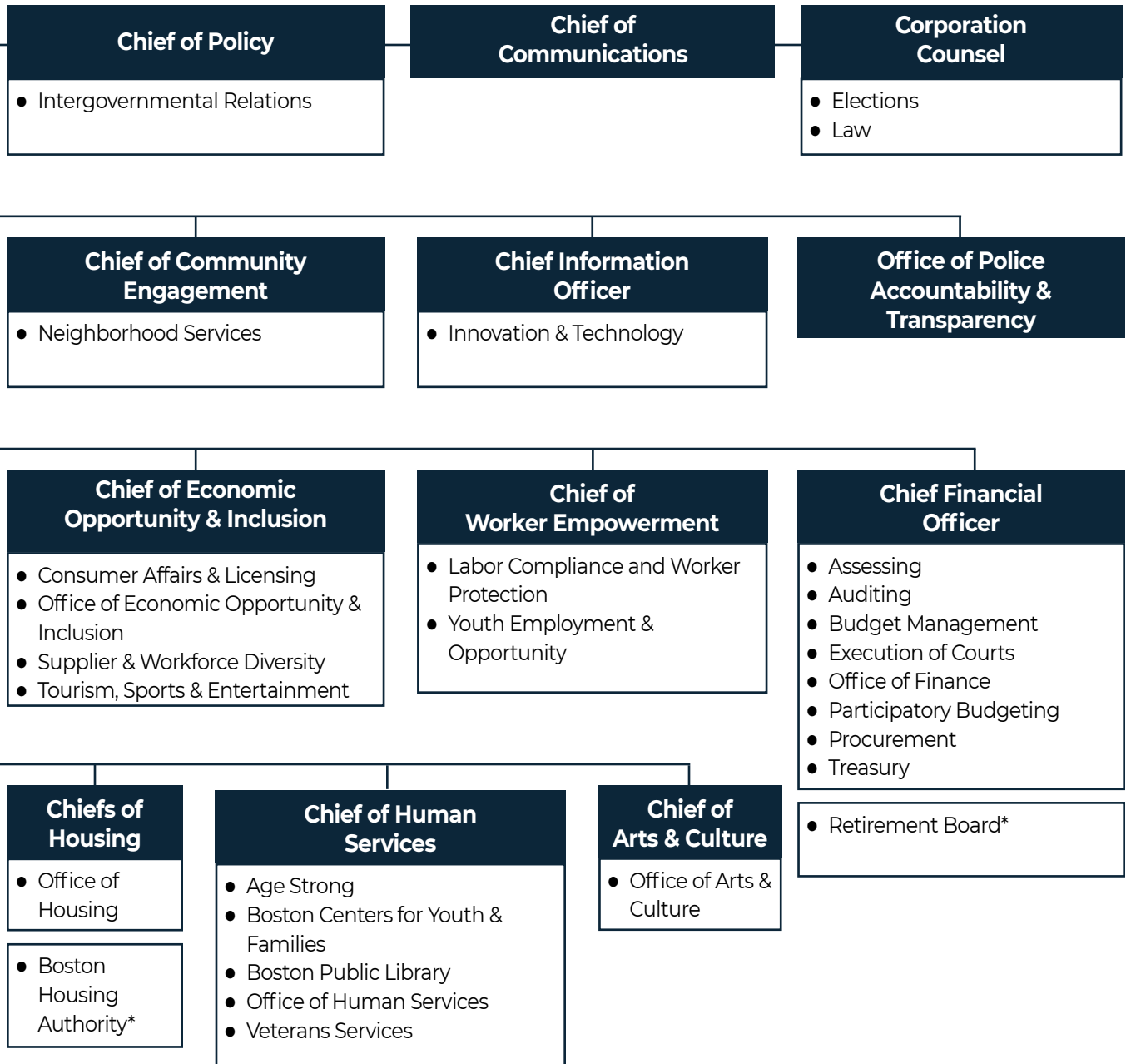
Executive Director/CEO



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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, 2024)***Mayor
Michelle Wu****City Council Members**

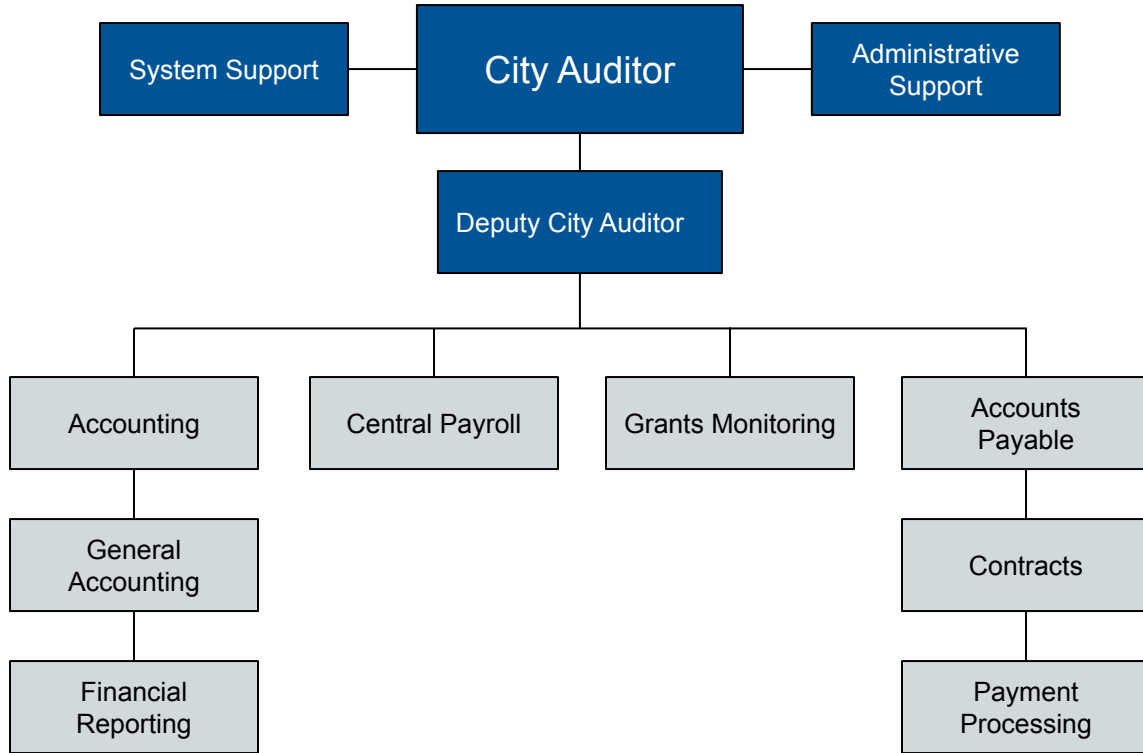
Ruthzee Louijeune	At-Large
Henry Santana	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Edward Flynn	District 2
John FitzGerald	District 3
Brian Worrell	District 4
Enrique J. Pepén	District 5
Benjamin Weber	District 6
Tania Fernandes Anderson	District 7
Sharon Durkan	District 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
Brian Swett	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*Scott Finn, City Auditor**Timothy Mathis, Deputy City Auditor*

Allen J. Hurley
Ateeqa Bhatti
Barbara Watner
Carrie He
Colin D. Musto
Domenica Cabral
Erica Pleitez
George Dallta
Jake Rosato
James P. Kelley
John Hamilton
Linda Ogiemwonyi
Lisa A. Stone
Magnolia Rojas
Marie Murray
Matthew Haugh
Matthew T. Lindmark

Mattie L. Crouse
Maxwell Larkin-Dunphy
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
Sinthia Johnson
Sheila Fay
Titus Morrison
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, 2024, 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, 2024, 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 1.1% of the total assets and revenues, respectively, of the aggregate remaining fund information as of June 30, 2024 and for the year then ended.

These entities and funds collectively represent 3.1% and 0.5%, respectively, of the total assets and revenues of the governmental activities as of June 30, 2024 and the year then ended.
- *Fiduciary Activities*
 - Boston Retirement System, the OPEB Trust Fund, and Private-Purpose Trust Funds that collectively represent 97.8% and 86.9%, respectively, of the total assets and revenues of the aggregate remaining fund information as of June 30, 2024 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 85.5% and 90.2%, respectively, of the total assets and revenues of the aggregate discretely presented component units as of June 30, 2024 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.

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 2023 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 February 26, 2024. In our opinion, the partial comparative actual information presented herein for the budgetary comparison of the General Fund for the year ended June 30, 2023, 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 December 31, 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
December 31, 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, 2024. 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, 2024, estimated that the total net OPEB liability of the City increased by \$254.0 million to \$2.6 billion. This increase was largely due to an increase in costs and changes in assumptions.
- In fiscal year 2024, the City's contribution to the OPEB Trust Fund (\$192.5) million for retiree health benefits includes \$40 million in advance funding toward reducing the OPEB liability. In 2024 and 2023, the OPEB Trust Fund earned investment income/loss, net of fees in the amount of \$150.6 million and \$79.5 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, 2023, the City's proportionate share of that net pension liability decreased by \$378.3 million and the net pension liability for the City's Special Legislation plan as of June 30, 2024 increased by \$11.7 million resulting in a total net pension liability of \$1.51 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, 2024 in a net deficit of (\$217.5) million (presented as net position). At year end, the City had a deficit in governmental activities unrestricted net position in the amount of \$1.8 billion.

Changes in Net Position – Primary Government – The City's total net position increased by \$396.5 million from the amount reported in fiscal year 2023.

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 (\$217.5) million at the end of 2024, compared to a net deficit of (\$614.0) 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 \$1.36 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, \$259.0 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 \$139.8 million from the 2023 amount.

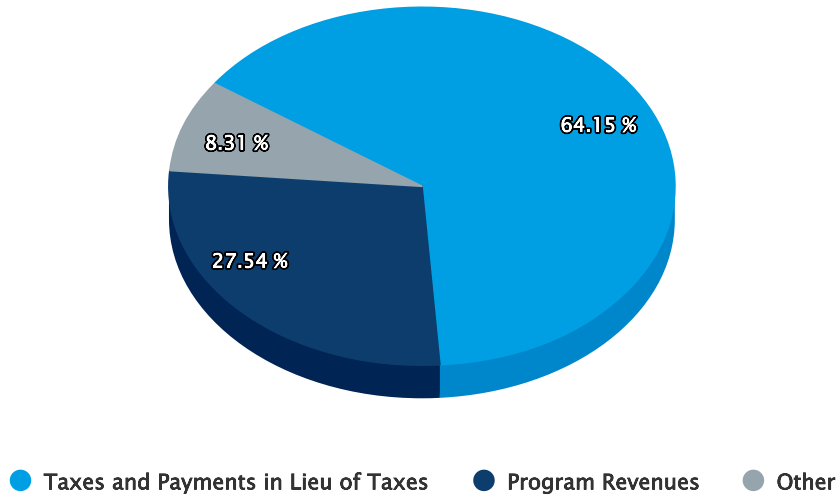
Net Position – Primary Government
(In thousands)

	Governmental Activities	
	Total Primary Government	
	2024	2023
ASSETS:		
Current assets	\$ 3,487,313	\$ 3,448,752
Capital assets	3,384,958	2,959,625
Other assets	23,021	26,012
Total assets	6,895,292	6,434,389
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	1,004,738	1,001,657
LIABILITIES:		
Current liabilities	1,323,720	1,380,371
Noncurrent liabilities	6,430,628	6,406,539
Total liabilities	7,754,348	7,786,910
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	363,163	263,160
NET POSITION:		
Net investment in capital assets	1,362,313	1,206,883
Restricted	259,018	157,701
Unrestricted	(1,838,812)	(1,978,608)
Total net position	\$ (217,481)	\$ (614,024)

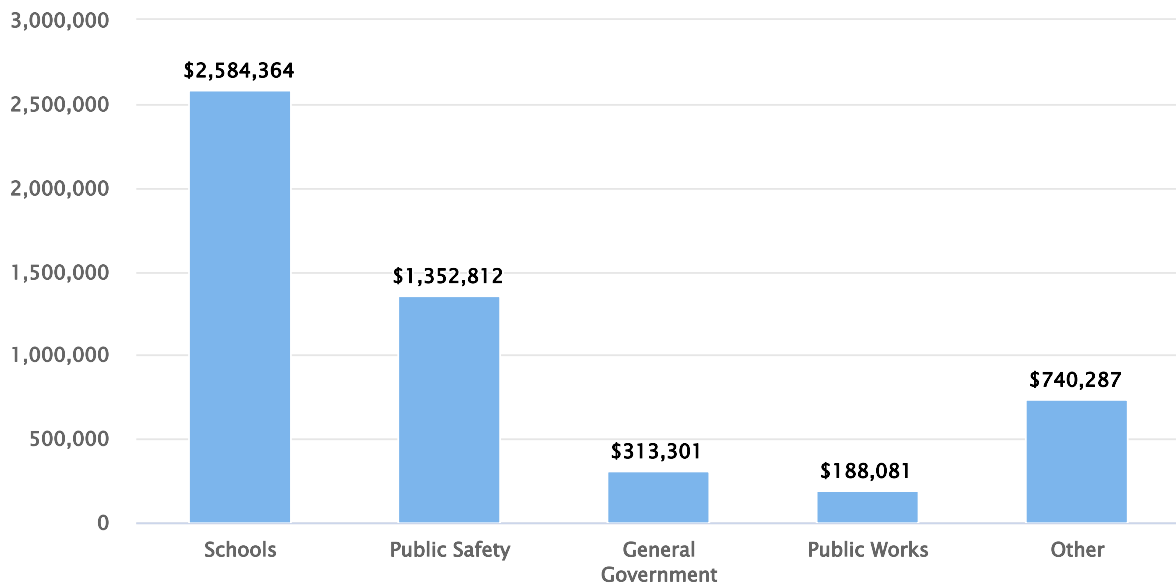
Changes in Net Position – Primary Government
(In thousands)

	Governmental Activities	
	Total Primary Government	
	2024	2023
Revenues:		
Program revenues:		
Charges for services	\$ 276,463	\$ 275,272
Operating grants and contributions	1,201,443	1,129,258
Capital grants and contributions	57,678	57,370
General revenues:		
Taxes	3,576,330	3,358,362
Grants and contributions not restricted	268,947	266,455
Investment income	194,527	109,546
Miscellaneous	-	1,734
Total revenues	5,575,388	5,197,997
Program expenses:		
General government	313,301	260,589
Human services	74,625	69,950
Public safety	1,352,812	1,262,121
Public works	188,081	171,610
Property and development	311,713	324,015
Parks and recreation	71,805	67,172
Library	70,882	71,312
Schools	2,584,364	2,575,648
Public health programs	159,213	148,884
Interest on long-term debt	52,049	45,056
Total program expenses	5,178,845	4,996,357
Change in net position	396,543	201,640
Net position - beginning of year	(614,024)	(815,664)
Net position-end of year	\$ (217,481)	\$ (614,024)

Revenues – Governmental Activities
Fiscal Year 2024



Expenses – Governmental Activities FY 2024
(in thousands)



Governmental Activities

The City's governmental activities net position increased by \$396.5 million over the prior fiscal year. The following net changes occurred during the course of operations in fiscal year 2024. In the assets accounts, cash and investments decreased by \$66.2 million, receivables increased by \$118.2 million, and capital assets increased by \$425.3 million. In the liability accounts, there was an increase in warrants and accounts payable of \$109.4 million and a decrease in accrued liabilities of \$12.1 million. Additionally, an increase of \$254.0 million was recorded relative to the City's other postemployment benefit obligation and a decrease of \$378.3 million was recorded relative to the City's net pension liability in 2024.

During fiscal year 2024, the City's revenues increased by 7.3%. The City's largest sources of revenues were property taxes, excise taxes, and payment in lieu of taxes of \$3.58 billion (64.1% of total revenues) and \$1.54 billion of program revenues (27.5% of total revenues). Taxes increased by \$218.0 million from the previous year, primarily driven by property tax revenues that continued to grow through a combination of the allowable 2.5% increase and property value growth, and excise tax revenues that continued to grow beyond pre-pandemic levels. Program revenues increased by \$73.7 million for fiscal year 2024. This is largely due to increases in operating grants and contributions. The City's expenses cover a range of services. Overall expenses grew by 3.5%, driven by investments in critical city services, such as police, fire, and public works, as well as set-aside funding for collective bargaining reserves. The largest expenses were for schools (\$2.58 billion), public safety (\$1.4 billion), general government (\$313.3 million), public works (\$188.1 million), and property and development (\$311.7 million). In 2024, governmental activities expenses exceeded program revenues (i.e., user charges, operating grants, and capital grants) by \$3.64 billion. This shortfall was covered primarily through taxes (\$3.58 billion) and unrestricted grants and contributions (\$268.9 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 2024, the City's governmental funds reported a combined ending fund balance of \$2.52 billion, an increase of \$129.4 million from the prior year. Of this total amount, \$1.3 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 2024 was \$1.3 billion, which represents approximately 30.1% 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 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 2024 Special Revenue Fund balance is reported at \$450.4 million, a \$79.6 million increase from fiscal year 2023.

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 2024 Capital Projects Fund balance is \$87.0 million, an \$190.4 million decrease from fiscal year 2023.

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 2024 Other Governmental Funds fund balance is \$145.5 million, a \$14.9 million increase from fiscal year 2023.

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 2024 with a \$87.9 million surplus. There were no material variances between the original budget and final budget amounts. Variances from the final budget to actual results occurred in public safety and judgments and claims.

Surplus results were reported for General Fund revenue sources, including \$20.1 million in payments in lieu of taxes, \$5.3 million of licenses and permits, \$28.6 million in departmental and other revenue, \$0.2 million of property tax and \$133.7 million in investment income. Other available funds show 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, 2024, has a net book value of \$3.38 billion, made up of costs totaling \$6.26 billion less accumulated depreciation of \$2.91 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 \$425.3 million in terms of net book value. However, actual expenditures to purchase or construct capital assets and contributions of capital assets were \$579.1 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 \$162.9 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 \$1.75 billion in General Obligations Bonds principal outstanding – an increase of \$79.9 million over last year.

On January 25th, 2024, the City issued \$250 million through a private placement with TD Bank 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 decreased by \$8.1 million, or (-0.2%), during the current fiscal year. Key factors for this decrease are a decrease in the net pension liability of \$366.6 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, 2024, the City adopted GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*.

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. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*, Statement No. 103 *Financial Reporting Model Improvements*, and Statement No. 104 *Disclosure of Certain Capital Assets*.

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, 2024

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,936,129	\$ 220,546
Cash and investments held by trustees	171,596	31,054
Receivables, net		
Property and other taxes	41,123	-
Intergovernmental	306,067	-
Other	30,422	73,636
Other assets	768	6,860
Due from primary government	-	2,180
Due from component units	1,208	-
Total current assets	<u>3,487,313</u>	<u>334,276</u>
Noncurrent Assets:		
Cash and investments held by trustee	-	68,281
Notes and other receivables	23,021	2,141,725
Capital assets:		
Nondepreciable assets	784,186	33,509
Depreciable, net	2,600,772	78,672
Total noncurrent assets	<u>3,407,979</u>	<u>2,322,187</u>
Total assets	<u>6,895,292</u>	<u>2,656,463</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount for pension costs	486,845	39,860
Deferred amount from OPEB	517,377	19,043
Deferred amount from debt refunding	516	-
Total deferred outflows of resources	<u>1,004,738</u>	<u>58,903</u>

Statement of Net Position

June 30, 2024

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
LIABILITIES:		
Current Liabilities:		
Warrants and accounts payable	296,264	50,847
Accrued liabilities - current:		
Compensated absences	76,498	1,211
Judgments and claims	122,071	-
Payroll and related costs	149,690	-
Deposits and other	148,274	4,049
Unearned revenue	304,755	11,856
Current portion of long-term bonds, notes and equipment financing payable	223,988	1,578
Due to component units	2,180	-
Due to primary government	-	1,208
Total current liabilities	<u>1,323,720</u>	<u>70,749</u>
Noncurrent Liabilities:		
Bonds due in more than one year	1,774,747	12,003
Notes and equipment financing payable due in more than one year	62,856	-
Other noncurrent liabilities	487,813	129,877
Net pension liability	1,507,651	121,262
Other postemployment benefits obligation	2,597,561	81,340
Unearned revenue	-	77,133
Total noncurrent liabilities	<u>6,430,628</u>	<u>421,615</u>
Total liabilities	<u>7,754,348</u>	<u>492,364</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount for pension costs	60,381	12,932
Deferred amount for OPEB	288,650	52,190
Deferred amount for leases	7,383	1,851,593
Deferred amount from debt refunding	6,749	-
Total deferred inflows of resources	<u>363,163</u>	<u>1,916,715</u>
NET POSITION:		
Net investment in capital assets	1,362,313	70,387
Restricted for:		
Other Purposes	226,453	116,427
Capital projects	32,565	-
Unrestricted surplus (deficit)	(1,838,812)	119,473
Total net position	<u>\$ (217,481)</u>	<u>\$ 306,287</u>

See accompanying notes to the basic financial statements

Statement of Activities
Year Ended June 30, 2024
(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	\$ 313,301	\$ 74,540	\$ 127,728	\$ 8,487
Human services	74,625	52	13,235	-
Public safety	1,352,812	145,144	71,174	9,019
Public works	188,081	21,181	10,827	8,508
Property and development	311,713	16,613	159,666	-
Parks and recreation	71,805	343	3,308	1,919
Library	70,882	34	4,421	-
Schools	2,584,364	18,556	811,084	29,747
Public health programs	159,213	-	-	-
Interest on long-term debt	52,049	-	-	-
Total primary government	\$ 5,178,845	\$ 276,463	\$ 1,201,443	\$ 57,678
Aggregate Discretely Presented Component Units:				
Boston Public Health Commission	\$ 237,188	\$ 29,014	\$ 96,709	\$ -
Boston Planning & Development Agency	35,886	38,256	-	-
Trustees of the Public Library of the City of Boston	21,682	2,999	14,710	-
Economic Development and Industrial Corporation of Boston	94,608	44,622	53,818	-
Total component units	\$ 389,364	\$ 114,891	\$ 165,237	\$ -

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**
- Net position - end of year**

See accompanying notes to the basic financial statements

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Net (Expense) Revenue and Changes
in Net Position

Governmental Activities	Component Units
\$ (102,546)	\$ -
(61,338)	-
(1,127,477)	-
(147,565)	-
(135,434)	-
(66,235)	-
(66,427)	-
(1,724,977)	-
(159,213)	-
(52,049)	-
\$ (3,643,261)	\$ -
\$ -	\$ (111,465)
-	2,370
-	(3,973)
-	3,832
\$ -	\$ (109,236)
\$ 3,157,677	\$ -
331,367	-
87,286	-
268,947	-
194,527	54,658
-	129,907
-	6,697
-	3,628
4,039,804	194,890
396,543	85,654
(614,024)	220,633
\$ (217,481)	\$ 306,287

See accompanying notes to the basic financial statements

Balance Sheet
Governmental Funds
June 30, 2024
(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 2,037,489	\$ 623,197	\$ 163,936	\$ 19,643	\$ 2,844,265
Cash and investments held by trustees	-	-	45,438	126,158	171,596
Receivables, net:					
Property and other taxes	41,123	-	-	-	41,123
Intergovernmental	10,186	263,316	32,565	-	306,067
Departmental and other	33,100	20,019	-	324	53,443
Total receivables	84,409	283,335	32,565	324	400,633
Due from other funds	839	3,322	-	73	4,234
Due from component units	98	-	-	-	98
Total assets	\$ 2,122,835	\$ 909,854	\$ 241,939	\$ 146,198	\$ 3,420,826
LIABILITIES					
Warrants and accounts payable	\$ 67,423	\$ 64,195	\$ 127,417	\$ 417	\$ 259,452
Accrued liabilities:					
Payroll and related costs	149,573	116	1	-	149,690
Deposits and other	31,778	85,140	5	27	116,950
Unearned revenue	-	304,755	-	-	304,755
Due to other funds	352	3,671	-	211	4,234
Due to component unit	2,180	-	-	-	2,180
Total liabilities	\$ 251,306	\$ 457,877	\$ 127,423	\$ 655	\$ 837,261
DEFERRED INFLOWS OF RESOURCES					
Revenue not considered available and leases	39,252	1,617	27,510	-	68,379
Total deferred inflows of resources	\$ 39,252	\$ 1,617	\$ 27,510	\$ -	\$ 68,379
FUND BALANCES					
Nonspendable	-	-	-	21,504	21,504
Restricted	-	36,368	87,006	124,039	247,413
Assigned	489,483	413,992	-	-	903,475
Unassigned	1,342,794	-	-	-	1,342,794
Total fund balances	1,832,277	450,360	87,006	145,543	2,515,186
Total liabilities, deferred inflows of resources and fund balances	\$ 2,122,835	\$ 909,854	\$ 241,939	\$ 146,198	\$ 3,420,826

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, 2024
(Amounts in thousands)

Total fund balance - governmental funds	\$ 2,515,186
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	3,384,958
Certain revenues of the government-wide financial statements are earned but not considered available in the governmental fund financial statements	60,995
Internal service funds are included in the government-wide financial statements	61,085
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	(1,771,925)
Equipment financing payable	(76,948)
Leases	(21,520)
Subscription IT arrangements	(15,210)
Bond issue premiums/discounts, net	(212,717)
Deferred bond refunding losses/gain, net	(6,233)
Accrued interest on bonds	(14,915)
Compensated absences	(274,195)
Landfill	(5,097)
Judgments and claims	(358,420)
Other postemployment benefits, net of deferred amounts	(2,368,837)
Net pension liability, net of deferred amounts	(1,113,188)
Pollution remediation	(500)
Net position of governmental activities	\$ (217,481)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Real and personal property taxes	\$ 3,168,381	\$ 122	\$ -	\$ -	\$ 3,168,503
Excises	328,318	1	-	-	328,319
Payments in lieu of taxes	87,286	-	-	-	87,286
Fines	60,429	1	-	-	60,430
Investment income	162,717	3,015	-	23,447	189,179
Licenses and permits	78,625	26	-	-	78,651
Departmental and other	108,173	73,908	-	6,023	188,104
Intergovernmental	738,321	732,826	38,981	-	1,510,128
Total revenues	<u>4,732,250</u>	<u>809,899</u>	<u>38,981</u>	<u>29,470</u>	<u>5,610,600</u>
EXPENDITURES:					
Current:					
General government	157,070	29,600	-	14,957	201,627
Human services	45,171	14,160	-	-	59,331
Public safety	914,787	48,541	-	-	963,328
Public works	136,535	9,439	-	-	145,974
Property and development	53,176	228,332	-	-	281,508
Parks and recreation	37,641	7,161	-	-	44,802
Library	46,966	4,411	-	-	51,377
Schools	1,362,179	381,910	-	-	1,744,089
Public health programs	130,350	18,287	-	-	148,637
Judgments and claims	14,080	-	-	-	14,080
Retirement costs	657,255	-	-	-	657,255
Other employee benefits	262,055	-	-	-	262,055
State and district assessments	370,830	-	-	-	370,830
Capital outlays	29,208	2,596	575,021	-	606,825
Debt service	242,061	-	-	-	242,061
Total expenditures	<u>4,459,364</u>	<u>744,437</u>	<u>575,021</u>	<u>14,957</u>	<u>5,793,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>272,886</u>	<u>65,462</u>	<u>(536,040)</u>	<u>14,513</u>	<u>(183,179)</u>
OTHER FINANCING SOURCES (USES):					
Long term debt, leases and subscription IT arrangements issued	25,808	912	285,838	-	312,558
Transfers in	-	45,509	59,779	364	105,652
Transfers out	(73,373)	(32,279)	-	-	(105,652)
Total other financing sources (uses)	<u>(47,565)</u>	<u>14,142</u>	<u>345,617</u>	<u>364</u>	<u>312,558</u>
Net change in fund balances	<u>225,321</u>	<u>79,604</u>	<u>(190,423)</u>	<u>14,877</u>	<u>129,379</u>
Fund balance - beginning of year	<u>1,606,956</u>	<u>370,756</u>	<u>277,429</u>	<u>130,666</u>	<u>2,385,807</u>
Fund balance - end of year	<u>\$ 1,832,277</u>	<u>\$ 450,360</u>	<u>\$ 87,006</u>	<u>\$ 145,543</u>	<u>\$ 2,515,186</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, 2024**

(Amounts in thousands)

Net change in fund balances - total governmental funds 129,379

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	579,126	
Depreciation expense	(162,898)	
Loss of disposals	(61)	
		416,167

Certain revenues in the statement of activities that are not reported as revenues in the governmental funds as they are not considered available 37,770

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	(285,430)	
Repayment of bonds, notes and equipment financing payable	204,108	
Bond premiums (net)	19,455	
Deferred loss on refunding	555	
Leases/SBITA's	(18,433)	
Workers compensation	(432)	
Net pension liability, net of deferred amounts	109,817	
Compensated absences	(17,980)	
Net other postemployment benefits liability, net of deferred amounts	(105,677)	
Judgements and claims	(83,741)	
Landfill closure and post closure costs	191	
Interest payable	394	
		(177,173)

Net operating income from the internal service fund, which is presented in the statement of activities, but not in the governmental funds (9,600)

Change in net position of governmental activities \$ **396,543**

See accompanying notes to the basic financial statements

Statement of Revenues and Expenditures

Budgetary Basis

General Fund – Budget and Actual

Year Ended June 30, 2024 (with comparative actual amounts for 2023)

(Amounts in thousands)

	2024					2023 Actual
	Original Budget	Final Budget	Actual	Increase (Decrease) Variance		
REVENUES AND OTHER AVAILABLE FUNDS:						
Real and personal property taxes, net	\$ 3,136,712	3,136,712	\$ 3,136,943	\$ 231	\$ 2,969,073	
Excises	245,400	259,400	328,302	68,902	298,136	
Commonwealth of Massachusetts	516,342	516,342	502,978	(13,364)	493,969	
Departmental and other revenue	79,185	79,185	107,743	28,558	100,140	
Fines	55,815	55,815	60,290	4,475	60,630	
Payments in lieu of taxes	68,465	68,465	88,580	20,115	102,298	
Investment income	29,004	29,004	162,661	133,657	88,335	
Licenses and permits	76,290	76,290	81,548	5,258	99,392	
Miscellaneous	-	-	-	-	267	
Other available funds	70,950	70,950	-	(70,950)	40,000	
Total revenues and other available funds	4,278,163	4,292,163	4,469,045	176,882	4,252,240	
EXPENDITURES:						
General government	209,896	174,637	174,628	9	190,784	
Human services	56,746	49,374	49,374	-	41,368	
Public safety	797,645	855,529	925,499	(69,970)	785,717	
Public works	146,984	142,353	142,352	1	134,889	
Property and development	92,181	96,610	96,610	-	79,719	
Parks and recreation	38,348	39,700	39,650	50	42,031	
Library	48,379	46,885	46,885	-	43,962	
Schools	1,445,728	1,445,875	1,445,846	29	1,379,456	
Boston Public Health Commission	130,309	131,565	131,565	-	120,802	
Judgments and claims	5,000	5,000	24,103	(19,103)	32,026	
Other employee benefits	278,445	267,430	267,430	-	268,302	
Retirement costs	394,601	427,281	427,281	-	387,491	
Debt requirements	247,844	239,094	239,094	-	198,243	
State and district assessments	386,057	370,830	370,830	-	354,899	
Total expenditures	4,278,163	4,292,163	4,381,147	(88,984)	4,059,689	
Excess of revenues and other available funds over expenditures	\$ -	\$ -	\$ 87,898	\$ 87,898	\$ 192,551	

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Net Position

Proprietary Fund

June 30, 2024

(Amounts in thousands)

	<u>Internal Service</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 91,864
Due from component unit	1,110
Total current assets	<u>92,974</u>
Noncurrent assets:	
Other assets	768
Total noncurrent assets	<u>768</u>
Total assets	\$ 93,742
LIABILITIES:	
Current liabilities:	
Accrued liabilities	32,657
Total current liabilities	\$ 32,657
NET POSITION:	
Unrestricted	61,085
Total net position	\$ 61,085

See accompanying notes to the basic financial statements

FISCAL YEAR ENDED JUNE 30, 2024

**Statement of Revenues, Expenses
and Changes in Net Position**
Proprietary Fund
Year Ended June 30, 2024
(Amounts in thousands)

	<u>Internal Service</u>
OPERATING REVENUES:	
Employee contributions	\$ 95,604
Employer contributions	206,538
Total operating revenues	<u>302,142</u>
OPERATING EXPENSES:	
Health benefits	311,742
Total operating expenses	<u>311,742</u>
Operating loss	<u>(9,600)</u>
Net position - beginning of year	<u>70,685</u>
Net position - end of year	<u><u>\$ 61,085</u></u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024
(Amounts in thousands)

	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 301,981
Cash paid to vendors	(292,529)
Net cash provided by operating activities	<u>9,452</u>
Cash and cash equivalents- beginning of year	82,412
Cash and cash equivalents- end of year	<u>\$ 91,864</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (9,600)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	13,254
Due from component units/recievables	(161)
Accrued liabilities	5,959
Net cash provided by operating activities	<u>\$ 9,452</u>

See accompanying notes to the basic financial statements

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

(Except Employee Retirement Plan, which is as of December 31, 2023)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ASSETS:			
Cash and cash equivalents	\$ 798,240	\$ 166,187	\$ 12,302
Receivables:			
Interest and dividends	78,037	-	-
Securities sold	15,747	-	-
Employer contributions	20,898	-	-
Other	10,157	6,736	-
Total receivables	124,839	6,736	-
Prepaid Expenses	287	-	-
Investments, at fair value:			
Short term:			
Domestic	53,653	-	-
International	14,097	-	-
Equity:			
Domestic	2,028,687	-	-
International	1,972,891	-	-
Fixed-income:			
Domestic	1,421,171	-	-
International	449,348	-	-
PRIT Pooled Fund	2,131,247	-	-
Real estate	674,136	-	-
Alternative	1,161,215	-	-
Total investments	9,906,445	-	-
Securities lending short-term collateral investment pool	299,921	-	-
Total assets	11,129,732	172,923	12,302
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	38,598	1,910	-
Securities purchased	32,856	-	-
Collateral held on securities lending	297,459	-	-
Total liabilities	368,913	1,910	-
DEFERRED INFLOW OF RESOURCES:			
Deferred amount for leases	-	6,270	-
Total deferred inflow of resources	-	6,270	-
NET POSITION RESTRICTED FOR INDIVIDUALS AND ORGANIZATIONS:			
Pension Benefits	9,586,431	-	-
OPEB Benefits	1,174,388	-	-
Other Purposes	-	164,743	12,302
Total Net Position Restricted for Individuals and Organizations	\$ 10,760,819	\$ 164,743	\$ 12,302

See accompanying notes to the basic financial statements

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2024

(Except Employee Retirement Plan, which is year ended December 31, 2023)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ADDITIONS:			
Contributions:			
Employers	\$ 664,869	\$ -	\$ -
Commonwealth of Massachusetts (nonemployer)	238,472	-	-
Employees	211,194	-	-
Donations and other	-	3,465	4,330
Total contributions	1,114,535	3,465	4,330
Investment earnings:			
Net appreciation in fair value of investments	359,176	-	-
Investment income	758,749	39,500	-
Less investment expenses	(66,760)	-	-
Net investment earnings	1,051,165	39,500	-
Securities lending activities:			
Securities lending income	13,102	-	-
Less borrower rebates and fees	(11,773)	-	-
Net income from securities lending activities	1,329	-	-
Total net investment income	1,052,494	39,500	-
Intergovernmental	10,576	-	-
Miscellaneous income	104	-	-
Total additions	2,177,709	42,965	4,330
DEDUCTIONS:			
Benefits	887,889	-	-
Reimbursements	10,811	-	-
Refunds of contributions	24,458	-	-
Administrative expenses and other	7,996	26,856	3,590
Total deductions	931,154	26,856	3,590
Change in net position	1,246,555	16,109	740
Net position - beginning of year	9,514,264	148,634	11,562
Net position - end of year	\$ 10,760,819	\$ 164,743	\$ 12,302

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS*June 30, 2024***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, 2023.
- 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, 2024.

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, 2024.

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 met eligibility requirements for \$385.7 million as of June 30, 2024.

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, 2024 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 general fund is the only fund that reports a positive unassigned fund balance. 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, 2024, 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 2024 were \$191 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, 2024:

- 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.

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. 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's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Statement No. 103, *Financial Reporting Model Improvements*. This Statement's objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major component Unit Information and Budgetary Comparison Information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosures of Certain Capital Assets*. This Statement's objective is to provide users of government financial statements with detailed information about capital assets in notes to the financial statements. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. *Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public partnerships and Availability Payments Arrangements*, should be disclosed separately by major class of underlying asset in the assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

3. Short Term Debt

During fiscal year 2024, 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, 2024 (in thousands):

	Revenue	Expenditures	Other financing uses, net	Excess of revenue and other financing sources
As reported on a budgetary basis	\$ 4,469,045	\$ 4,381,147	\$ -	\$ 87,898
Adjustments:				
Revenues to modified accrual basis	24,733	-	25,808	50,541
Expenditures, encumbrances, and accruals, net	-	(86,882)	-	86,882
On-behalf contribution for teachers pension	238,472	238,472	-	-
Other transfers	-	(73,373)	(73,373)	-
As reported on a GAAP basis	<u>\$ 4,732,250</u>	<u>\$ 4,459,364</u>	<u>\$ (47,565)</u>	<u>\$ 225,321</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, 2024, the City and the City of Boston Pooled Funds had uninsured and uncollateralized deposits and investments of \$893.8 million and \$199.5 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, 2024:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	\$ 250,665	\$ 250,665	\$ -	\$ -	\$ -
Institutional and mutual funds	44,602	999	11,302	28,852	3,449
U.S. Treasury and agency securities	624,436	227,791	298,935	22,301	75,409
State and local municipal obligations	2,238	4	1,205	138	891
Corporate debt instruments	133,951	1,737	74,025	28,203	29,986
International Government Bonds	12,052	3,377	2,636	3,335	2,704
Commercial Paper	309,519	309,519	-	-	-
Corporate Note	155,847	155,847	-	-	-
Certificate of deposits	137,605	137,605	-	-	-
	<u>\$ 1,670,915</u>	<u>\$ 1,087,544</u>	<u>\$ 388,103</u>	<u>\$ 82,829</u>	<u>\$ 112,439</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, 2024 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	\$ 250,665	Unrated
Institutional and mutual funds	44,602	AAA to A3
U.S. Treasury and agency securities	550,063	AAA to A3
U.S. Treasury and agency securities	74,373	Unrated
State and local municipal obligations	1,472	AAA to A3
State and local municipal obligations	123	Baa1 to B3
State and local municipal obligations	643	Unrated
Corporate debt instruments	33,942	AAA to A3
Corporate debt instruments	80,718	Baa1 to B3
Corporate debt instruments	450	Caa1 to C
Corporate debt instruments	18,841	Unrated
Commercial Paper	309,519	A1 to A1+
Corporate Note	155,847	A to AA+
International Government Bonds	1,532	AAA to A3
International Government Bonds	10,118	Baa1 to B3
International Government Bonds	68	Caa1 to C
International Government Bonds	334	Unrated
Certificate of deposits	137,605	A1 to A1+
	<u>\$ 1,670,915</u>	

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, 2024, the City of Boston Pooled Funds held international equity mutual funds valued at \$113.3 million and international government bonds valued at \$12.1 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.

U.S. 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, 2024 (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	\$ 250,665	\$ -	\$ -	\$ 250,665
Institutional and mutual funds	44,602	-	-	44,602
Equity securities	775,347	-	-	775,347
Real estate funds	-	-	61,184	61,184
Commercial Paper	309,519	-	-	309,519
Corporate Note	155,847	-	-	155,847
U.S. Treasury & agency securities	545,570	78,866	-	624,436
State and Local municipal obligations	23	2,215	-	2,238
Corporate debt instruments	28,634	105,317	-	133,951
International Government Bonds	3,391	8,661	-	12,052
Total Investments:	\$ 2,113,598	\$ 195,059	\$ 61,184	\$ 2,369,841

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, 2023, 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, 2023:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasury notes and bonds	\$ 261,448	\$ 4,375	\$ 143,058	\$ 57,707	\$ 56,308
U.S. agencies	137,983	-	808	2,886	134,289
Domestic corporate	1,134,694	1,653	212,765	54,590	865,686
Municipal	4,988	451	1,851	558	2,128
International corporate	11,783	255	8,693	2,241	594
International government	24,123	692	14,964	7,128	1,339
Asset-backed:					
CMOs	58,223	-	-	479	57,744
Other	59,579	-	19,327	11,499	28,753
	\$ 1,692,821	\$ 7,426	\$ 401,466	\$ 137,088	\$ 1,146,841

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, 2023 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, 2023 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	\$ 137,983	\$ -	\$ 1,602	\$ 202	\$ 423	\$ 203	\$ -	\$ -	\$ -	\$ 135,553
Domestic corporate	1,134,694	1,875	5,134	35,858	64,021	26,115	40,981	27,190	259	933,261
Municipal	4,988	63	3,814	981	130	-	-	-	-	-
International corporate	11,783	-	-	1,220	1,093	1,512	3,624	4,320	-	14
International government	24,123	401	673	8,218	7,109	3,783	2,283	1,305	-	351
Asset-backed:										
CMOs	58,223	10,855	106	-	-	-	-	-	-	47,262
Other	59,579	33,075	293	1,597	5,148	5,271	761	-	-	13,434
	<u>\$ 1,431,373</u>	<u>\$ 46,269</u>	<u>\$ 11,622</u>	<u>\$ 48,076</u>	<u>\$ 77,924</u>	<u>\$ 36,884</u>	<u>\$ 47,649</u>	<u>\$ 32,815</u>	<u>\$ 259</u>	<u>\$ 1,129,875</u>

In addition to the above schedule, the System has approximately \$261.0 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 6.1% of the System's total investments as of December 31, 2023. 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
Argentina	\$ 192	\$ -	\$ 34,974	\$ -	\$ 35,166
Austria	-	-	1,247	-	1,247
Belgium	-	-	2,187	-	2,187
Canadian dollar	18	-	19,782	-	19,800
Danish krone	6	-	32,334	-	32,340
Euro currency	2,329	-	-	(2,128)	201
Finland	-	-	13,517	-	13,517
France	-	-	83,356	-	83,356
Germany	-	-	42,243	-	42,243
Hong Kong dollar	-	-	13,477	-	13,477
Ireland	-	-	4,006	-	4,006
Israel	30	-	745	-	775
Italy	-	-	21,159	-	21,159
Japanese yen	26	-	133,301	-	133,327
Korea	45	-	-	-	45
Luxembourg	-	-	3,757	-	3,757
Netherlands	-	-	34,393	-	34,393
Norwegian krone	-	-	2,985	-	2,985
Pound sterling	201	-	75,713	8,487	84,401
Singapore dollar	40	-	9,391	-	9,431
Spain	-	-	22,266	-	22,266
Swedish krona	34	-	20,500	-	20,534
Swiss franc	94	-	74,825	-	74,919
Undetermined	-	-	68	-	68
Total securities subject to foreign currency risk	\$ 3,015	\$ -	\$ 646,226	\$ 6,359	\$ 655,600
U.S. dollars (securities held by international investment managers)	-	43,091	372,450	-	415,541
Total international investment securities	\$ 3,015	\$ 43,091	\$ 1,018,676	\$ 6,359	\$ 1,071,141

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, 2023, the System had the following amounts invested in the PRIT fund (in thousands):

General allocation account	\$ 2,131,247
Cash fund	239,260
Total PRIT pooled funds	<u>\$ 2,370,507</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, 2023, there were no derivative contracts outstanding.

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, 2023. 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, 2023, the fair value of securities loaned by the System amounted to \$375.8 million, against which was held collateral of \$387.9 million as follows (in thousands):

Short-term collateral investment pool	\$ 297,459
Noncash collateral	90,471
Total	<u>\$ 387,930</u>

Securities lending income earned by the System is recorded on the accrual basis and was approximately \$13.1 million for the year ended December 31, 2023. Associated borrower and rebates and fees were \$11.8 million for the year ended December 31, 2023.

j. Commitments

At December 31, 2023, the System had contractual commitments to provide \$535.3 million of additional funding to private equity funds, and \$245.1 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, 2023 (in thousands):

	Fair Value Measurements Using:		
	Total at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Short-term:			
Domestic	\$ 53,653	\$ 53,653	\$ -
International	14,097	14,097	-
Total short-term	67,750	67,750	-
U.S. equities:			
Large cap core	707,212	707,212	-
Large cap growth	113,410	113,410	-
Large cap value	370,268	370,268	-
Small cap core	192,040	192,040	-
Small cap growth	131,460	131,460	-
Small cap value	112,984	112,984	-
Total U.S. equities	1,627,374	1,627,374	-
International equities	1,635,278	1,635,278	-
Fixed income securities:			
U.S. treasury securities	261,448	261,448	-
Corporate debt securities	1,134,694	-	1,134,694
Global multi-sector fixed income	35,906	-	35,906
Municipal	4,988	-	4,988
Collateralized mortgage obligations	58,223	-	58,223
Other asset backed securities	59,579	-	59,579
U.S. Agencies	137,983	-	137,983
Total fixed income securities	1,692,821	261,448	1,431,373
Total investments by fair value level	5,023,223	3,591,850	1,431,373
Government external investment pool:			
PRIT fund	2,131,247		
Investments measured at the net asset value (NAV):			
Hedge fund of funds	349,495		
Private equity funds	729,531		
Private real estate funds	620,549		
Total investments measured at the NAV	1,699,575		
Total investments at fair value	\$ 8,854,045		

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	\$ 349,495	\$ -	Quarterly	60-90 days
Real estate funds ²	729,531	535,293	-	-
Private equity funds ³	620,548	245,114	-	-

1. Global Multi-strategy Hedge Fund of Funds. This type includes investments in 6 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 39 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 63 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 5, 2023, all properties with unpaid fiscal year 2023 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	\$ 25,751	\$ -	\$ -	\$ -	\$ 25,751
Motor vehicle/boat excise	42,583	-	-	-	42,583
Intergovernmental	10,186	263,316	32,565	-	306,067
Lease receivable	5,550	1,277	-	-	6,827
Departmental and other	27,550	18,742	-	324	46,616
Tax Title and possession	72,597	-	-	-	72,597
Gross receivables	184,217	283,335	32,565	324	500,441
Less allowance for uncollectibles	(99,808)	-	-	-	(99,808)
Net total receivables	\$ 84,409	\$ 283,335	\$ 32,565	\$ 324	\$ 400,633

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, 2024, under this program, the City was due funds of \$17.5 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, 2024, 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, 2024 by tax abatement program (in thousands):

Tax Abatement Program (1)	Estimated Tax Amount	In Lieu of Tax Payments	Estimated Taxes Abated
121A Urban Redevelopment	\$ 45,070	\$ 34,101	\$ 10,969
121B Urban Redevelopment	19,029	15,320	3,709
Tax Increment Financing	8,589	7,280	1,309
Total	\$ 72,688	\$ 56,701	\$ 15,987

(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	1	23	1	2
Terms	330 Months	21 - 152 months	51 Months	70 - 72 Months
Interest Rates	1.52%	0.075% - 2.616%	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, 2024 were valued as follows (in thousands):

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease receivable - current portion	\$ 2,611	\$ 319	\$ -	\$ 2,930	\$ 217
Lease receivable - noncurrent portion	2,939	958	-	3,897	2,145
Total lease receivable	<u>\$ 5,550</u>	<u>\$ 1,277</u>	<u>\$ -</u>	<u>\$ 6,827</u>	<u>\$ 2,362</u>
Deferred inflows of resources	<u>\$ 6,107</u>	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 7,383</u>	<u>\$ 2,306</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>\$2,352</u>	<u>\$623</u>	<u>\$97</u>	<u>\$3,072</u>	<u>\$224</u>
Interest revenue	<u>\$56</u>	<u>\$2</u>	<u>\$-</u>	<u>\$58</u>	<u>\$15</u>

8. Capital Asset

Capital asset activity for the governmental activities for the year ended June 30, 2024 was as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 43,429	\$ 6	\$ -	\$ 43,435
Construction in progress	415,330	564,946	(239,525)	740,751
Total capital assets not being depreciated	<u>458,759</u>	<u>564,952</u>	<u>(239,525)</u>	<u>784,186</u>
Capital assets being depreciated:				
Land improvements	419,530	32,854	-	452,384
Buildings and improvements	3,041,537	113,480	-	3,155,017
Furniture and equipment	616,150	48,414	(4,559)	660,005
Infrastructure	1,150,797	58,951	(92)	1,209,656
Total capital assets being depreciated	<u>5,228,014</u>	<u>253,699</u>	<u>(4,651)</u>	<u>5,477,062</u>
Less accumulated depreciation for:				
Land improvements	210,482	18,200	-	228,682
Buildings and improvements	1,572,980	75,279	-	1,648,259
Furniture and equipment	497,834	35,736	(4,498)	529,072
Infrastructure	475,204	33,683	(92)	508,795
Total accumulated depreciation	<u>2,756,500</u>	<u>162,898</u>	<u>(4,590)</u>	<u>2,914,808</u>
Total capital assets being depreciated, net	<u>2,471,514</u>	<u>90,801</u>	<u>(61)</u>	<u>2,562,254</u>
Governmental activities capital assets, net excluding lease assets	<u>\$ 2,930,273</u>	<u>\$ 655,753</u>	<u>\$ (239,586)</u>	<u>3,346,440</u>
Lease and subscription IT assets-net, note 11				<u>38,518</u>
Total capital assets reported in the statement of net position				<u>\$ 3,384,958</u>

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

General government	\$ 10,134
Human services	5,041
Public safety	8,498
Public works, including depreciation of general infrastructure assets	18,203
Property and development	14,116
Parks and recreation	345
Library	26,317
Schools	31,811
Public health	48,433
Total depreciation expense - governmental activities	<u>\$ 162,898</u>

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

Individual fund receivable and payable balances at June 30, 2024 are as follows (in thousands):

Interfund balances	Receivable	Payable
General	\$ 839	\$ 352
Special revenue	3,322	3,671
Non-major governmental funds	73	211
Balances at June 30, 2024	\$ 4,234	\$ 4,234

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, 2024 are as follows (in thousands):

Discrete component unit balances	Receivable	Payable
Primary government:		
General	\$ 98	\$ 2,180
Internal Service	1,110	-
Balances at June 30, 2024	1,208	2,180
Discretely presented component units:		
TPL	-	566
BPHC	2,180	345
BPDA	-	297
Balances at June 30, 2024	\$ 3,388	\$ 3,388

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, 2024 (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%	\$ 1,674,905	\$ 250,000	\$ 170,090	\$ 1,754,815	\$ 192,785
Add (deduct):						
					212,717	
					(192,785)	
					\$ 1,774,747	
	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Notes payable	2-5%	\$ 18,069	\$ -	\$ 959	\$ 17,110	\$ 993
Equipment financing payable		74,577	35,430	33,059	76,948	30,210
Judgements and claims		21,920	91,121	14,080	98,961	10,154
Tax abatements		69,500	21,990	15,290	76,200	25,100
Workers' compensation		182,827	60,251	59,819	183,259	58,616
Health and life claims		26,687	312,905	311,741	27,851	27,851
Compensated absences		256,215	109,257	91,277	274,195	76,498
Landfill closure and postclosure care costs		5,288	-	191	5,097	350
Pollution remediation		500	-	-	500	-
Other postemployment benefits		2,343,584	437,842	183,865	2,597,561	-
Net pension liability		1,874,239	295,943	662,531	1,507,651	-
Total bonds, notes, and other long-term obligations, excluding lease liabilities		\$ 4,873,406	\$ 1,364,739	\$ 1,372,812	4,865,333	229,772
Lease and subscription IT liabilities, note 11					36,730	16,411
Total bonds, notes, leases, and other long-term obligations					\$ 6,676,810	\$ 438,968

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, 2024, including subsidies to be received for Build America Bonds and Qualified School Construction Bonds, are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>	<u>Total</u>
General Obligation Bonds:				
Year(s) ending June 30:				
2025	\$ 192,785	\$ 75,366	\$ (1,366)	\$ 266,785
2026	176,430	63,928	(814)	239,544
2027	157,965	56,104	(254)	213,815
2028	138,140	49,980	(202)	187,918
2029	125,090	44,437	(133)	169,394
2030-2034	524,575	155,471	(68)	679,978
2035-2039	294,175	67,636	-	361,811
2040-2044	145,655	12,510	-	158,165
	<u>\$ 1,754,815</u>	<u>\$ 525,432</u>	<u>\$ (2,837)</u>	<u>\$ 2,277,410</u>
Notes Payable:				
Year(s) ending June 30:				
2025	\$ 993	\$ 447	\$ -	\$ 1,440
2026	1,054	423	-	1,477
2027	1,135	397	-	1,532
2028	1,146	369	-	1,515
2029	1,183	341	-	1,524
2030-2033	7,309	942	-	8,251
2034-2036	4,291	137	-	4,428
	<u>\$ 17,111</u>	<u>\$ 3,056</u>	<u>\$ -</u>	<u>\$ 20,167</u>
Equipment financing payable:				
Year(s) ending June 30:				
2025	\$ 30,210	\$ 2,279	\$ -	\$ 32,489
2026	20,642	1,441	-	22,083
2027	12,694	786	-	13,480
2028	7,261	414	-	7,675
2029	3,825	190	-	4,015
2030-2031	2,316	86	-	2,402
	<u>\$ 76,948</u>	<u>\$ 5,196</u>	<u>\$ -</u>	<u>\$ 82,144</u>

On January 25, 2024, the City issued \$250.0 million 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, 2024 was approximately \$20.9 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, 2024, the City may issue \$7.09 billion of additional general obligation debt under the debt limit. General obligation debt of \$2.56 billion, subject to the debt limit, and \$219.2 million, exempt from the debt limit, are authorized but unissued as of June 30, 2024.

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	13	470
Terms	34 - 120 Months	36 - 60 months
Interest Rates	0.198% - 2.848%	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	38
Terms	16 - 39 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, 2024 was as follows (in thousands):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Lease assets:				
Buildings	\$ 15,471	\$ 11,869	\$ 980	\$ 26,360
Equipment	7,831	-	249	7,582
Subscription IT assets	21,009	15,186	4,004	32,191
Total	<u>44,311</u>	<u>27,055</u>	<u>5,233</u>	<u>66,133</u>
Less accumulated amortization for lease assets:				
Buildings	3,903	4,139	980	7,062
Equipment	3,990	2,086	249	5,827
Accumulated amortization for subscription IT assets	7,066	11,664	4,004	14,726
Total	<u>14,959</u>	<u>17,889</u>	<u>5,233</u>	<u>27,615</u>
Total lease and subscription IT assets - net	<u>\$ 29,352</u>	<u>\$ 9,166</u>	<u>\$ -</u>	<u>\$ 38,518</u>

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

General government	\$ 10,280
Public safety	864
Property and development	1,384
Library	43
Human Services	423
Schools	4,895
Total	<u>\$ 17,889</u>

The following is a summary of changes in lease and subscription IT liabilities for the year ended June 30, 2024 (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	\$ 15,587	\$ 11,869	\$ 5,936	\$ 21,520	\$ 5,476
Subscription IT liabilities	12,520	15,064	12,374	15,210	10,935
Total governmental activities	<u>\$ 28,107</u>	<u>\$ 26,933</u>	<u>\$ 18,310</u>	<u>\$ 36,730</u>	<u>\$ 16,411</u>

Payments under lease agreements and subscription IT arrangements are subject to annual appropriation and 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, 2024 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2025	\$ 5,476	\$ 379	\$ 5,855
2026	3,812	298	4,110
2027	2,203	236	2,439
2028	1,732	195	1,927
2029	1,661	163	1,824
2030 - 2034	6,636	311	6,947
Total	<u>\$ 21,520</u>	<u>\$ 1,582</u>	<u>\$ 23,102</u>

The annual debt service requirements of the City’s subscription IT liabilities as of June 30, 2024 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2025	\$ 10,935	\$ 414	\$ 11,349
2026	4,224	122	4,346
2027	51	1	52
Total	<u>\$ 15,210</u>	<u>\$ 537</u>	<u>\$ 15,747</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, 2023 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, 2023).

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, 2023:

Active plan members	20,511
Retirees and beneficiaries receiving benefits	15,005
Inactive members entitled to, but not yet receiving benefits	1,482
Inactive members entitled to a return of contributions	14,038
Total membership	51,036
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, 2023, the System was due \$706.9 million from all employers and the Commonwealth and received \$706.9 million in these contributions. For the year ended June 30, 2024, inclusive of contributions related to SCSD, and exclusive of contributions related to the City’s teachers, the City’s required contribution was \$378.1 million. The actual contribution was \$378.1 million, as well as a \$32.0 million contribution subsequent to the measurement date (contributions made after the measurement date of the net pension liability, but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year). For the year ended June 30, 2024, the Commonwealth’s required and actual contribution related to City Teachers was \$238.5 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, 2023 is as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 2,209,020	Active members’ contribution balance
Annuity reserve fund	405,706	Retired members’ contribution account
Military service fund	1,107	Members’ contribution account while on military leave
Pension reserve fund	5,873,384	Amounts appropriated to fund future retirement benefits
Pension fund	1,097,214	Remaining net position
	<u>\$ 9,586,431</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, 2024, the City reported a liability of \$1.39 billion for its proportionate share of the BRS net pension liability measured as of December 31, 2023. 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, 2023 were as follows (in thousands):

City’s proportionate share of net pension liability	\$ 1,386,281
Commonwealth’s proportionate share of net pension liability associated with the City	2,595,736
Total	<u>\$ 3,982,017</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, 2023, the City was allocated 100% of the net pension liability for SCSD retirees and 84.86% of the remaining non-teacher group based on its proportion of 2023 required employer contributions related to this group. The City’s proportion of the collective BRS net pension liability at December 31, 2023 was 32.77% compared to 36.96% at December 31, 2022.

For the year ended June 30, 2024, in the Government-wide financial statements, the City recognized pension expense of \$472.4 million and revenue of \$192.5 million related to the Commonwealth special funding situations. At June 30, 2024, 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	-	\$ 59,489
Difference between projected and actual investment	321,179	-
Changes in assumptions	115,164	-
Changes in employer proportion	18,502	892
Employer contributions made subsequent to the measurement date	32,000	-
	<u>\$ 486,845</u>	<u>\$ 60,381</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024 related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	
2025	\$ 147,248
2026	122,978
2027	174,939
2028	(51,548)
2029	846
	<u>\$ 394,463</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, 2023 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, 2023. The measurement of the total pension liability at December 31, 2023 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, 2023 for BRS, excluding Teachers, are summarized below:

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	23%	6.29%
International developed markets equity	16	6.39
International emerging markets equity	8	7.63
Core fixed income	18	1.72
High yield fixed income	5	3.43
Emerging market debt	4	3.53
Real estate	10	3.24
Timber	0	3.72
Hedge fund, GTAA, risk parity	5	2.87
Private equity	11	9.43
	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, 2024	\$ 2,253,902	\$ 1,386,281	\$ 655,084

j. Special Legislation 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 Special Legislation 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 Special Legislation Retirees, the City is providing such benefits to 37 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 Special Legislation retirees and beneficiaries is \$121.4 million as of June 30, 2024.

The actuarial valuation as of July 1, 2024 was used to determine the City's pension liability and pension expense (in thousands) as of June 30, 2024:

Total Pension liability	\$ 121,370
Plan net pension liability	\$ 121,370
Plan fiduciary net position as a percentage of the total pension liability	-%
Interest	\$ 3,923
Recognized portion of current year assumption changes	(6,828)
Differences between expected and actual experience	19,009
Pension expense (income)	\$ 16,104

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 3.93% as of June 30, 2024 and 3.65% as of June 30, 2023, 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 12(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 Special Legislation Retirees and Beneficiaries as of June 30, 2024, calculated using a discount rate of 3.93% as well as what the City's 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 (2.93%) or 1- percentage point higher (4.93%) than the current rate:

City of Boston Special Legislation net pension liability				
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)	
June 30, 2024	\$ 142,400	\$ 121,370	\$ 104,992	

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, 2023, the most recent actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

	City	PHC
Active Plan members	15,192	836
Inactive members receiving benefits	14,993	396
Total membership	30,185	1,232

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, 2023, 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, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 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)

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

- Non-Medicare trend rate: 8.0% decreasing by 0.25% for 14 years to an ultimate level of 4.5% per year. Medical Plans - Self Insured Medical with PDP trend rate: 10.62% for one year, 11.88% for one year, then 7.5% graded by 0.25% for 12 years to an ultimate level of 4.5% per year. Medicare Plans - Fully Insured trend rate: 8.67% for one year, 11.09% for one year, then 7.5% graded by 0.25% for 12 years to an ultimate trend of 4.5% per year. Medicare Part B: 4.5% per year. Contributions: Retiree contributions for medical and prescription drug coverage are expected to increase with medical trends. Contributions are adjusted for increases in contribution percentages negotiated in the 2020-2025 PEC Agreement
- 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	35%	6.29%
International developed markets equity	13.5	6.39
International emerging markets equity	9.5	7.63
Core Fixed Income	21	1.72
High Yield Fixed Income	8	3.43
Real Estate	5	3.24
Hedge fund, GTAA, Risk Parity	8	2.87
Total	100%	

e. Net OPEB Liability

The components of the net OPEB liability for the City's Plan as of June 30, 2024, presented below on the June 30, 2024 measurement date and the actuarial assumptions are outlined above (in thousands):

	City
Total OPEB Liability	\$ 3,722,060
Plan Fiduciary Net Position	(1,124,499)
Net OPEB Liability	<u>\$ 2,597,561</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>30.21%</u>

f. Change in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2023	\$ 3,283,838	\$ 940,254	\$ 2,343,584
Changes for the year:			
Service cost	88,925	-	88,925
Interest	206,370	-	206,370
Differences between expected and actual experience	(127,937)	-	(127,937)
Changes in assumptions	414,729	-	414,729
Contributions - employer	-	183,864	(183,864)
Net investment income	-	144,246	(144,246)
Benefit payments	(143,865)	(143,865)	-
Net changes	<u>438,222</u>	<u>184,245</u>	<u>253,977</u>
Balances at June 30, 2024	<u>\$ 3,722,060</u>	<u>\$ 1,124,499</u>	<u>\$ 2,597,561</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, 2024 (in thousands):

	5.25%	6.25%	7.25%
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 3,132,641	\$ 2,597,561	\$ 2,158,622

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	\$ 2,082,302	\$ 2,597,561	\$ 3,245,876

g. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense of \$289 million.

At June 30, 2024, 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	\$ 430,144	\$ 121,412
Net difference between projected and actual earnings	-	53,145
Differences between expected and actual experience	87,233	114,093
Total	\$ 517,377	\$ 288,650

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
2025	\$ 50,078
2026	73,999
2027	9,405
2028	14,146
2029	40,129
2030	40,970
Total	\$ 228,727

14. Transfers

Transfers and their purposes during the year ended June 30, 2024 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Debt Service	\$ (364)	\$ -	\$ -	\$ 364
Housing 2030	(39,889)	39,889	-	-
Local Cultural Council Program	(275)	275	-	-
Mitigation Fund	(12)	12	-	-
Parking Meter Fees	-	(29,405)	29,405	-
Participatory Budgeting	(1,333)	1,333	-	-
Sale of Property to Capital Grants	-	-	27,500	-
TNC Surcharge	-	(2,874)	2,874	-
Youth Development Fund	(31,500)	4,000	-	-
Total	\$ (73,373)	\$ 13,230	\$ 59,779	\$ 364

15. Excess of Expenditures over Budgets

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2024 in the following categories (in thousands):

Police Department	\$ 54,684
Fire Department	15,288
Execution of Courts	19,103
	\$ 89,075

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, 2024 are as follows (in thousands):

	General	Special Revenue	Capital Projects	Other governmental funds
Fund Balances:				
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	24,161	-	-
General government	-	-	54,135	71,645
Public Works	-	-	27,318	-
Property and Development	-	12,207	-	31,951
Parks and recreation	-	-	5,553	-
Schools	-	-	-	20,443
Subtotal	-	36,368	87,006	124,039
Assigned to:				
Property and development	39,690	-	-	-
Catastrophic loss	41,810	-	-	-
Housing initiative	18,965	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	129,878	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	211,978	413,992	-	-
Subtotal	489,483	413,992	-	-
Unassigned	1,342,794	-	-	-
Total fund balances	\$ 1,832,277	\$ 450,360	\$ 87,006	\$ 145,543

17. Commitments and Contingencies

a. Encumbrances

The City has assigned \$212.0 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$226.7 million in the Special Revenue Fund, \$460.3 million in the Capital Projects Fund, and \$3.0 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, 2024. 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, 2024.

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, 2024.

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 2024, the City appropriated \$129.9 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 \$140.1 million for the BPHC for fiscal year 2025.

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 \$41.8 million at the end of fiscal 2024. 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 5 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, 2024 and 2023 are as follows (in thousands):

	Internal service fund	
	2024	2023
Health and life claims, beginning of year	\$ 26,687	\$ 30,371
Incurred claims	312,905	296,763
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	(311,741)	(300,447)
Health and life claims, end of year	<u>\$ 27,851</u>	<u>\$ 26,687</u>
	Government-wide statements	
	2024	2023
Judgments and claims, beginning of year	\$ 274,247	\$ 249,122
Incurred claims	173,362	114,935
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers' compensation	(59,819)	(50,528)
Tax abatement liability	(15,290)	(12,251)
Court judgments	(14,080)	(27,031)
Judgments and claims, end of year	<u>\$ 358,420</u>	<u>\$ 274,247</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, 2024

(In thousands)

	BPHC	BPDA	TPL	EDIC	Total
Assets:					
Current assets:					
Cash and investments	\$ 93,756	\$ 49,350	\$ 4,626	\$ 72,814	\$ 220,546
Cash and investments held by trustee	-	-	31,054	-	31,054
Receivables, net:					
Leases receivable, current	-	5,008	443	4,029	9,480
Other	24,514	11,752	1,534	26,356	64,156
Other assets	4,334	228	1,686	612	6,860
Due from primary government	2,180	-	-	-	2,180
Total current assets	124,784	66,338	39,343	103,811	334,276
Noncurrent assets:					
Cash and investments held by trustee	-	-	68,281	-	68,281
Notes and other receivables:					
Notes receivable	48,793	88,070	215	-	137,078
Lease receivable, net	39,609	157,078	478	1,715,322	1,912,487
Interest receivable	-	-	-	-	-
Accrued interest receivable on leases	-	3,092	-	51,340	54,432
Disposition receivable	-	28,708	-	-	28,708
OPEB Asset	-	6,764	-	-	6,764
Other	-	-	-	2,256	2,256
Capital assets, net:					
Nondepreciable	14,082	7,826	-	11,601	33,509
Depreciable assets, net	11,901	20,921	609	34,358	67,789
Right of use lease assets, net	2,499	5,620	1,431	1,064	10,614
Subscription IT assets, net	-	-	-	269	269
Total noncurrent assets	116,884	318,079	71,014	1,816,210	2,322,187
Total assets	241,668	384,417	110,357	1,920,021	2,656,463
Deferred outflows of resources:					
Deferred amount for pension costs	35,910	3,950	-	-	39,860
Deferred amount for other postemployment benefits costs	18,071	972	-	-	19,043
Total deferred outflows of resources	53,981	4,922	-	-	58,903
Liabilities:					
Current liabilities:					
Warrants and accounts payable	27,928	6,667	1,455	14,797	50,847
Accrued liabilities:					
Other	650	-	816	476	1,942
Current portion of long-term debt	1,578	-	-	-	1,578
Compensated absences	-	-	-	1,211	1,211
Due to primary government	345	297	566	-	1,208
Pollution remediation	-	320	-	-	320
Subscription agreement liability	-	-	614	96	710
Unearned revenue	7,802	1,804	730	1,520	11,856
Leases obligations/payable	836	-	-	241	1,077
Total current liabilities	39,139	9,088	4,181	18,341	70,749
Noncurrent liabilities:					
Bonds, notes and leases due					
in more than one year	3,606	7,501	-	896	12,003
Other noncurrent liabilities	1,725	125,557	-	1,749	129,031
Other postemployment benefits	81,340	-	-	-	81,340
Subscription agreement liability LT	-	-	792	54	846
Unearned revenue	48,425	28,708	-	-	77,133
Net pension liability	109,666	11,596	-	-	121,262
Total noncurrent liabilities	244,762	173,362	792	2,699	421,615
Total liabilities	283,901	182,450	4,973	21,040	492,364
Deferred inflows of resources:					
Deferred amount for pension costs	9,875	3,057	-	-	12,932
Deferred amount for other postemployment benefits costs	50,068	2,122	-	-	52,190
Deferred amount for leases	39,759	153,715	871	1,657,248	1,851,593
Total deferred inflows of resources	99,702	158,894	871	1,657,248	1,916,715
Net position:					
Net investment in capital assets	22,462	-	634	47,291	70,387
Restricted	-	25,867	89,856	704	116,427
Unrestricted	(110,416)	22,128	14,023	193,738	119,473
Total net position	\$ (87,954)	\$ 47,995	\$ 104,513	\$ 241,733	\$ 306,287

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2024
(in thousands)

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 237,188	\$ 35,886	\$ 21,682	\$ 94,608	\$ 389,364
Program revenues:					
Charges for services	29,014	38,256	2,999	44,622	114,891
Operating grants and contributions	96,709	-	14,710	53,818	165,237
Total program revenues	125,723	38,256	17,709	98,440	280,128
Net program revenues (expenses)	(111,465)	2,370	(3,973)	3,832	(109,236)
General revenues:					
Investment income	5,430	1,570	7,708	3,179	17,887
Investment income from leases	1,439	3,136	-	32,196	36,771
Sale of property	41	3,587	-	-	3,628
City appropriation	129,907	-	-	-	129,907
Miscellaneous income	3,435	154	2,303	805	6,697
Total general revenues	140,252	8,447	10,011	36,180	194,890
Change in net position	28,787	10,817	6,038	40,012	85,654
Net position, beginning of year	(116,741)	37,178	98,475	201,721	220,633
Net position - end of year	\$ (87,954)	\$ 47,995	\$ 104,513	\$ 241,733	\$ 306,287

ANNUAL COMPREHENSIVE FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
(Unaudited)

Schedule of OPEB Contributions - OPEB
(Amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 252,597	\$ 213,343	\$ 203,857	\$ 188,972	\$ 182,364	\$ 199,400	\$ 190,991	\$ 167,787
Contributions in relation to the actuarially determined contribution	183,864	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Contribution surplus (deficiency)	\$ (68,733)	\$ (45,375)	\$ (31,708)	\$ (18,412)	\$ (17,861)	\$ (23,382)	\$ (31,025)	\$ (10,323)
Covered payroll	\$2,264,436	\$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	8.12%	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, 2024 was determined with the June 30, 2023 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2024

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:	22 years as of July 1, 2023
Asset valuation method:	Market Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare trend rate: 8.0% decreasing by 0.25% for 14 years to an ultimate level of 4.5% per year Medicare Plans - Self-Insured Medical with PDP trend rate: 10.62% for one year, 11.88% for one year, then 7.5% graded by 0.25% for 12 years to ultimate level of 4.5% per year Medicare Plans - Fully Insured trend rate: 8.67% for one year, 11.09% for one year, then 7.5% graded by 0.25% for 12 years to an ultimate level of 4.5% per year Medicare Part B premiums: 4.5% per year
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, 2024

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2024
(Amounts in thousands)

Total OPEB Liability

	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 88,925	\$ 85,997	\$ 79,852	\$ 77,223	\$ 72,030	\$ 69,659	\$ 67,365	\$ 65,146
Interest	206,370	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	(127,937)	(5,890)	148,512	(528)	4,981	6,624	700	(1,717)
Changes of assumptions	414,729	-	(212,471)	-	261,316	-	-	-
Benefit payments, including refunds of employee contributions	(143,865)	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Net Change in total OPEB liability	438,222	149,474	75,826	129,978	(81,024)	134,724	133,714	123,122
Total OPEB liability - beginning	3,283,838	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	3,722,060	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	183,864	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Net investment income, net	144,246	76,087	(77,643)	166,540	21,035	33,624	27,656	47,156
Benefit payments, including refunds of employee contributions	(143,865)	(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	184,245	116,088	(37,648)	206,535	61,030	73,620	67,644	87,151
Plan fiduciary net position - beginning	940,254	824,166	861,814	655,279	594,249	520,629	452,986	365,835
Plan fiduciary net position - ending	1,124,499	940,254	824,166	861,814	655,279	594,249	520,630	452,986
								\$
Net OPEB liability	<u>\$ 2,597,561</u>	<u>\$ 2,343,584</u>	<u>\$ 2,310,198</u>	<u>\$ 2,196,724</u>	<u>\$ 2,273,281</u>	<u>\$ 2,415,335</u>	<u>\$ 2,354,230</u>	<u>2,288,160</u>
Plan fiduciary net position as a percentage of the total								
OPEB Liability	30.21%	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	114.71%	115.24%	124.02%	121.27%	127.94%	142.34%	146.05%	144.57%
Covered payroll	2,264,436	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, 2024:

The per capita health care cost, retiree contributions, and trend assumptions were updated,

The actuarial factors used to estimate individual retiree and spouse cost by age and gender were updated,

The medicare trend was adjusted to estimate the impact of the inflation Reduction Act on Medicare Prescription Drug Plans

Changes in Plan Provisions:

Changes as of June 30, 2024: (None)

Schedule of City's Proportionate Share of the Net Pension Liability - Boston Retirement System

(Amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	32.77%	36.96%	28.83%	32.80%	35.96%	36.32%	32.04%	35.66%	36.78%	36.82%
City's proportionate share of the net pension liability	\$ 1,386	\$ 1,765	\$ 998	\$ 1,303	\$ 1,639	\$ 1,665	\$ 1,288	\$ 1,484	\$ 1,622	\$ 1,417
Commonwealth's proportionate share of net pension liability associated with the City	2,596	2,692	2,277	2,429	2,587	2,451	2,451	2,345	2,426	2,092
Total	\$ 3,982	\$ 4,457	\$ 3,275	\$ 3,732	\$ 4,226	\$ 4,116	\$ 3,739	\$ 3,829	\$ 4,048	\$ 3,509
City's covered payroll (for the period ended on the measurement date December 31)	\$ 1,925	\$ 1,864	\$ 1,776	\$ 1,720	\$ 1,661	\$ 1,609	\$ 1,547	\$ 1,475	\$ 1,475	\$ 1,423
City's proportionate share of the net pension liability as a percentage of covered payroll	72.00%	94.69%	56.19%	75.76%	98.68%	103.48%	83.26%	100.61%	109.97%	99.58%
BRS fiduciary net position as a percentage of the total pension liability	69.39%	64.12%	73.26%	67.64%	61.91%	58.27%	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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 378	\$ 348	\$ 313	\$ 284	\$ 257	\$ 234	\$ 193	\$ 193	\$ 179	\$ 165
Contributions in relation to the actuarially determined contribution	378	348	313	284	257	234	193	205	179	165
Contribution surplus (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -
Covered payroll (for the fiscal year ended June 30)	\$ 2,222	\$ 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	17.01%	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, 2024

(Amounts in thousands)

	<u>2024</u>
ASSETS:	
Cash and investments	\$ 2,037,489
Receivables:	
Property taxes	25,751
Motor vehicle / boat excise	42,583
Intergovernmental	10,186
Departmental and other	33,100
Tax title and possession	72,597
Total Receivables	<u>184,217</u>
Allowance:	
Motor vehicle / boat excise	(27,212)
Tax title and possession	(72,596)
Total Allowance	<u>(99,808)</u>
Net receivable	<u>84,409</u>
Due from other funds	839
Due from component units	98
Total assets	\$ <u>2,122,835</u>
LIABILITIES:	
Warrants and accounts payable	\$ 67,423
Accrued liabilities:	
Payroll and related costs	149,573
Deposits and other	31,778
Due to other funds	352
Due to component units	2,180
Total liabilities	\$ <u>251,306</u>
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	<u>39,252</u>
FUND BALANCE:	
Assigned	489,483
Unassigned	1,342,794
Total fund balance	<u>1,832,277</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>2,122,835</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, 2024

(Amounts in thousands)

	<u>2024</u>
REVENUES:	
Real and personal property taxes	\$ 3,168,381
Excises	328,318
Payments in lieu of taxes	87,286
Fines	60,429
Investment income	162,717
Licenses and permits	78,625
Departmental and other	108,173
Intergovernmental	738,321
Total Revenues	<u>4,732,250</u>
EXPENDITURES:	
Current:	
General government	157,070
Human services	45,171
Public safety	914,787
Public works	136,535
Property and development	53,176
Parks and recreation	37,641
Library	46,966
Schools	1,362,179
Public health programs	130,350
Judgments and claims	14,080
Retirement costs	657,255
Other employee benefits	262,055
State and district assessments	370,830
Total current expenditures	<u>4,188,095</u>
Capital outlays	29,208
Debt service	242,061
Total Expenditures	<u>4,459,364</u>
Excess of revenues over expenditures	<u>272,886</u>
OTHER FINANCING USES:	
Transfers out	(73,373)
Long term debt, Leases and subscription IT arrangements issued	25,808
Total other financing uses	<u>(47,565)</u>
Net change in fund balances	225,321
Fund balance - beginning	1,606,956
Fund balance - ending	<u><u>\$ 1,832,277</u></u>

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 2024

(Amounts in thousands)

Classification	2024			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
PROPERTY TAXES				
Real Estate Taxes	\$ 2,904,970	\$ 2,904,970	\$ 2,905,201	\$ 231
Real and Personal Property Taxes	231,742	231,742	231,742	-
Revenue class total	3,136,712	3,136,712	3,136,943	231
MOTOR VEHICLE EXCISE				
Motor Vehicle Excise - Current	34,000	34,000	44,027	10,027
Motor Vehicle Excise - Prior Years	20,090	20,090	28,628	8,538
Boat Excise - Current and Prior Years	30	30	1	(29)
Revenue class total	54,120	54,120	72,656	18,536
OTHER EXCISE TAXES				
Hotel / Motel Room Excise	108,000	116,000	144,629	28,629
Aircraft Fuel Excise	34,500	36,500	48,206	11,706
Condominium Conversion Excise	500	500	388	(112)
Short-Term Rental	530	530	2,428	1,898
Meals Tax Excise	30,000	34,000	40,632	6,632
Marijuana Local Option Sales T	1,750	1,750	3,615	1,865
Urban Redevelopment Ch 121A	15,000	15,000	14,333	(667)
Vehicle Rental Surcharge	1,000	1,000	1,415	415
Revenue class total	191,280	205,280	255,646	50,366
COMMONWEALTH OF MASSACHUSETTS				
State Owned Lands	705	705	705	-
Exemption - Elderly	1,907	1,907	801	(1,106)
Veterans Services - Local Aid	1,096	1,096	698	(398)
Unrestricted General Government Aid	226,489	226,489	226,489	-
Local Share of Racing Taxes	480	480	718	238
Charter School Reimbursement	54,964	54,964	42,866	(12,098)
Chapter 70 Education Aid	230,701	230,701	230,701	-
Revenue class total	516,342	516,342	502,978	(13,364)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)

Year Ended June 30, 2024

(Amounts in thousands)

Classification	2024			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
DEPARTMENTAL & OTHER				
Penalties & Interest - Property Taxes	\$ 2,750	\$ 2,750	\$ 4,121	\$ 1,371
Penalties & Interest - Motor Vehicle	2,750	2,750	2,921	171
Penalties & Interest - Tax Title	4,000	4,000	7,327	3,327
Other Departmental Fees & Charges	1,900	1,900	2,353	453
Registry Division Fees	1,600	1,600	1,660	60
Liens	450	450	437	(13)
Other Departmental	3,300	3,300	3,711	411
City Clerk Fees	500	500	636	136
Muni Medicaid Reimbursement	6,000	6,000	7,651	1,651
Medicaid Part D	80	80	670	590
Police Services	600	600	914	314
Fire Services	5,900	5,900	7,224	1,324
Parking Facilities	5,800	5,800	7,466	1,666
Street Occupancy	15,725	15,725	22,796	7,071
Street and Sidewalk Permits	250	250	261	11
Property Mgmt - Building Rents	800	800	1,270	470
St Furniture Program Fixed Fees	1,500	1,500	1,500	-
St Furniture Program Adm Fees	1,000	1,000	1,104	104
DoIT/PWD Small Cell Revenue	800	800	1,220	420
DOIT E-Rate	2,000	2,000	1,881	(119)
Tuition and Transportation - Schools	2,000	2,000	2,800	800
McKinney-Vento reimbursement	1,000	1,000	3,203	2,203
Cobra / Self-pay	180	180	182	2
Affirmative Recovery Unit	200	200	96	(104)
Fringe-Retirement	5,800	5,800	12,776	6,976
Pensions and Annuities	6,000	6,000	8,410	2,410
Indirect Costs Reimbursement	500	500	687	187
3rd Party Fringe Reimbursement	100	100	126	26
Third-Party Payments	1,700	1,700	1,916	216
Prior Year Reimbursements	500	500	(3,937)	(4,437)
Police Detail Administration Fee	3,000	3,000	3,734	734
Administrative Fee 3rd Party Payments	500	500	627	127
Revenue class total	79,185	79,185	107,743	28,558

See accompanying independent auditors' report

GENERAL FUND

**Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
Year Ended June 30, 2024**

Classification	2024			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
FINES				
Parking Fines	\$ 52,040	\$ 52,040	\$ 55,492	\$ 3,452
60 Cents Surcharge	500	500	844	344
Boots & Tows Fees	1,500	1,500	1,546	46
Court Fines	5	5	8	3
Moving Violation Fines - Court	750	750	951	201
Fire Safety Fines	20	20	21	1
Code Enforcement	1,000	1,000	1,428	428
Revenue class total	55,815	55,815	60,290	4,475
PAYMENTS IN LIEU OF TAXES				
Massport	20,700	20,700	23,353	2,653
Miscellaneous PILOT's	30,900	30,900	34,240	3,340
Miscellaneous Ch 121B Section 16	8,500	8,500	13,644	5,144
Miscellaneous Ch 121A Section 6A	7,315	7,315	16,130	8,815
EDIC Chapter 121C PILOT	1,050	1,050	1,213	163
Revenue class total	68,465	68,465	88,580	20,115
INVESTMENT INCOME				
Interest on Investments	29,004	29,004	162,661	133,657
Revenue class total	29,004	29,004	162,661	133,657
LICENSES AND PERMITS				
Building Structures and Permits	60,000	60,000	62,697	2,697
Weights and Measures	250	250	247	(3)
Street and Curb Permits	1,500	1,500	1,804	304
Pre-rental Inspections	1,800	1,800	2,506	706
Other Departmental Licenses & Permits	750	750	1,260	510
Health Inspections	1,500	1,500	1,782	282
Alcoholic Beverages and Licenses	4,400	4,400	4,749	349
Marijuana License	50	50	94	44
Entertainment Licenses	1,620	1,620	1,920	300
Police Firearm Permits	50	50	195	145
Other Business Licenses and Permits	150	150	208	58
Cable Television	4,000	4,000	3,855	(145)
Dog Licenses	220	220	231	11
Revenue class total	76,290	76,290	81,548	5,258
MISCELLANEOUS				
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)
Revenue class total	70,950	70,950	-	(70,950)
Total Revenues and Other financing Sources	\$ 4,278,163	\$ 4,292,163	\$ 4,469,045	\$ 176,882

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2024

(Amounts in thousands)

Classification	2024			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Costs of Issuance - RANS	\$ 500	\$ 311	\$ 311	\$ -
Annual Audit Costs	750	1,280	1,280	-
Mayor's Office	6,528	6,180	6,180	-
City Council	8,062	7,677	7,677	-
Office of New Bostonians	3,323	2,840	2,840	-
Consumer Affairs and Licensing	1,956	1,679	1,678	1
Election Department - Election Division	6,972	5,952	5,952	-
Election Department - Listing Board	806	454	454	-
Auditing Department	3,697	3,574	3,574	-
Assessing Department	8,471	7,304	7,304	-
Treasury Department - Collecting Division	3,835	3,804	3,804	-
Treasury Department - Treasury Division	2,416	2,451	2,451	-
Office of Budget Management	3,499	3,143	3,143	-
Human Resources	7,255	6,800	6,800	-
Purchasing Division	3,726	3,007	3,007	-
Office of Administration & Finance	1,686	1,262	1,262	-
Office of People Operations	1,004	958	957	1
Office of Labor Relations	1,937	1,444	1,443	1
Department of Innovation & Technology	44,530	56,835	56,835	-
Intergovernmental Relations	1,240	1,042	1,042	-
Law Department	10,572	10,319	10,319	-
Labor Compliance & Worker Prot	2,861	2,807	2,807	-
Risk Retention Reserved	2,500	2,783	2,783	-
Housing Trust Fund	618	608	608	-
City Clerk	1,647	1,448	1,447	1
Registry Division	1,388	1,410	1,410	-
Finance Commission	326	321	321	-
Tregor Reserve Fund	-	5,523	5,523	-
Office of Equity	2,557	2,416	2,415	1
Office of Civil Rights	485	391	391	-
Commission for Persons with Disabilities	778	796	796	-
Supplier Diversity	2,902	1,113	1,113	-
Planning & Design	451	589	589	-
Language & Community Access	1,997	2,178	2,178	-
Police Accountability & Transparency	1,453	1,083	1,082	1
Neighborhood Services	4,605	5,195	5,195	-
Arts & Cultural Develop	4,530	3,686	3,685	1
Arts, Tourism & Special Events	1,799	1,722	1,722	-
Women's Commission	682	527	527	-
Participatory Budgeting	2,000	1,951	1,951	-
Black Male Advancement	1,804	1,763	1,763	-
Office of Food Justice	1,371	1,273	1,272	1
Office of Historic Preservatio	1,446	1,422	1,422	-
LGBTQ+ Advancement	733	722	721	1
Reserve for Collective Bargaining	48,198	4,594	4,594	-
Function Total	209,896	174,637	174,628	9
HUMAN SERVICES				
Boston Centers for Youth & Families	30,035	26,016	26,016	-
Elderly Commission	7,942	7,876	7,876	-
Office of Health & Human Service	13,352	12,639	12,639	-
Human Right Commission	624	118	118	-
Veterans Services Department	4,793	2,725	2,725	-
Function total	56,746	49,374	49,374	-

(continued)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2024

(Amounts in thousands)

Classification	2024			
	Original Budget	Final Budget	Actual	Increase (Decrease) Variance
PUBLIC SAFETY				
Police Department	\$ 405,204	\$ 456,777	\$ 511,461	\$ (54,684)
Fire Department	305,425	305,482	320,770	(15,288)
Mayor’s Office - Emergency Preparedness	1,467	1,363	1,362	1
Transportation - Traffic Division	36,394	39,197	39,197	-
Transportation - Parking Clerk	7,963	7,386	7,385	1
Inspection Services Department	23,155	21,750	21,750	-
Youth Fund	18,037	23,574	23,574	-
Function total	797,645	855,529	925,499	(69,970)
PUBLIC WORKS				
Public Works Department	119,880	116,378	116,377	1
Central Maintenance Facility	3,357	3,477	3,477	-
Snow & Winter Management	23,747	22,498	22,498	-
Function total	146,984	142,353	142,352	1
PROPERTY AND DEVELOPMENT				
Property Management	42,758	42,282	42,282	-
Neighborhood Development	49,423	54,328	54,328	-
Function total	92,181	96,610	96,610	-
PARKS AND RECREATION				
Parks and Recreation Department	31,185	32,947	32,947	-
Environment Department	4,234	3,804	3,804	-
Cemetery Division	2,929	2,949	2,899	50
Function total	38,348	39,700	39,650	50
LIBRARY				
Library Department	48,379	46,885	46,885	-
Function total	48,379	46,885	46,885	-
SCHOOLS				
Boston Public Schools	1,445,728	1,445,875	1,445,846	29
Function total	1,445,728	1,445,875	1,445,846	29
PUBLIC HEALTH				
Public Health Commission	130,309	131,565	131,565	-
Function total	130,309	131,565	131,565	-

(continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2024

(Amounts in thousands)

Classification	2024			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
JUDGMENTS AND CLAIMS				
Execution of Courts	\$ 5,000	\$ 5,000	\$ 24,103	\$ (19,103)
Function total	5,000	5,000	24,103	(19,103)
OTHER EMPLOYEE BENEFITS				
Medicare Payments	12,636	12,870	12,870	-
Health Benefits & Insurance	1,106	1,056	1,056	-
Health Insurance	222,353	211,913	211,913	-
Unemployment Compensation	350	93	93	-
Workers' Compensation Fund	2,000	1,498	1,498	-
OPEB Stabilization Fund	40,000	40,000	40,000	-
Function total	278,445	267,430	267,430	-
PENSION COSTS				
Boston Retirement System	390,596	422,596	422,596	-
Pensions and Annuities - City	4,005	4,685	4,685	-
Function total	394,601	427,281	427,281	-
DEBT REQUIREMENTS				
Redemption of City Loans	170,049	169,974	169,974	-
City Debt and Interest Payments	67,010	66,753	66,753	-
Temporary Notes	8,418	-	-	-
MWPAT Principal	703	703	703	-
MWPAT Interest	209	209	209	-
Debt Service Sinking Funds	1,455	1,455	1,455	-
Function total	247,844	239,094	239,094	-
STATE & DISTRICT ASSESSMENTS				
Parking Surcharge	1,951	1,951	1,951	-
Mosquito Control Projects	299	299	299	-
Special Education Chapter 766	681	938	938	-
Metropolitan Air Pollution Center	308	308	308	-
Metropolitan Area Planning	378	378	378	-
MBTA Assessments	95,283	95,283	95,283	-
MDC Assessments	12	12	12	-
School Choice	3,177	3,275	3,275	-
Charter School Sending Tuition	281,079	265,497	265,497	-
Suffolk County Jail	2,889	2,889	2,889	-
Function total	386,057	370,830	370,830	-
Total Expenditures	\$ 4,278,163	\$ 4,292,163	\$ 4,381,147	\$ (88,984)

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, 2024

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2024
ASSETS:			
Cash and investments	\$ 569,950	\$ 53,247	\$ 623,197
Receivables, net:			
Intergovernmental	263,316	-	263,316
Departmental and other	19,805	214	20,019
Total receivables	283,121	214	283,335
Due from other funds	3,322	-	3,322
Total Assets	\$ 856,393	\$ 53,461	\$ 909,854
LIABILITIES:			
Warrants and accounts payable	\$ 61,439	\$ 2,756	\$ 64,195
Accrued liabilities:			
Payroll and related costs	116	-	116
Deposits and other	85,140	-	85,140
Unearned revenue	304,755	-	304,755
Due to other funds	3,514	157	3,671
Total liabilities	454,964	2,913	457,877
DEFERRED INFLOWS OF RESOURCES:			
Revenue not considered available and leases	1,614	3	1,617
Total deferred inflows of resources	1,614	3	1,617
FUND BALANCE:			
Restricted	12,207	24,161	36,368
Assigned	387,608	26,384	413,992
Total fund balance	399,815	50,545	450,360
Total liabilities, deferred inflows of resources and fund balance	\$ 856,393	\$ 53,461	\$ 909,854

SPECIAL REVENUE FUND

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Year Ended June 30, 2024**

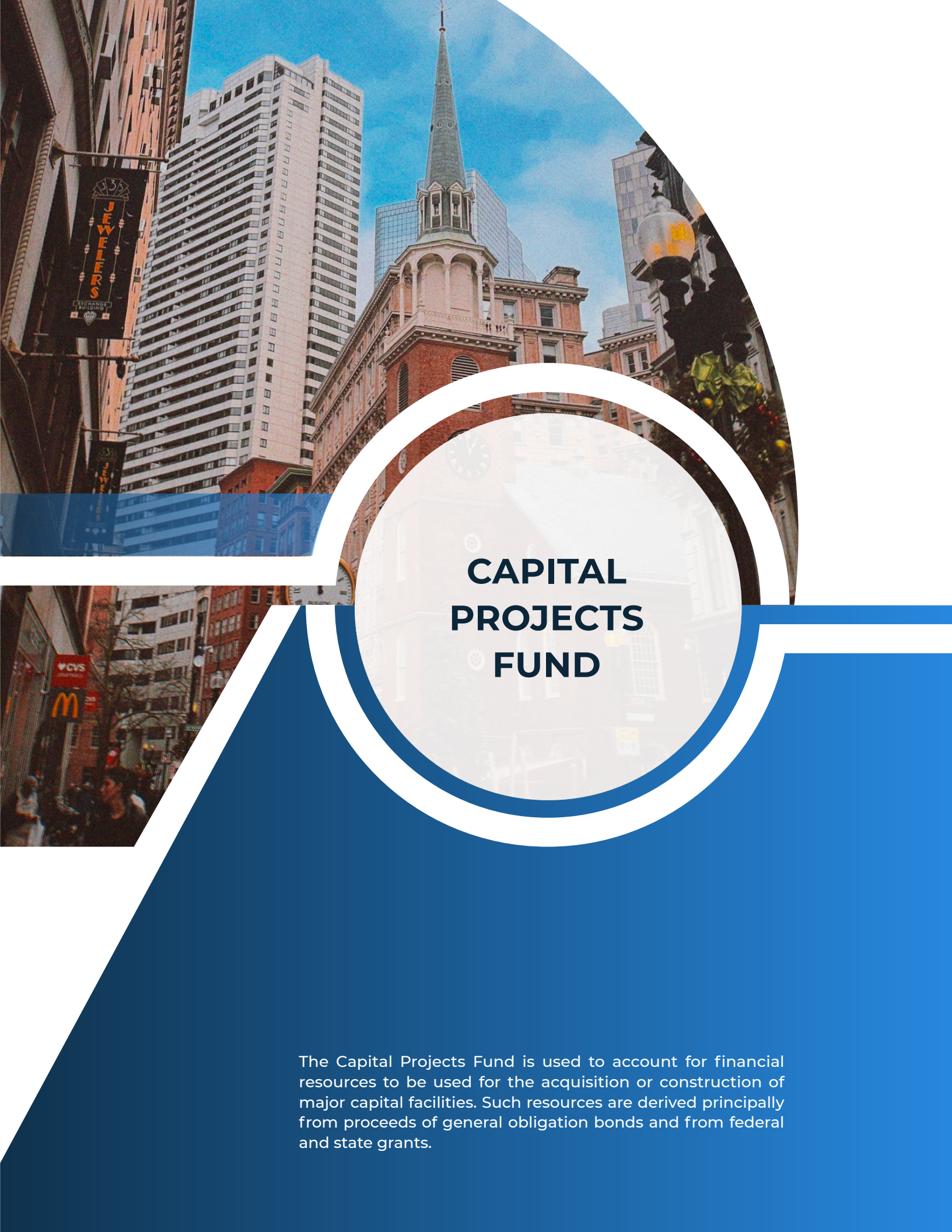
(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2024
REVENUES:			
Real and Personal Taxes	\$ -	\$ 122	\$ 122
Excise	1	-	1
Fines	1	-	1
Investment income	842	2,173	3,015
Licenses and permits	26	-	26
Departmental and other	46,024	27,884	73,908
Intergovernmental	727,354	5,472	732,826
Total revenues	774,248	35,651	809,899
EXPENDITURES:			
Current:			
General government	17,621	11,979	29,600
Human services	14,160	-	14,160
Public safety	48,541	-	48,541
Public works	9,439	-	9,439
Property & development	228,332	-	228,332
Parks and recreation	7,161	-	7,161
Library	4,411	-	4,411
Schools	381,910	-	381,910
Public health programs	18,287	-	18,287
Total current expenditures	729,862	11,979	741,841
Capital outlays	2,596	-	2,596
Total Expenditures	732,458	11,979	744,437
Excess of revenues over expenditures	41,790	23,672	65,462
OTHER FINANCING SOURCES (USES):			
Long term debt, leases and subscription IT arrangements issued	912	-	912
Transfer in	45,509	-	45,509
Transfer out	(32,279)	-	(32,279)
Total other financing sources (uses)	14,142	-	14,142
Net change in fund balances	55,932	23,672	79,604
Fund balance - beginning	343,883	26,873	370,756
Fund balance - ending	\$ 399,815	\$ 50,545	\$ 450,360

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, 2024

(Amounts in thousands)

	<u>2024</u>
ASSETS:	
Cash and investments	\$ 163,936
Cash and investment held by trustees	45,438
Intergovernmental receivables	32,565
Total Assets	\$ 241,939
LIABILITIES:	
Warrants and accounts payable	\$ 127,417
Deposits and other	5
Payroll and related costs	1
Total liabilities	127,423
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	27,510
FUND BALANCE:	
Restricted	87,006
Total fund balance	87,006
Total liabilities, deferred inflows of resources, and fund balance	\$ 241,939

CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

(Amounts in thousands)

	<u>2024</u>
REVENUES:	
Intergovernmental	\$ 38,981
Total revenues	<u>38,981</u>
EXPENDITURES:	
Capital outlays	575,021
Total expenses	<u>575,021</u>
Deficiency of revenues under expenditures	<u>(536,040)</u>
OTHER FINANCING SOURCES (USES):	
Long-term debt and leases issued	285,838
Operating transfers, net	59,779
Total other financing sources (uses)	<u>345,617</u>
Net change in fund balances	<u>(190,423)</u>
Fund balance - beginning	<u>277,429</u>
Fund balance - ending	<u>\$ 87,006</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, 2024

(Amounts in thousands)

	Permanent Funds						Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7	Debt Service Fund	Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2024
ASSETS:							
Cash and investments	\$ -	\$ -	\$ 6	\$ 19,637	\$ -	\$ -	19,643
Cash and investments held by trustees	93,262	948	28,236	-	1,159	2,553	126,158
Departmental and other	70	3	246	-	-	5	324
Due from other funds	-	-	-	-	73	-	73
Total assets	\$ 93,332	\$ 951	\$ 28,488	\$ 19,637	\$ 1,232	\$ 2,558	\$ 146,198
LIABILITIES:							
Warrants and accounts payable	\$ 327	\$ -	\$ 90	\$ -	\$ -	\$ -	417
Accrued liabilities	-	-	-	-	-	26	26
Due to other funds	-	-	212	-	-	-	212
Total liabilities	327	-	302	-	-	26	655
DEFERRED INFLOWS OF RESOURCES:							
FUND BALANCE:							
Nonexpendable	21,360	144	-	-	-	-	21,504
Restricted	71,645	807	28,186	19,637	1,232	2,532	124,039
Total fund balance	93,005	951	28,186	19,637	1,232	2,532	145,543
Total liabilities, deferred inflows of resources and leases, and fund balance	\$ 93,332	\$ 951	\$ 28,488	\$ 19,637	\$ 1,232	\$ 2,558	\$ 146,198

OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

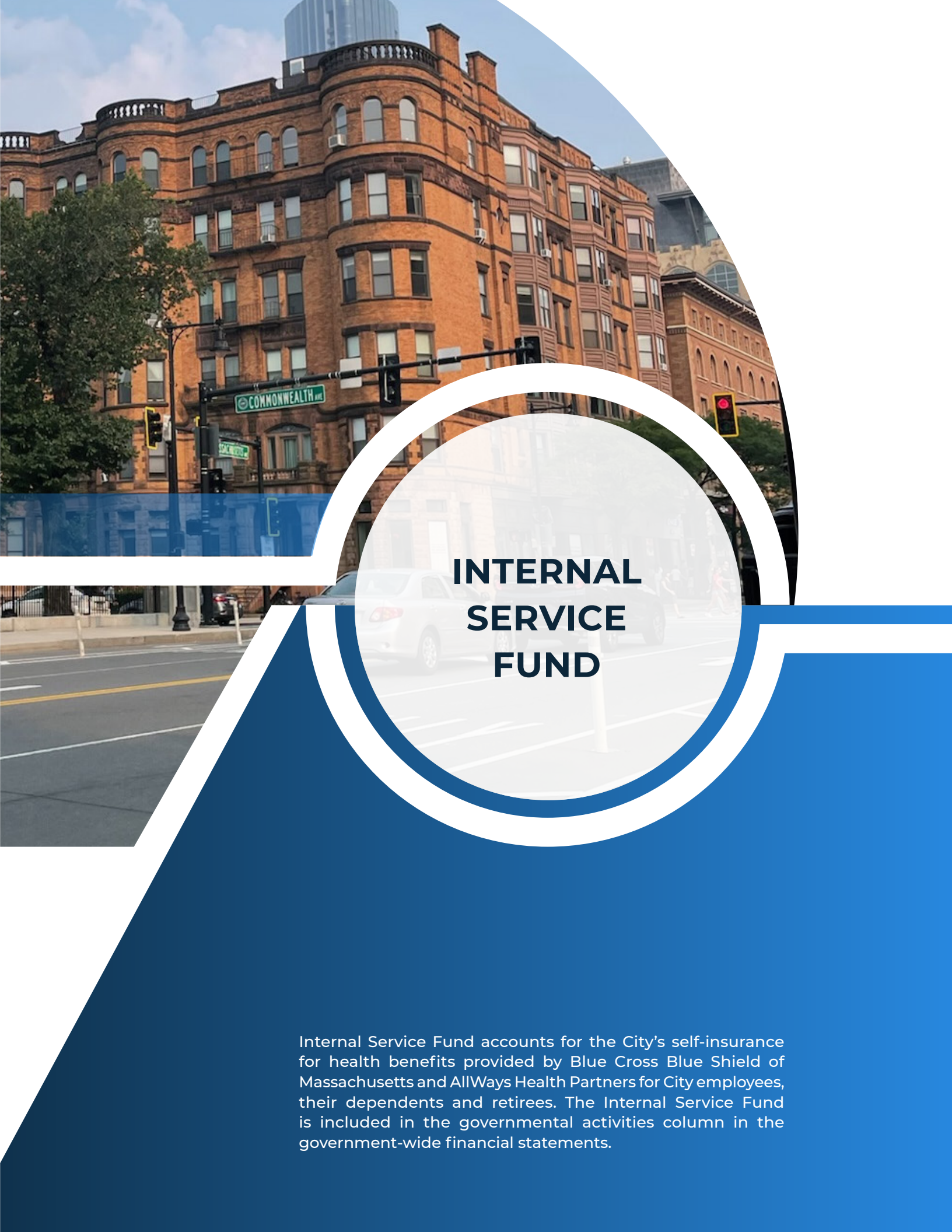
Year Ended June 30, 2024

(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.	2024
REVENUES:							
Investment income (loss)	\$ 16,979	\$ 112	\$ 4,688	\$ 1,455	\$ 3	\$ 210	\$ 23,447
Departmental and other	247	-	5,679	-	-	97	6,023
Total revenues	\$ 17,226	\$ 112	\$ 10,367	\$ 1,455	\$ 3	\$ 307	\$ 29,470
EXPENDITURES:							
General government	7,349	51	7,556	-	-	1	14,957
Total expenditures	7,349	51	7,556	-	-	1	14,957
Net change in fund balances	9,877	61	2,811	1,455	3	306	14,513
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	364	73	(73)	364
Total other financing sources	-	-	-	364	73	(73)	364
Net change in fund balances	9,877	61	2,811	1,819	76	233	14,877
Fund balance - beginning	83,128	890	25,375	17,818	1,156	2,299	130,666
Fund balance - ending	\$ 93,005	\$ 951	\$ 28,186	\$ 19,637	\$ 1,232	\$ 2,532	\$ 145,543



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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, 2024

(amounts in thousands)

	<u>2024</u>
ASSETS:	
Cash and Investments	\$ 91,864
Due from component unit	1,110
Other assets	768
Total Assets	<u>93,742</u>
LIABILITIES:	
Accrued liabilities	32,657
Total liabilities	<u>32,657</u>
NET POSITION:	
Unrestricted	61,085
Total net position	<u><u>\$ 61,085</u></u>

INTERNAL SERVICE FUND

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2024

(Amounts in thousands)

	<u>2024</u>
REVENUES:	
Employee contributions	\$ 95,604
Employer contributions	206,538
	<u>302,142</u>
EXPENDITURES:	
Health benefits	311,742
Total expenditures	<u>311,742</u>
Change in net position	(9,600)
Net position - beginning	<u>70,685</u>
Net position - ending	<u><u>\$ 61,085</u></u>

INTERNAL SERVICE FUND

Statement of Cash Flows

Year Ended June 30

(Amounts in thousands)

	2024
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 301,981
Cash paid to vendors	(292,529)
Net cash provided by operating activities	9,452
Cash and cash equivalents, beginning of year	82,412
Cash and cash equivalents, end of year	\$ 91,864
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (9,600)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	13,254
Due from component units / receivables	(161)
Accrued liabilities	5,959
Net cash provided by operating activities	\$ 9,452



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, 2023 (Pension) and June 30, 2024 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS:			
Cash and investments	\$ 9,590,702	\$ 1,174,388	\$ 10,765,090
Receivables:			
Interest and dividends	17,632	-	17,632
Securities sold	15,747	-	15,747
Employer contributions	20,898	-	20,898
Other	10,157	-	10,157
Total receivables	<u>64,434</u>	<u>-</u>	<u>64,434</u>
Prepaid expenses	287	-	287
Securities lending short-term collateral investment pool	299,921	-	299,921
Total Assets	<u>\$ 9,955,344</u>	<u>\$ 1,174,388</u>	<u>\$ 11,129,732</u>
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 38,598	\$ -	\$ 38,598
Securities purchased	32,856	-	32,856
Collateral held on securities lending	297,459	-	297,459
Total liabilities	<u>368,913</u>	<u>-</u>	<u>368,913</u>
NET POSITION RESTRICTED FOR:			
Held in trust for pension and OPEB benefits and other purposes	<u>\$ 9,586,431</u>	<u>\$ 1,174,388</u>	<u>\$ 10,760,819</u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

BOSTON RETIREMENT SYSTEM

Statement of Plan Net Position
 Year Ended December 31, 2023
 (Amounts in thousands)

	Total Boston Retirement System
	2024
ASSETS:	
Cash and investments	\$ 9,590,702
Receivables:	
Interest and dividends	17,632
Securities sold	15,747
Employer contributions	20,898
Other	10,157
Total receivables	<u>64,434</u>
Prepaid expenses	287
Securities lending short-term collateral investment pool	299,921
Total Assets	<u>\$ 9,955,344</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 38,598
Securities purchased	32,856
Collateral held on securities lending	297,459
Total liabilities	<u>368,913</u>
NET POSITION RESTRICTED FOR:	
Held in trust for pension benefits	<u>\$ 9,586,431</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Plan Net Position

Year Ended June 30, 2024

(Amounts in thousands)

	<u>2024</u>
ASSETS:	
Cash and investments	\$ 1,174,388
Total Assets	<u>1,174,388</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ -
Total liabilities	<u>-</u>
NET POSITION RESTRICTED FOR:	
Held in trust for OPEB	<u>\$ 1,174,388</u>

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Net Position

Year Ended June 30, 2024

(Amounts in thousands)

	Pool 1	Pool 2
ASSETS:		
Cash and investments	\$ 43,558	\$ 747
Receivables:		
Lease receivable	-	-
Other	137	2
Total receivables	137	2
Other assets	-	-
Total Assets	43,695	749
 LIABILITIES:		
Accounts payable	\$ 175	\$ -
Unearned revenue	-	-
Total liabilities	175	-
 Deferred inflows of resources:		
Deferred amount for leases	-	-
Total deferred inflow of resources	-	-
 NET POSITION RESTRICTED FOR:		
Held in trust for other purposes	\$ 43,521	\$ 749

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pool 5		Pool 7		Total Private Purpose Trust Funds 2024
\$	27,559	\$	94,323	\$ 166,187
	2,175		-	2,175
	243		4,179	4,561
	2,418		4,179	6,736
	-		-	-
	29,977		98,502	172,923
\$	89	\$	1,646	\$ 1,910
	-		-	-
	89		1,646	1,910
\$	2,306	\$	3,964	\$ 6,270
	2,306		3,964	6,270
\$	27,582	\$	92,891	\$ 164,743

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

CUSTODIAL FUNDS

Combining Statement of Net Position

June 30, 2024

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total Custodial Funds 2024
ASSETS:				
Cash and investments	\$ 11,214	\$ 838	\$ 250	\$ 12,302
Total assets	11,214	838	250	12,302
LIABILITIES:				
Refunds payable and other	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION:				
Total net position	\$ 11,214	\$ 838	\$ 250	\$ 12,302

PENSION AND OPEB TRUST FUNDS

Combining Statement of Changes in Plan Net Position

Years Ended December 31, 2023 (Pension) and June 30, 2024 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employers	\$ 472,368	\$ 192,501	\$ 664,869
Employees	211,194	-	211,194
Commonwealth of Massachusetts (nonemployer)	238,472	-	238,472
Net appreciation in fair value of investments	737,961	132,089	870,050
Interest and dividends	227,087	20,788	247,875
Management and related fees	(64,517)	(2,243)	(66,760)
Securities lending income	13,102	-	13,102
Borrower rebates and fees	(11,773)	-	(11,773)
Intergovernmental	10,576	-	10,576
Miscellaneous Income	104	-	104
Total additions	1,834,574	343,135	2,177,709
DEDUCTIONS:			
Benefits	737,638	150,251	887,889
Reimbursements to other systems	10,811	-	10,811
Refunds of contributions	24,458	-	24,458
Administration	7,996	-	7,996
Total deductions	780,903	150,251	931,154
Changes in net position	1,053,671	192,884	1,246,555
Net position - beginning of year	8,532,760	981,504	9,514,264
Net position - end of year	\$ 9,586,431	\$ 1,174,388	\$ 10,760,819

See accompanying independent auditors' report

BOSTON RETIREMENT SYSTEM
Statement of Changes in Plan Net Position
Year Ended December 31, 2023
(Amounts in thousands)

	<u>2023</u>
ADDITIONS:	
Contributions:	
Employers	\$ 472,368
Employees	211,194
Commonwealth of Massachusetts (nonemployer)	238,472
Net appreciation in fair value of investments	737,961
Interest and dividends	227,087
Management and related fees	(64,517)
Securities lending income	13,102
Borrower rebates and fees	(11,773)
Intergovernmental	10,576
Miscellaneous Income	104
Total additions	<u>1,834,574</u>
DEDUCTIONS:	
Benefits	737,638
Reimbursements to other systems	10,811
Refunds of contributions	24,458
Administration	7,996
Total deductions	<u>780,903</u>
Changes in net position	<u>1,053,671</u>
Net position - beginning of year	<u>8,532,760</u>
Net position - end of year	<u><u>\$ 9,586,431</u></u>

OPEB TRUST FUND

Statement of Changes in Plan Net Position

Year Ended June 30, 2024

(Amounts in thousands)

	<u>2024</u>
ADDITIONS:	
Contributions:	
Employers	\$ 192,501
Net appreciation in fair value of investments	132,089
Interest and dividends	20,788
Management and related fees	(2,243)
Total additions	<u>343,135</u>
DEDUCTIONS:	
Benefits	150,251
Total deductions	<u>150,251</u>
Changes in net position	<u>192,884</u>
Net position - beginning of year	<u>981,504</u>
Net position - end of year	<u><u>\$ 1,174,388</u></u>

PRIVATE PURPOSE TRUST FUNDS
Combining Statement of Changes in Net Position
Year Ended June 30, 2024
(Amounts in thousands)

	Pool 1	Pool 2
ADDITIONS:		
Investment income (loss)	\$ 6,836	\$ 78
Donations and other	816	-
Total additions	7,652	78
DEDUCTIONS:		
Administrative expenses and other	3,198	34
Total operating expenses	3,198	34
Net changes in net position	4,454	44
Net position - beginning of year	39,242	705
Transfer of net assets	(175)	-
Net position - end of year	\$ 43,521	\$ 749

Pool 5		Pool 7		Total Private Purpose Trust Funds 2024	
\$	4,510	\$	28,076	\$	39,500
	224		2,425		3,465
	4,734		30,501		42,965
	7,846		15,778		26,856
	7,846		15,778		26,856
	(3,112)		14,723		16,109
	30,694		77,993		148,634
	-		175		-
\$	27,582	\$	92,891	\$	164,743

CUSTODIAL FUNDS

Statement of Changes in Net Position

Year ended June 30, 2024

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total
ADDITIONS:				
Contributions:				
Donations and other	2,025	139	2,166	4,330
Total contributions	2,025	139	2,166	4,330
Investment earnings:				
Securities lending activities:				
Total additions	2,025	139	2,166	4,330
DEDUCTIONS:				
Administrative expenses and other	1,268	191	2,131	3,590
Total deductions	1,268	191	2,131	3,590
Change in net position	757	(52)	35	740
Net position - beginning of year	10,457	890	215	11,562
Net position - end of year	\$ 11,214	\$ 838	\$ 250	\$ 12,302



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, 2024

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Assets:		
Current assets:		
Cash and investments	\$ 93,756	\$ 49,350
Cash and investments held by trustee	-	-
Receivables, net:		
Leases receivable, current	-	5,008
Other	24,514	11,752
Other assets	4,334	228
Due from primary government	2,180	-
Total current assets	124,784	66,338
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables:		
Notes receivable	48,793	88,070
Lease receivable, net	39,609	157,078
Interest receivable	-	-
Accrued interest receivable on leases	-	3,092
Disposition receivable	-	28,708
OPEB Asset	-	6,764
Other	-	-
Capital assets, net:		
Nondepreciable	14,082	7,826
Depreciable assets, net	11,901	20,921
Right of use lease assets, net	2,499	5,620
Subscription IT assets, net	-	-
Total noncurrent assets	116,884	318,079
Total assets	241,668	384,417
Deferred outflows of resources:		
Deferred amount for pension costs	35,910	3,950
Deferred amount for postemployment benefit costs	18,071	972
Total deferred outflows of resources	53,981	4,922
Liabilities:		
Current liabilities		
Warrants and accounts payable	27,928	6,667
Accrued liabilities:		
Other	650	-
Current portion of long-term debt	1,578	-
Compensated absences	-	-
Due to primary government	345	297
Pollution remediation	-	320
Unearned revenue	7,802	1,804
Subscription agreement liability	-	-
Leases obligations/payables	836	-
Total current liabilities	39,139	9,088
Noncurrent liabilities:		
Bonds, notes and leases due in more than one year	3,606	7,501
Other noncurrent liabilities	1,725	125,557
OPEB liability	81,340	-
Subscription agreement liability LT	-	-
Unearned revenue	48,425	28,708
Net pension liability	109,666	11,596
Total noncurrent liabilities	244,762	173,362
Total liabilities	283,901	182,450
Deferred inflows of resources:		
Deferred amount for pension costs	9,875	3,057
Deferred amount for other postemployment benefits costs	50,068	2,122
Deferred amount for leases	39,759	153,715
Total deferred inflows of resources	99,702	158,894
Net Position:		
Net investment in capital assets	22,462	
Restricted for:		
Restricted	-	25,867
Unrestricted	(110,416)	22,128
Total net position	\$ (87,954)	\$ 47,995

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 2024
\$ 4,626	\$ 72,814	\$ 220,546
31,054	-	31,054
-	-	-
443	4,029	9,480
1,534	26,356	64,156
1,686	612	6,860
-	-	2,180
<u>39,343</u>	<u>103,811</u>	<u>334,276</u>
68,281	-	68,281
215	-	137,078
478	1,715,322	1,912,487
-	-	-
-	51,340	54,432
-	-	28,708
-	-	6,764
-	2,256	2,256
-	-	-
-	11,601	33,509
609	34,358	67,789
1,431	1,064	10,614
-	269	269
<u>71,014</u>	<u>1,816,210</u>	<u>2,322,187</u>
<u>110,357</u>	<u>1,920,021</u>	<u>2,656,463</u>
-	-	39,860
-	-	19,043
-	-	<u>58,903</u>
1,455	14,797	50,847
816	476	1,942
-	-	1,578
-	1,211	1,211
566	-	1,208
-	-	320
730	1,520	11,856
614	96	710
-	241	1,077
<u>4,181</u>	<u>18,341</u>	<u>70,749</u>
-	896	12,003
-	1,749	129,031
-	-	81,340
792	54	846
-	-	77,133
-	-	121,262
<u>792</u>	<u>2,699</u>	<u>421,615</u>
<u>4,973</u>	<u>21,040</u>	<u>492,364</u>
-	-	12,932
-	-	52,190
871	1,657,248	1,851,593
<u>871</u>	<u>1,657,248</u>	<u>1,916,715</u>
634	47,291	70,387
89,856	704	116,427
14,023	193,738	119,473
<u>\$ 104,513</u>	<u>\$ 241,733</u>	<u>\$ 306,287</u>

See accompanying independent auditors' report

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Activities

Year Ended June 30, 2024

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Expenses	\$ 237,188	\$ 35,886
Program revenues:		
Charges for services	29,014	38,256
Operating grants and contributions	96,709	-
Total program revenues	125,723	38,256
Net expenses	(111,465)	2,370
General revenues:		
Investment income	5,430	1,570
Investment income from leases	1,439	3,136
Sale of property	41	3,587
City appropriation	129,907	-
Miscellaneous income	3,435	154
Total general revenues	140,252	8,447
Changes in net position	28,787	10,817
Net position - beginning of year	(116,741)	37,178
Net position - end of year	\$ (87,954)	\$ 47,995

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 2024
\$ 21,682	\$ 94,608	\$ 389,364
2,999	44,622	114,891
14,710	53,818	165,237
17,709	98,440	280,128
(3,973)	3,832	(109,236)
7,708	3,179	17,887
-	32,196	36,771
-	-	3,628
-	-	129,907
2,303	805	6,697
10,011	36,180	194,890
6,038	40,012	85,654
98,475	201,721	220,633
\$ 104,513	\$ 241,733	\$ 306,287

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024



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Statistical
SECTION



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GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2024	2023	2022	2021	2020
General Government	\$ 157,070	\$ 154,252	\$ 123,041	\$ 122,106	\$ 117,152
% of Total	3.5	3.7	3.1	3.3	3.2
% Change	1.8	25.4	0.8	4.2	3.7
Public Safety	\$ 914,787	\$ 809,042	\$ 797,386	\$ 735,254	\$ 763,381
% of Total	20.5	19.5	20.0	19.8	21.0
% Change	13.1	1.5	8.5	(3.7)	5.1
Public Works	\$ 136,535	\$ 125,102	\$ 130,807	\$ 116,862	\$ 111,346
% of Total	3.1	3.0	3.3	3.1	3.1
% Change	9.1	(4.4)	11.9	5.0	4.5
Library	\$ 46,966	\$ 44,041	\$ 41,098	\$ 39,422	\$ 38,270
% of Total	1.1	1.1	1.0	1.1	1.1
% Change	6.6	7.2	4.3	3.0	(0.8)
Schools	\$ 1,362,179	\$ 1,357,011	\$ 1,324,486	\$ 1,234,353	\$ 1,176,493
% of Total	30.5	32.6	33.3	33.3	32.4
% Change	0.4	2.5	7.3	4.9	5.2
Retirement Costs	\$ 657,255	\$ 565,815	\$ 502,585	\$ 473,494	\$ 447,159
% of Total	14.7	13.6	12.6	12.8	12.3
% Change	16.2	12.6	6.1	5.9	11.5
Employee Benefits	\$ 262,055	\$ 259,465	\$ 258,112	\$ 260,997	\$ 259,420
% of Total	5.9	6.2	6.5	7.0	7.2
% Change	1.0	0.5	(1.1)	0.6	(2.0)
State & District Assessments	\$ 370,830	\$ 354,900	\$ 332,586	\$ 320,220	\$ 299,740
% of Total	8.3	8.5	8.4	8.6	8.3
% Change	4.5	6.7	3.9	6.8	5.8
Property & Development	\$ 53,176	\$ 41,491	\$ 37,327	\$ 32,631	\$ 32,618
% of Total	1.2	1.0	0.9	0.9	0.9
% Change	28.2	11.2	14.4	0.0	(21.4)
Other	\$ 498,511	\$ 448,073	\$ 429,654	\$ 376,539	\$ 381,936
% of Total	11.2	10.8	10.8	10.1	10.5
% Change	11.3	4.3	14.1	(1.4)	9.1
Total Expenditures	\$ 4,459,364	\$ 4,159,192	\$ 3,977,082	\$ 3,711,878	\$ 3,627,515
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	7.2	4.6	7.1	2.3	5.3

*General fund only

Fiscal Year						FUNCTION
2019	2018	2017	2016	2015		
\$ 112,998	\$ 90,076	\$ 85,855	\$ 80,684	\$ 58,242		General Government
3.3	2.8	2.8	2.7	2.0		% of Total
25.4	4.9	6.4	38.5	(43.3)		% Change
\$ 726,406	\$ 689,929	\$ 643,100	\$ 610,233	\$ 633,471		Public Safety
21.1	21.1	20.6	20.6	22.2		% of Total
5.3	7.3	5.4	(3.7)	13.4		% Change
\$ 106,504	\$ 111,772	\$ 106,059	\$ 101,157	\$ 123,767		Public Works
3.1	3.4	3.4	3.4	4.3		% of Total
(4.7)	5.4	4.8	(18.3)	9.3		% Change
\$ 38,597	\$ 36,025	\$ 35,791	\$ 33,870	\$ 33,966		Library
1.1	1.1	1.1	1.1	1.2		% of Total
7.1	0.7	5.7	(0.3)	-		% Change
\$ 1,118,332	\$ 1,087,192	\$ 1,048,987	\$ 1,016,412	\$ 960,228		Schools
32.5	33.2	33.6	34.3	33.6		% of Total
2.9	3.6	3.2	5.9	2.1		% Change
\$ 400,973	\$ 356,251	\$ 347,402	\$ 309,083	\$ 282,648		Retirement Costs
11.6	10.9	11.1	10.4	9.9		% of Total
12.6	2.5	12.4	9.4	10.6		% Change
\$ 264,832	\$ 261,377	\$ 247,965	\$ 236,661	\$ 230,089		Employee Benefits
7.7	8.0	7.9	8.0	8.1		% of Total
1.3	5.4	4.8	2.9	(1.8)		% Change
\$ 283,360	\$ 267,205	\$ 244,320	\$ 234,450	\$ 215,538		State & District Assessments
8.2	8.2	7.8	7.9	7.5		% of Total
6.0	9.4	4.2	8.8	8.9		% Change
\$ 41,483	\$ 39,022	\$ 42,460	\$ 33,870	\$ 35,594		Property & Development
1.2	1.2	1.4	1.1	1.2		% of Total
6.3	(8.1)	25.4	(4.8)	6.6		% Change
\$ 350,195	\$ 335,108	\$ 317,804	\$ 311,077	\$ 282,621		Other
10.2	10.2	10.2	10.5	9.9		% of Total
4.5	5.4	2.2	10.1	2.7		% Change
\$ 3,443,680	\$ 3,273,957	\$ 3,119,743	\$ 2,967,497	\$ 2,856,164		Total Expenditures
100.0	100.0	100.0	100.0	100.0		% of Total
5.2	4.9	5.1	3.9	4.0		% Change

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2024	2023	2022	2021	2020
Property Taxes	\$ 3,168,381	\$ 2,988,917	\$ 2,819,651	\$ 2,650,040	\$ 2,498,435
% of Total	67.0	67.3	69.7	72.5	67.0
% Change	6.0	6.0	6.4	6.1	6.6
Motor Vehicle Excises	\$ 72,656	\$ 59,835	\$ 60,803	\$ 54,184	\$ 62,792
% of Total	1.5	1.3	1.5	1.5	1.7
% Change	21.4	(1.6)	12.2	(13.7)	(4.9)
Other Excises	\$ 255,662	\$ 236,044	\$ 150,005	\$ 60,227	\$ 178,976
% of Total	5.4	5.3	3.7	1.6	4.8
% Change	8.31	57.4	149.1	(66.3)	(5.9)
Departmental & Other	\$ 108,173	\$ 109,001	\$ 124,563	\$ 60,555	\$ 103,476
% of Total	2.3	2.5	3.1	1.7	2.8
% Change	(0.8)	(12.5)	105.7	(41.5)	6.2
State Distributions	\$ 738,321	\$ 690,938	\$ 649,471	\$ 619,709	\$ 627,590
% of Total	15.6	15.6	16.0	16.9	16.8
% Change	6.9	6.4	4.8	(1.3)	8.7
Payment in Lieu of Taxes	\$ 87,286	\$ 103,315	\$ 92,008	\$ 88,615	\$ 72,349
% of Total	1.8	2.3	2.3	2.4	1.9
% Change	(15.5)	12.3	3.8	22.5	(16.9)
Fines	\$ 60,429	\$ 60,429	\$ 61,591	\$ 52,302	\$ 67,367
% of Total	1.3	1.4	1.5	1.4	1.8
% Change	-	(1.9)	17.8	(22.4)	(8.7)
Investment Income	\$ 162,717	\$ 88,404	\$ 4,482	\$ 3,615	\$ 29,472
% of Total	3.4	2.0	0.1	0.1	0.8
% Change	84.1	1,872.4	24.0	(87.7)	(3.1)
Licenses & Permits	\$ 78,625	\$ 102,244	\$ 84,825	\$ 67,977	\$ 88,272
% of Total	1.7	2.3	2.1	1.9	2.4
% Change	(23.1)	20.5	24.8	(23.0)	6.8
Total Revenues	\$ 4,732,250	\$ 4,439,127	\$ 4,047,399	\$ 3,657,224	\$ 3,728,729
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	6.6	9.7	10.7	(1.9)	5.0

*General fund only

		Fiscal Year					
	2019	2018	2017	2016	2015		SOURCE
\$	2,344,686	\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259		Property Taxes
	66.1	65.9	65.7	64.4	64.0		% of Total
	5.5	6.8	5.7	5.4	5.6		% Change
\$	66,026	\$ 52,040	\$ 52,061	\$ 67,686	\$ 52,922		Motor Vehicle Excises
	1.9	1.5	1.6	2.2	1.8		% of Total
	26.9	-	(23.1)	27.9	(0.1)		% Change
\$	190,203	\$ 191,541	\$ 160,736	\$ 168,577	\$ 176,040		Other Excises
	5.4	5.7	5.1	5.5	6.0		% of Total
	(0.7)	19.2	(4.7)	(4.2)	3.5		% Change
\$	97,442	\$ 98,287	\$ 87,985	\$ 86,791	\$ 86,392		Departmental & Other
	2.7	2.9	2.8	2.8	3.0		% of Total
	(0.9)	11.7	1.4	0.5	2.4		% Change
\$	577,458	\$ 570,753	\$ 554,661	\$ 543,683	\$ 523,256		State Distributions
	16.3	16.9	17.5	17.8	17.9		% of Total
	1.2	2.9	2.0	3.9	2.8		% Change
\$	87,018	\$ 84,940	\$ 80,501	\$ 90,215	\$ 79,232		Payment in Lieu of Taxes
	2.5	2.5	2.5	3.0	2.7		% of Total
	2.4	5.5	(10.8)	13.9	8.1		% Change
\$	73,792	\$ 63,206	\$ 63,046	\$ 60,953	\$ 60,116		Fines
	2.1	1.9	2.0	2.0	2.1		% of Total
	16.7	0.3	3.4	1.4	0.3		% Change
\$	30,408	\$ 15,390	\$ 2,329	\$ 184	\$ 61		Investment Income
	0.9	0.5	0.1	-	-		% of Total
	97.6	560.8	1,165.8	201.6	7.0		% Change
\$	82,658	\$ 74,144	\$ 84,470	\$ 70,005	\$ 71,205		Licenses & Permits
	2.3	2.2	2.7	2.3	2.4		% of Total
	11.5	(12.2)	20.7	(1.7)	14.4		% Change
\$	3,549,691	\$ 3,372,178	\$ 3,165,482	\$ 3,055,781	\$ 2,916,483		Total Revenues
	100.0	100.0	100.0	100.0	100.0		% of Total
	5.3	6.5	3.6	4.8	4.9		% Change

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

NET POSITION BY COMPONENT

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental/primary government activities:					
Net investment in capital assets	\$ 1,362,313	\$ 1,206,883	\$ 1,101,116	\$ 1,058,576	\$ 950,089
Restricted	259,018	157,701	118,324	113,881	72,436
Unrestricted	(1,838,812)	(1,978,608)	(2,035,104)	(2,249,008)	(2,183,384)
Total governmental/primary government activities net position	\$ (217,481)	\$ (614,024)	\$ (815,664)	\$ (1,076,551)	\$ (1,160,859)

					Fiscal Year
2019	2018	2017	2016	2015	
\$ 802,391	\$ 685,036	\$ 648,786	\$ 557,142	\$ 502,985	
98,106	75,098	52,746	53,200	51,446	
(2,675,142)	(2,501,770)	(1,206,488)	(1,159,303)	(1,184,987)	
<u>\$ (1,774,645)</u>	<u>\$ (1,741,636)</u>	<u>\$ (504,956)</u>	<u>\$ (548,961)</u>	<u>\$ (630,556)</u>	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

CHANGES IN NET POSITION
Government-wide Financial Statements
Last Ten Fiscal Years
(Amounts in thousands)

EXPENSES:	Fiscal Year			
	2024	2023	2022	2021
Governmental activities:				
General government	\$ 313,301	\$ 260,589	\$ 209,435	\$ 217,654
Human services	74,625	69,950	65,555	56,814
Public safety	1,352,812	1,262,121	1,172,308	1,112,320
Public works	188,081	171,610	173,842	158,722
Property and development	311,713	324,015	291,461	186,903
Parks and recreation	71,805	67,172	54,430	53,824
Library	70,882	71,312	57,149	58,717
Schools	2,584,364	2,575,648	2,123,695	2,083,935
Public health programs	159,213	148,884	142,341	123,473
Interest on long-term debt	52,049	45,056	36,821	36,213
	<u>5,178,845</u>	<u>4,996,357</u>	<u>4,327,037</u>	<u>4,088,575</u>
Business-type activities:				
Total primary government expenses	\$ 5,178,845	\$ 4,996,357	\$ 4,327,037	\$ 4,088,575
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
Public safety	145,144	172,392	178,866	128,307
Public works	21,181	33,230	23,003	19,760
Schools	18,556	11,821	15,165	10,996
Other	91,582	57,829	87,842	67,914
Operating grants and contributions	1,201,443	1,129,258	864,380	770,430
Capital grants and contributions	57,678	57,370	42,584	54,589
Total governmental activities program revenues	<u>1,535,584</u>	<u>1,461,900</u>	<u>1,211,840</u>	<u>1,051,996</u>
Business-type activities:				
Total primary government program revenues	\$ 1,535,584	\$ 1,461,900	\$ 1,211,840	\$ 1,051,996

See accompanying independent auditors' report

Fiscal Year						
2020	2019	2018	2017	2016	2015	
\$ 202,347	\$ 175,161	\$ 156,670	\$ 128,465	\$ 128,288	\$ 103,923	
47,648	57,359	58,494	49,974	52,056	49,884	
968,853	1,113,749	1,048,825	962,654	941,313	941,531	
161,598	160,918	163,337	130,182	139,816	178,569	
140,930	146,886	137,296	168,276	118,582	134,506	
52,148	48,804	48,861	41,236	39,769	35,890	
51,348	55,944	55,626	51,397	49,959	48,931	
1,874,077	2,026,241	1,931,452	1,833,105	1,803,331	1,620,851	
99,414	91,468	86,228	81,859	96,083	83,276	
47,039	39,562	44,263	42,321	40,995	49,300	
<u>3,645,402</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>\$ 3,645,402</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>	
184,364	158,455	139,793	147,471	133,656	138,066	
30,192	28,609	31,120	28,268	24,269	23,975	
9,444	11,385	4,275	5,163	10,540	6,623	
81,892	37,547	46,350	36,647	34,730	40,718	
788,801	822,932	788,666	760,230	746,277	670,640	
38,382	36,224	64,548	52,348	39,381	53,099	
<u>1,133,075</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>\$ 1,133,075</u>	<u>\$ 1,095,152</u>	<u>\$ 1,074,752</u>	<u>\$ 1,030,127</u>	<u>\$ 988,853</u>	<u>\$ 933,121</u>	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

CHANGES IN NET POSITION (CONTINUED)

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year		
	2024	2023	2022
NET EXPENSE:			
Governmental activities	\$ (3,643,261)	\$ (3,534,457)	\$ (3,115,197)
Total primary government net expense	\$ (3,643,261)	\$ (3,534,457)	\$ (3,115,197)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	3,157,677	2,959,106	2,810,807
Excises	331,367	295,941	211,520
Payment in lieu of taxes	87,286	103,315	92,007
Grants and contributions not restricted	268,947	266,455	245,625
Investment income	194,527	109,546	11,264
Miscellaneous	-	1,734	4,861
Special items	-	-	-
Total governmental activities	4,039,804	3,736,097	3,376,084
Total primary government	\$ 4,039,804	\$ 3,736,097	\$ 3,376,084
CHANGES IN NET POSITION:			
Governmental activities	\$ 396,543	\$ 201,640	\$ 260,887
Total primary government	\$ 396,543	\$ 201,640	\$ 260,887

							Fiscal Year							
2021		2020		2019		2018		2017		2016		2015		
\$	(3,036,579)	\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	
\$	(3,036,579)	\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	
	2,630,781		2,520,908		2,338,507		2,219,700		2,087,659		1,967,021		1,866,277	
	103,720		240,908		264,703		239,005		213,198		224,052		236,208	
	88,615		72,349		87,018		84,940		80,501		90,215		79,232	
	233,771		245,559		208,839		214,106		201,013		199,835		191,172	
	32,659		43,280		46,405		31,417		19,588		15,753		15,404	
	3,867		3,109		3,011		2,121		3,738		6,058		2,983	
	-		-		57,000		-		-		-		-	
	3,093,413		3,126,113		3,005,483		2,791,289		2,605,697		2,502,934		2,391,276	
\$	3,093,413	\$	3,126,113	\$	3,005,483	\$	2,791,289	\$	2,605,697	\$	2,502,934	\$	2,391,276	
\$	56,834	\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	
\$	56,834	\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	

See accompanying independent auditors' report

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2024	2023	2022	2021
General Fund				
Assigned	\$ 489,483	\$ 320,733	\$ 320,733	\$ 313,001
Unassigned	1,342,794	994,535	994,535	898,161
Total general fund	\$ 1,832,277	\$ 1,315,268	\$ 1,315,268	\$ 1,211,162
All other Governmental Funds				
Nonspendable	\$ 21,504	\$ 21,504	\$ 21,504	\$ 21,504
Restricted	247,413	331,132	331,132	243,913
Assigned	413,992	295,901	295,901	255,852
Total all other governmental funds	\$ 682,909	\$ 648,537	\$ 648,537	\$ 521,269

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 359,789	\$ 392,000	\$ 300,652	\$ 283,208	\$ 266,222	\$ 228,236
911,690	794,610	781,402	702,080	682,781	633,936
\$ 1,271,479	\$ 1,186,610	\$ 1,082,054	\$ 985,288	\$ 949,003	\$ 862,172
\$ 10,041	\$ 10,041	\$ 10,041	\$ 10,041	\$ 4,974	\$ 4,974
239,978	434,893	322,950	240,172	204,810	194,044
211,308	196,634	199,537	220,359	203,134	161,742
\$ 461,327	\$ 641,568	\$ 532,528	\$ 470,572	\$ 412,918	\$ 360,760

See accompanying independent auditors' report

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2024	2023	2022	2021
REVENUES:				
Real and personal property taxes	\$ 3,168,503	\$ 2,989,006	\$ 2,819,773	\$ 2,650,094
Excises	328,319	298,106	210,808	114,411
Payments in lieu of taxes	87,286	103,315	92,008	88,615
Fines	60,430	60,429	61,591	52,302
Investment Income	189,179	104,899	4,686	26,216
Licenses and permits	78,651	102,278	84,859	68,272
Departmental and other	188,104	192,862	193,580	143,001
Intergovernmental	1,510,128	1,346,974	1,208,707	1,022,654
Total revenues	5,610,600	5,197,869	4,676,012	4,165,565
EXPENDITURES:				
General government	201,627	218,842	192,291	181,583
Human services	59,331	58,023	53,501	45,211
Public safety	963,328	844,981	826,121	773,699
Public works	145,974	133,269	136,647	123,469
Property and development	281,508	285,144	242,249	169,778
Parks and recreation	44,802	38,816	35,117	31,096
Library	51,377	48,353	44,419	43,491
Schools	1,744,089	1,637,892	1,509,522	1,374,621
Public health programs	148,637	140,380	136,193	117,678
Judgments and claims	14,080	27,031	30,239	11,477
Retirement costs	657,255	565,815	502,585	473,494
Other employee benefits	262,055	259,465	258,112	262,997
State and district assessments	370,830	354,900	332,586	320,220
Capital outlays	606,825	410,688	394,480	356,601
Debt service:				
Principal	171,957	139,768	138,878	124,514
Interest	70,104	60,955	49,583	51,495
Total Expenditures	5,793,779	5,224,322	4,882,523	4,461,424
Excess (deficiency) of revenues over (under) expenditures	(183,179)	(26,453)	(206,511)	(295,859)
OTHER FINANCING SOURCES (USES):				
Long-term debt and leases issued	312,558	397,383	375,675	205,418
Issuance of refunding bonds	-	-	-	91,405
Payments to refunded bonds escrow agent	-	-	-	(95,934)
Proceeds from sale of property	-	-	-	-
Premiums on long-term debt issued	-	51,072	62,210	34,910
Total other financing sources (uses)	312,558	448,455	437,885	235,799
Net change in fund balances	\$ 129,379	\$ 422,002	\$ 231,374	\$ (60,060)
Debt Service as a percentage of noncapital expenditures	4.90%	4.35%	4.38%	4.48%

See accompanying independent auditors' report

		Fiscal Year									
2020		2019		2018		2017		2016		2015	
\$	2,498,435	\$	2,344,686	\$	2,221,877	\$	2,079,693	\$	1,967,687	\$	1,867,259
	241,768		256,229		243,581		212,797		236,263		228,962
	72,349		87,018		84,940		80,501		90,215		79,232
	67,367		73,792		63,279		63,046		65,223		60,116
	34,230		35,974		21,534		10,396		1,713		2,312
	88,471		82,881		74,356		84,682		70,191		71,291
	186,826		177,945		176,731		154,333		134,701		139,321
	961,630		894,522		874,737		856,911		827,100		829,582
	4,151,076		3,953,047		3,761,035		3,542,359		3,393,093		3,278,075
	207,793		130,774		106,048		99,007		92,429		67,461
	41,561		42,909		43,976		39,751		40,482		39,578
	787,128		750,072		711,621		677,471		640,599		665,655
	118,424		113,236		121,834		114,593		116,787		142,223
	125,180		125,199		127,027		136,177		102,751		111,513
	33,104		28,313		30,130		24,509		23,378		21,574
	41,624		40,734		38,477		38,971		36,641		36,518
	1,302,764		1,271,813		1,237,390		1,188,114		1,143,249		1,087,896
	95,853		88,527		83,269		79,369		80,525		74,821
	11,670		1,202		7,693		3,766		1,100		3,678
	447,159		400,973		356,251		347,402		309,083		282,648
	259,420		264,832		261,377		247,965		236,661		230,089
	299,740		283,360		267,205		244,320		234,450		215,538
	275,339		263,416		233,995		233,690		234,126		247,474
	126,553		126,469		122,041		117,527		109,825		111,381
	57,032		56,256		54,199		53,604		54,883		46,890
	4,230,344		3,988,085		3,802,533		3,646,236		3,456,969		3,384,937
	(79,268)		(35,038)		(41,498)		(103,877)		(63,876)		(106,862)
	15,998		165,836		176,698		181,935		181,193		170,190
	82,590		-		-		58,370		8,100		126,735
	(82,481)		-		-		(65,799)		(9,487)		(147,658)
	-		57,000		-		-		-		-
	-		25,798		23,522		23,310		23,059		36,875
	16,107		248,634		200,220		197,816		202,865		186,142
\$	(63,161)	\$	213,596	\$	158,722	\$	93,939	\$	138,989	\$	79,280
	4.87%		5.16%		5.20%		5.28%		5.39%		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		
2024	\$ 147,244,423	\$ 63,034,630	\$ 1,403,467	\$ 9,170,651	\$ 220,853,171	15.69
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

⁽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⁾
2024	Residential	\$ 10.90	\$ 10.90	0.2 %	\$ 15.68
	C.I.P.	25.27	25.27	0.6 %	
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) %	

⁽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	2024			2015		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	\$4,726,260,036	1	2.36%	\$2,822,105,870	1	2.55%
Eversource	3,268,233,200	2	1.63%	1,904,698,160	3	1.72%
Oxford Properties	2,142,249,470	3	1.07%			
Rockpoint Group	1,867,205,690	4	0.93%			
Tishman Speyer Properties	1,853,250,956	5	0.93%	968,373,900	5	0.87%
Nuveen	1,646,757,560	6	0.82%			
Equity Residential	1,634,604,510	7	0.82%			
PGIM Real Estate fka Fort Hill Associates	1,354,810,000	8	0.68%	741,407,690	6	0.67%
WS Development	1,255,491,837	9	0.63%			
Samuels & Associates	1,248,846,880	10	0.62%			
Blackstone Real Estate Partners				2,381,052,430	2	2.15%
Teacher's Insurance and Annuity Association				986,561,000	4	0.89%
Fallon Company/MA Mutual				669,169,400	7	0.60%
Liberty Mutual				519,264,177	8	0.47%
John Hancock Financial				527,727,020	9	0.48%
Beacon Capital				506,317,390	10	0.46%
	<u>\$20,997,710,139</u>		<u>10.50%</u>	<u>\$12,026,677,037</u>		<u>10.86%</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, 2024		
	Gross ⁽¹⁾	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
2024	\$ 3,188.9	\$ 3,136.9	98.4%	\$ 3,173.3	99.5%	101.2%	\$ 3,163.1	99.2%	100.8%
2023	2,996.1	2,966.3	99.0	3,001.1	100.2	1.012	2,971.1	99.2	100.2
2022	2,826.2	2,793.0	98.8	2,809.3	99.4	1.006	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
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

⁽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
2024	\$ 1,947,532	17,110	\$ 76,948	\$ 21,520	\$ 15,210
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	-	-

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⁾
\$	2,078,320	6.54%	3,178.67
	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

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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⁾
2024	\$ 1,947,532	\$ 220,853,171	0.9%	\$ 2,816.26
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

⁽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)

	2024	2023	2022	2021	2020
Debt limit	\$ 11,318,383	\$ 11,318,383	\$ 10,194,726	\$ 10,194,726	\$ 8,989,652
Total net debt applicable to limit	<u>4,223,827</u>	<u>3,455,346</u>	<u>3,071,258</u>	<u>2,869,764</u>	<u>2,470,631</u>
Legal debt margin	<u>\$ 7,094,556</u>	<u>\$ 7,863,037</u>	<u>\$ 7,123,468</u>	<u>\$ 7,324,962</u>	<u>\$ 6,519,021</u>
Total net debt applicable to the limit as a percentage of debt limit	37.32%	30.53%	30.13%	28.15%	27.48%

Legal Debt margin Calculation for Fiscal Year 2023

Fiscal year 2023 equalized valuation, 2023 ⁽¹⁾	\$ 226,367,657
Debit limit (5% of assessed value) ⁽²⁾	<u>11,318,383</u>
Debit applicable to limit:	
General obligation bonds	(1,423,803)
Total authorized/unissued	<u>(2,808,117)</u>
Total debt outstanding plus authorized/unissued	<u>(4,231,920)</u>
Less new authorization adjustments approved through June 30, 2023	<u>8,092</u>
Amount within debt limit	<u>-</u>
Debt incurring capacity as of June 30, 2024	<u>\$ 7,094,556</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, 2023 and City Council authorizations during fiscal year 2024 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management

	2019	2018	2017	2016	2015
\$	8,989,652	\$ 7,178,810	\$ 7,178,810	\$ 5,540,530	\$ 5,540,530
	2,311,238	2,122,823	1,913,350	1,809,054	1,388,019
\$	<u>6,678,414</u>	<u>\$ 5,055,987</u>	<u>\$ 5,265,460</u>	<u>\$ 3,731,476</u>	<u>\$ 4,152,511</u>
	25.71%	29.57%	26.65%	32.65%	25.05%

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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⁾
2024	N/A	N/A	N/A	N/A
2023	653,833	31,790,129	48,622	3.2
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

N/A = Information not available for this fiscal year

⁽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); Planning Department Research Division Analysis.

⁽²⁾ Source: U.S. Census Bureau, 2011-2022 1-year American Community Survey estimates; Planning Department Research Division Analysis. Converted to 2022 dollars using the Consumer Price Index.

⁽³⁾ Source: Bureau of Labor Statistics, Local Area Unemployment Statistics; Planning Department Research Division Analysis.

* **Note that the 2020 Census and subsequent American Community Surveys significantly undercount Boston's population.**

PRINCIPAL EMPLOYERS**Current and Nine Years Ago**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	18,798	1	2.13%	17,036	1	2.48%
Brigham and Women's Hospital	14,584	2	1.65%	13,120	2	1.91%
Boston University	10,674	3	1.21%	10,797	3	1.57%
Boston Children's Hospital	9,198	4	1.04%	8,363	4	1.22%
Beth Israel Deaconess Medical Center	8,737	5	0.99%	7,435	6	1.08%
State Street Bank & Trust Company	-		0.00%	7,800	5	1.14%
Boston Medical Center	7,156	6	0.81%	5,285	8	0.77%
Harvard University Graduate Schools	6,934	7	0.79%	5,571	7	0.81%
Northeastern University*	6,685	8	0.76%	4,767	10	0.69%
Dana-Farber Cancer Institute	6,013	9	0.68%			
Fidelity Investments	5,860	10	0.66%	5,000	9	0.73%
Total	94,639		10.71%	85,174		12.40%
Total Boston Employment **	883,257					

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; Planning Department Research Division Analysis. Estimates reflect most recent data available.

Note: State Street Bank also has significant employment in Boston; however, it has not provided data on employment levels.

* Boston's total payroll and non-payroll employment for 2022

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT⁽¹⁾
 Last Ten Fiscal Years

	Fiscal Year				
	2024	2023	2022	2021	2020
CITY-FUNDED:					
Public safety ⁽²⁾	4,330	4,287	4,369	4,460	4,518
Public works	305	308	331	349	358
Other city departments ⁽³⁾	2,900	2,755	2,641	2,727	2,715
Boston Public Health Commission ⁽⁴⁾	862	824	857	872	847
Schools	10,050	9,623	9,559	9,528	9,303
Total city-funded	18,447	17,797	17,757	17,936	17,741
GRANT-FUNDED:					
Schools	1,394	1,096	756	621	654
All others ⁽⁵⁾	345	343	284	299	287
Total grant-funded	1,739	1,439	1,040	920	941
Total employees	20,186	19,236	18,797	18,856	18,682

- (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					
2019	2018	2017	2016	2015	
4,476	4,442	4,501	4,456	4,529	
357	362	373	377	394	
2,708	2,730	2,688	2,650	2,678	
832	845	827	777	770	
9,249	9,005	8,782	8,746	8,789	
17,622	17,384	17,171	17,006	17,160	
636	595	610	656	601	
270	358	385	370	282	
906	953	995	1,026	883	
18,528	18,337	18,166	18,032	18,043	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Police					
Service calls answered	572,844	634,765	572,844	598,470	568,707
Moving/traffic violations	14,027	19,640	26,354	28,519	61,731
Parking violations as of June 30	994,836	1,004,736	1,080,858	908,581	1,067,501
Fire					
Calls answered	96,823	93,301	85,572	75,346	84,357
Inspections conducted	13,435	23,804	22,530	21,614	21,350
Library					
Personnel full-time	452	445	407	400	416
Personnel part-time	37	36	28	38	36
Central and branch libraries	26	26	26	26	26
Books, audio and video materials, newspapers, and magazines in circulation	4,129,864	4,148,898	4,382,562	3,898,416	3,629,323
Library cards in force	497,557	450,902	590,793	504,138	383,240
Schools					
Student enrollment as of June 30	46,583	48,927	49,970	51,434	53,094
Streets, sidewalks, and bridges					
Streets in miles	988	988	988	988	988
Hospitals					
Births as of June 30	10,069	20,303	21,015	20,340	20,532
Deaths as of June 30	4,098	8,001	8,561	8,347	8,771

Source: City of Boston Auditing Department

Fiscal Year				
2019	2018	2017	2016	2015
497,728	494,226	516,741	408,144	421,573
103,485	92,111	95,865	107,204	110,254
1,289,023	1,414,184	1,358,385	1,346,400	1,272,107
83,173	86,103	85,598	82,438	80,079
25,896	24,009	24,332	25,519	23,019
410	411	411	413	417
43	45	45	50	58
26	25	25	24	24
4,223,612	3,806,215	3,796,379	3,707,607	3,715,079
332,468	292,763	281,439	268,275	323,789
54,300	55,594	56,433	56,531	57,102
988	988	988	988	988
20,217	20,686	20,089	20,968	19,586
7,763	7,790	7,526	7,383	7,438

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

CAPITAL ASSET STATISTICS BY DEPARTMENT

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Police					
Officers and personnel	2,828	2,754	2,857	2,883	2,754
Stations	11	11	11	11	11
Fire					
Officers and personnel	1,522	1,604	1,650	1,644	1,855
Stations	33	35	34	34	34
Parks and Recreation					
Personnel (Parks Division)	236	212	253	255	298
Neighborhood (city) parks	285	266	258	258	257
Neighborhood (city) playgrounds – Tot Lots	144	140	137	137	137
Community Centers – (BCYF operated)	28	29	29	30	28
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	18	18	18	20	17
Tennis courts	71	70	64	64	55
Public Education					
Total number of Boston Public Schools employees	13,283	10,386	9,987	10,149	10,380
Total number of schools	115	115	121	123	125
Public Works					
Traffic signals (signalized intersections)	900	896	886	883	847
Parking meters (approximately)	5,812	6,018	5,960	6,258	6,603
Bridges	39	40	40	40	40
Hospitals					
Number of hospitals	20	20	20	20	20
Patient beds	6,234	6,234	6,152	6,140	6,113

Source: City of Boston Auditing Department

Fiscal Year					
2019	2018	2017	2016	2015	
2,936	2,869	2,896	2,895	2,907	
11	11	11	11	11	
1,649	1,652	1,623	1,618	1,604	
34	34	35	35	35	
274	269	280	251	306	
257	257	258	251	251	
137	132	131	129	127	
36	36	30	29	29	
2	2	2	2	2	
19	19	18	18	17	
58	65	65	65	65	
10,695	10,344	10,255	9,634	9,530	
125	125	124	125	128	
872	866	859	854	849	
6,736	6,722	6,420	7,626	7,699	
40	40	40	40	36	
19	19	20	20	20	
6,108	6,053	6,021	5,227	6,049	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024