

NEW MONEY ISSUE - BOOK-ENTRY ONLY

Ratings[†]
Moody's S&P
Aaa AAA

In the opinion of Troutman Pepper Locke LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.

CITY OF BOSTON, MASSACHUSETTS

\$464,170,000

General Obligation Bonds 2025 Series A

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The City of Boston, Massachusetts (the "City") will issue its \$464,170,000 General Obligation Bonds, 2025 Series A (the "Bonds"), by means of a book-entry system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the Bonds are set forth in this Official Statement. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026, until maturity or earlier redemption. The Bonds will be subject to redemption prior to maturity as more fully described herein.

The Bonds will be valid general obligations of the City for the payment of the principal of and interest on which all taxable property in the City is subject to the levy of ad valorem taxes without limit as to rate or amount as more fully described herein under "Security for the Bonds."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the final approving opinion of Troutman Pepper Locke LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. PFM Financial Advisors LLC, serves as Municipal Advisor to the City. See "MUNICIPAL ADVISOR" herein. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York, on or about June 5, 2025.

Raymond James

Jefferies

Wells Fargo Securities

Loop Capital Markets

May 21, 2025

[†] See "Credit Ratings."

THE CITY OF BOSTON, MASSACHUSETTS

\$464,170,000
General Obligation Bonds
2025 Series A

Dated: Date of Delivery

Due: February 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP Number*</u>
2026	\$29,785,000	5.00%	2.820%	100853L32
2027	16,155,000	5.00	2.840	100853L40
2028	16,970,000	5.00	2.850	100853L57
2029	17,815,000	5.00	2.870	100853L65
2030	18,710,000	5.00	2.900	100853L73
2031	18,120,000	5.00	2.940	100853L81
2032	19,030,000	5.00	2.990	100853L99
2033	19,975,000	5.00	3.070	100853M23
2034	20,975,000	5.00	3.190 ^C	100853M31
2035	22,025,000	5.00	3.280 ^C	100853M49
2036	22,670,000	5.00	3.390 ^C	100853M56
2037	23,800,000	5.00	3.490 ^C	100853M64
2038	24,990,000	5.00	3.610 ^C	100853M72
2039	26,240,000	5.00	3.710 ^C	100853M80
2040	27,555,000	5.00	3.820 ^C	100853M98
2041	25,220,000	5.00	3.950 ^C	100853N22
2042	26,480,000	5.00	4.080 ^C	100853N30
2043	27,805,000	5.00	4.150 ^C	100853N48
2044	29,195,000	5.00	4.220 ^C	100853N55
2045	30,655,000	5.00	4.280 ^C	100853N63

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of owners of the Bonds, and the City is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on several factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

^C Priced at stated yield to the first optional par call date of August 1, 2033.

No dealer, broker, salesperson or other person has been authorized by the City of Boston or the underwriters of the Bonds to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained herein has been furnished by the City and certain information has been obtained from other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the original purchaser of the Bonds or, as to information from other sources, of the City. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof, except as expressly set forth herein. This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

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OFFICIAL STATEMENT
of the
CITY OF BOSTON, MASSACHUSETTS
relating to

\$464,170,000
General Obligation Bonds
2025 Series A

This Official Statement (which includes the cover page and Appendices hereto) provides certain information concerning the City of Boston, Massachusetts (the “City”) in connection with the issuance of its \$464,170,000 General Obligation Bonds, 2025 Series A (the “Bonds”) as described herein. Certain credit factors concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. This Official Statement speaks only as of its date and the information contained herein is subject to change after this date.

THE CITY

The City of Boston, incorporated as a town in 1630 and as a city in 1822, is the largest city in Massachusetts and the capital of The Commonwealth of Massachusetts (the “Commonwealth”). The City and its component governmental units are responsible for the provision of a wide range of government services, including education, public safety, public health, urban planning and development and the maintenance of the City’s infrastructure, and for funding certain employee benefits, state authority assessments and debt service requirements. Its primary sources of revenue are property taxes, state aid and certain excises. Management of the City’s finances includes preparation of annual operating and capital budgets, the exercise of expenditure controls and cash management. For a full discussion concerning the City, and its finances, see Appendix A—City of Boston, Massachusetts, Information Statement dated March 27, 2025 (the “Information Statement”).

As the economic hub of New England, Boston is a center for professional, financial, higher educational and medical services, and the focus of tourist and convention travel in New England. For a description of certain demographic and economic information about the City, see “Appendix A—Exhibit III—City of Boston—Selected Demographic and Economic Information.”

SECURITY FOR THE BONDS

The Bonds will be valid general obligations of the City, for the payment of the principal of and interest on which the full faith and credit of the City will be pledged. To the extent not paid from other legally available revenues of the City, the Bonds are payable from *ad valorem* taxes which may be levied upon all taxable property in the City without limit as to rate or amount.

Chapter 643 of the Acts of 1983 of the Commonwealth, as amended (the “Bond Procedure Act of 1983”), requires that the debt and interest charges on all general obligation indebtedness of the City (including the Bonds), if not otherwise provided for, be included in the City’s annual tax levy. The Bond Procedure Act of 1983 also mandates assessment of taxes in excess of the levy limits imposed by the statewide property tax limit (“Proposition 2½”) to the extent that the debt service on City obligations is not otherwise provided for in the tax levy or from other sources, with no allowance made for any other expenditures of the City. See “City Revenues—Property Taxes—Proposition 2½” in the Information Statement. Holders of City obligations do not have a statutory priority with respect to or a security interest in the portion of the tax levy attributable to such obligations. See “City Indebtedness—Classification of City Debt” in the Information Statement.

In the opinion of Bond Counsel, the City is subject to suit on the Bonds, and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the Bonds from available funds or, in the absence of available funds, to order the inclusion of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of property of any inhabitant. There has been no judicial determination, however, as to whether the remedy is constitutional under current due process and equal protection standards.

Payment of the principal of and interest on the Bonds is not secured by or limited to a pledge of any particular revenue source of the City. Chapter 190 of the Acts of 1982 of the Commonwealth (the “1982 Funding Loan Act”) and the Bond Procedure Act of 1983 authorize the City to pledge to the payment of any of its general obligation notes or bonds all or any part of the revenues of the City derived from any tax, fee, distribution or reimbursement payable to the City (except distributions and reimbursements required by law to be specifically used for statutorily defined purposes), including state aid distributions and the proceeds of the City’s annual property tax levy. No obligations are currently outstanding which are secured by such a pledge. The Bond Procedure Act of 1983 also authorizes the City to issue special obligation bonds payable solely from the revenues of a revenue-producing facility, and Chapter 152 of the Acts of 1997, as amended (the “Convention Center Act”), authorized the City to pledge certain excise receipts and other revenues of the City to the payment of bonds of the City issued under the authority of the Convention Center Act. As of the date of this Official Statement, the City is not authorized to issue any additional bonds under the Convention Center Act and no special obligation indebtedness of the City remains outstanding. See “City Indebtedness—Special Obligation Debt” in the Information Statement. To the extent required for the payment of any such secured indebtedness, the revenues pledged to their payment would not be available to pay the Bonds.

Except to the extent specifically pledged to the payment of certain indebtedness, state aid distributions to the City are generally available for the payment of bonds or notes of the City, but, under certain circumstances, they may be unavailable to the extent such distributions are applied to the payment of “qualified bonds” issued by the City (none of which bonds have been issued), or to the extent that such distributions may be applied under state law to the satisfaction of unpaid assessments due the Commonwealth from the City for debt issued by the Massachusetts Bay Transportation Authority, or for obligations of the City or of the Boston Water and Sewer Commission issued to the Massachusetts Clean Water Trust. See “City Indebtedness—Classification of City Debt” in the Information Statement.

State statutes also provide that certain parking meter receipts may be used only for parking and related purposes and, accordingly, monies derived from this source may be unavailable to pay general obligation bonds and notes issued for other purposes. In addition, subject to certain limits, the City may annually authorize the establishment of one or more revolving funds in connection with the use of certain revenues for programs that produce those revenues. If it accepts certain statutory provisions, the City may also establish enterprise funds for certain purposes, including for a health care, solid waste, recreational or transportation facility, and for police or fire services. Under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. The City has not established any such enterprise funds.

Section 19A of Chapter 44 of the General Laws provides, in part, that if the City is or is likely to be unable to pay principal of or interest on any of its bonds or notes when due, it shall notify the State Commissioner of Revenue. The Commissioner shall certify such inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount by the later of three days after the certification or one business day prior to the due date. This payment is limited, however, to the estimated amounts distributable by the Commonwealth to the City during the remainder of the fiscal year. If, for any reason, any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for such fiscal year. The sums so paid shall be charged with interest and administrative costs against the distributions to the City. The foregoing provisions are not a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions and the law requiring the Commonwealth to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the state’s annual appropriation act is often delayed beyond the beginning of the fiscal year, and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

The rights of the holders of the Bonds and the enforceability of payment of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws.

THE BONDS

Description

The Bonds will be dated the date of delivery thereof and will mature at the times and in the amounts, and will bear interest calculated on the basis of 30-day months and a 360-day year at the rates, all as shown on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026, until maturity or earlier redemption. If any interest payment date is not a business day, interest will be payable on the next business day.

The Bonds will be issued by means of a book-entry system, with bond certificates immobilized at The Depository Trust Company, New York, New York ("DTC"). Bond certificates will not be available for distribution to the public and will evidence ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Interest on the Bonds will be paid on the interest payment dates or upon redemption, and principal of the Bonds will be paid at maturity or upon redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal or redemption price and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal or redemption price and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The record date for principal or redemption price and interest payments will be the fifteenth day of the month next preceding a debt service payment date or, if such day is not a business day, the next succeeding business day. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

U.S. Bank Trust Company, National Association, or its successor, will act as paying agent for the Bonds (the "Paying Agent").

Authorization and Purpose

The Bonds will be issued pursuant to the Bond Procedure Act of 1983 and various loan orders of the City Council approved by the Mayor. The Bonds will be issued to finance various capital projects of the City.

Redemption Prior To Maturity

Optional Redemption at Par

The Bonds maturing on and after February 1, 2034 will be subject to redemption prior to maturity at the option of the City, on and after August 1, 2033, as a whole or in part at any time, in such order of maturity as the City may determine and by lot within each maturity as selected by DTC and its participants, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Make-Whole Optional Redemption.

The Bonds maturing on or before February 1, 2033 are subject to redemption prior to maturity at the option of the City, from any moneys available therefor at any time, in whole or in part, in such manner as determined by the City and within a maturity by lot at the Make-Whole Redemption Price (as defined below), plus accrued interest to the redemption date.

The "Make-Whole Redemption Price" will be equal to the greater of (1) 100% of the Amortized Value (as defined below) of such Bonds to be redeemed; or (2) the sum of the present values of the remaining unpaid payments of principal and interest to be paid on any such Bonds being redeemed from and including the redemption date to the stated maturity date of such Bonds (exclusive of interest accrued to the date of redemption), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at a discount rate equal to the greater of (a) the Applicable Tax-Exempt Municipal Bond Rate (as described below) minus ten (10) basis points; or (b) zero basis points.

The "Amortized Value" will equal the principal amount of such Bonds to be redeemed multiplied by the price of such Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, a maturity date equal to the stated maturity date of such

Bonds and a yield equal to such Bonds' original reoffering yield as set forth on the inside cover page of this Official Statement.

The "Applicable Tax-Exempt Municipal Bond Rate" means the "BVAL Muni AAA Monthly Callable Yields" rate for the maturity date (made available by Bloomberg at least five (5) calendar days, but not more than 60 calendar days, prior to the redemption date, as determined by the City in its discretion). In the event that Bloomberg no longer publishes the "BVAL Muni AAA Monthly Callable Yields" rate, the Applicable Tax-Exempt Municipal Bond Rate for such Bonds will be determined (at least five (5) calendar days, but not more than 60 calendar days, prior to the redemption date, as determined by the City in its discretion) by an independent verification agent appointed by the City, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody's Ratings and S&P Global Ratings, with a maturity date equal to the stated maturity date of such Bonds to be redeemed having characteristics (other than the ratings) most comparable to those of such Bonds in the judgment of the verification agent. The verification agent's determination of the Applicable Tax-Exempt Municipal Bond Rate shall be final and binding in the absence of manifest error.

The Make-Whole Redemption Price will be determined by an independent verification agent, investment banking firm or municipal advisor (which verification agent, investment banking firm or municipal advisor shall be retained by the City at the expense of the City) in order to calculate such Make-Whole Redemption Price. The Trustee and the City may conclusively rely on such verification agent's, investment banking firm's or municipal advisor's determination of such Make-Whole Redemption Price and will bear no liability for such reliance.

Notice of Redemption

Notice of redemption of Bonds, specifying the numbers, series and maturities of the Bonds or portions thereof to be redeemed and the redemption date, will be given by the Paying Agent not more than 60 days nor less than 20 days prior to the redemption date by notice mailed to DTC or its nominee, or in such other manner acceptable to DTC, as registered owner of the Bonds to be redeemed. The City will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee. Notice having been given, the Bonds or portions thereof called for redemption will become due and payable on the designated redemption date. If on the redemption date monies are available for the redemption of the Bonds or portions thereof to be redeemed, together with interest accrued to the redemption date, then interest on such Bonds or portions thereof shall thereafter cease to accrue.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the City for such purpose no later than the redemption date, or that the City may rescind such notice at any time prior to the scheduled redemption date if the City's Chief Financial Officer and Collector-Treasurer delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the City to make funds available in whole or in part on or before the redemption date shall not constitute a default. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds called for redemption shall become due and payable on the redemption date, and from and after such date, such Bonds shall cease to bear interest.

Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, however if such date is not a business day, the record date will be the following business day provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of that maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National, and Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal or redemption price and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the

responsibility of such Participant and not of DTC or, its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the gross debt service requirements for the City's outstanding general obligation debt as of March 1, 2025, the gross debt service requirements on the Bonds and the resulting net gross debt service requirements on the general obligation debt of the City following the issuance of the Bonds.

Schedule of Debt Service Payments*

Fiscal	Outstanding Debt As of March 1, 2025		The Bonds		QSCB 2009A Sinking Fund ⁽¹⁾	Net Total Principal and Interest
	Principal	Interest	Principal	Interest		
2025	\$ 56,245,000	\$28,688,176	-	-	\$(20,000,000)	\$ 64,933,176
2026	176,430,000	63,928,346	\$29,785,000	\$15,214,461	-	285,357,807
2027	157,965,000	56,104,474	16,155,000	21,719,250	-	251,943,724
2028	138,140,000	49,980,315	16,970,000	20,911,500	-	226,001,815
2029	125,090,000	44,437,128	17,815,000	20,063,000	-	207,405,128
2030	108,685,000	39,741,196	18,710,000	19,172,250	-	186,308,446
2031	108,320,000	35,356,844	18,120,000	18,236,750	-	180,033,594
2032	107,045,000	30,920,985	19,030,000	17,330,750	-	174,326,735
2033	104,075,000	26,776,751	19,975,000	16,379,250	-	167,206,001
2034	96,450,000	22,674,799	20,975,000	15,380,500	-	155,480,299
2035	68,270,000	19,230,259	22,025,000	14,331,750	-	123,857,009
2036	64,090,000	16,203,174	22,670,000	13,230,500	-	116,193,674
2037	60,185,000	13,324,159	23,800,000	12,097,000	-	109,406,159
2038	54,265,000	10,671,872	24,990,000	10,907,000	-	100,833,872
2039	47,365,000	8,206,292	26,240,000	9,657,500	-	91,468,792
2040	42,705,000	6,034,955	27,555,000	8,345,500	-	84,640,455
2041	44,665,000	4,002,083	25,220,000	6,967,750	-	80,854,833
2042	37,975,000	1,964,875	26,480,000	5,706,750	-	72,126,625
2043	20,310,000	507,750	27,805,000	4,382,750	-	53,005,500
2044	-	-	29,195,000	2,992,500	-	32,187,500
2045	-	-	30,655,000	1,532,750	-	32,187,750
Totals	\$1,618,275,000	\$478,754,435	\$464,170,000	\$254,559,461	\$(20,000,000)	\$2,795,758,894

* Rows and columns may not add due to rounding.

⁽¹⁾ Quarterly payments of principal in the amount of \$363,636.36 were being made to the paying agent with respect to the City's outstanding \$20,000,000 General Obligation Qualified School Construction Bonds, 2009 Series A, which were issued as tax credit bonds that do not earn interest. These funds were kept in escrow until the bonds matured on September 15, 2024.

Source: City of Boston Auditing Department.

Rate of Principal Retirement

The City will retire the following amounts of its outstanding general obligation bonds over the following respective periods. This table is stated in two ways, with scheduled principal retirement prior to the issuance of the Bonds, and then subsequent to the issuance of the Bonds.

Term of Retirement	Debt Outstanding as of March 1, 2025 to be retired (in thousands)	Percentage of Debt Outstanding as of March 1, 2025 to be retired	Debt Outstanding After Issuance of the Bonds to be retired (in thousands)	Percentage of Debt Outstanding After Issuance of the Bonds to be retired
Fiscal 2025-2030	\$762,555	47.1%	\$861,990	41.4%
Fiscal 2031-2035	484,160	29.9	584,285	28.1
Fiscal 2036-2040	268,610	16.6	393,865	18.9
Fiscal 2041-2045	102,950	6.4	242,305	11.6
Total	\$1,618,275	100.0%	\$2,082,445	100.0%

Source: City of Boston Auditing Department.

LITIGATION

No litigation is pending or, to the knowledge of the City's Corporation Counsel, threatened (a) seeking to restrain or enjoin the issuance or delivery of the Bonds, (b) contesting or affecting any authority for or the validity of the Bonds, (c) contesting the power of the City to issue the Bonds or the power of the City to offer and sell the Bonds to the purchaser(s) thereof, (d) contesting the power of the City to levy and collect taxes to pay the Bonds, (e) contesting the corporate existence or boundaries of the City, or (f) contesting the title of officials of the City who have acted with respect to the proceedings for the issuance and sale of the Bonds to their respective offices.

There are pending in courts within the Commonwealth various suits in which the City is a defendant. No litigation is pending or to the knowledge of the City's Corporation Counsel, threatened which is likely to have a material adverse impact on its ability to pay the principal of and interest on the Bonds when due or the City's long-term financial condition. While the ultimate outcome and fiscal impact, if any, on the City of pending and threatened proceedings and claims are not currently predictable, adverse determinations in certain of them could have a programmatic or budgetary impact on the City.

TAX EXEMPTION

In the opinion of Troutman Pepper Locke LLP, Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. However, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

A complete copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the

treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondowner’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Prospective Bondowners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

CREDIT RATINGS

Moody’s Ratings, 7 World Trade Center at 250 Greenwich Street, New York, New York, and S&P Global Ratings, 55 Water Street, New York, New York, have assigned the ratings of “Aaa” and “AAA,” respectively, to the Bonds, reflecting the City’s capacity to pay debt service. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriters, represented by Raymond James & Associates, Inc., have agreed, subject to certain conditions, to purchase all of the Bonds from the City at a purchase price of \$500,446,709.85, which reflects the par amount of the Bonds, plus aggregate original issue premium of \$37,489,709.85, less underwriters' discount of \$1,213,000.00. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The public offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses. Under certain circumstances, the underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds are subject to the approval of Troutman Pepper Locke LLP, Bond Counsel to the City. Reference should be made to the form of opinion of Bond Counsel set forth in Appendix B for the matters to be covered therein. In addition, Corporation Counsel of the City will certify as to the accuracy of the statements contained in the first paragraph under the caption "Litigation." Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC ("PFM"), Boston, Massachusetts, serves as municipal advisor to the City in connection with the issuance of the Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement and the appendices hereto. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

CONTINUING DISCLOSURE

In order to assist the underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “Rule”), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the “Annual Report”), and to provide notices of occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C (the “Certificate”). The Certificate will be executed on the delivery date of the Bonds and incorporated by reference in the Bonds. The City has executed previous undertakings to provide annual reports or notices of material events in accordance with the Rule and to the best of its knowledge has never failed to comply in all material respects with any such undertaking within the previous five years. The City has implemented procedures to ensure timely filing of annual reports and notices of certain enumerated events required under its continuing disclosure undertakings.

In order to assist the City in carrying out its obligations under the Certificate and under its other continuing disclosure undertakings, the City has entered into an agreement with Digital Assurance Certification, LLC (“DAC”) pursuant to which DAC serves as dissemination agent for the City with respect to the continuing disclosure filings required to satisfy such obligations.

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth of Massachusetts, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, changes in political and social conditions, conditions in the financial markets, the financial condition of the City and the Commonwealth of Massachusetts, receipt of state aid and federal grants, litigation, arbitration, cybersecurity threats, terrorist events, the impact of climate change, force majeure events, changes in law, and various other factors that are beyond the control of the City and its various departments and agencies. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and other similar words.

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

Neither the City’s independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its departments or agencies since the date of this Official Statement, except as expressly stated.

CITY OF BOSTON, MASSACHUSETTS

By: /s/ Ashley Groffenberger
Chief Financial Officer and Collector-Treasurer

Dated: May 21, 2025

CITY OF
BOSTON, MASSACHUSETTS



INFORMATION STATEMENT
Dated March 27, 2025

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

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

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

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

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

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

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SECTION 1: THE CITY

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

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

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

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

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

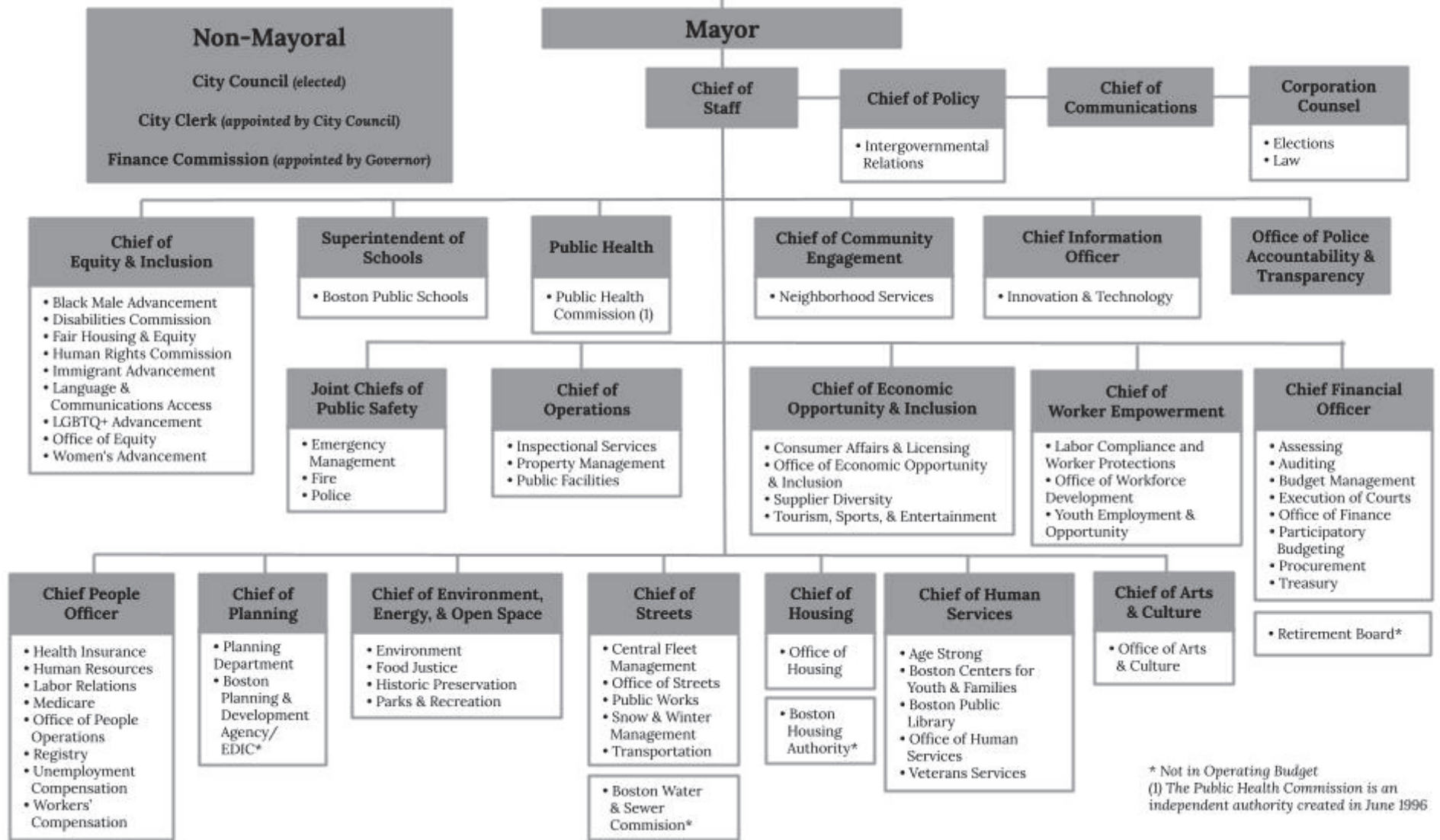
Table 1. City of Boston City Councilors

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

Organization of City Government

The City of Boston is organized using a cabinet structure for facilitating the coordination and execution of the work of City government. The structure of the Mayor’s cabinet is set forth in the organizational chart on the following page. The organizational chart was submitted as a part of fiscal 2025 budget that became effective in July 2024 and is subject to change.

PEOPLE OF BOSTON



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

Chief of Staff

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

Chief of Policy & Strategic Planning

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

Chief of Operations

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

Corporation Counsel

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

Chief Communications Officer

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

Chief Information Officer

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

Chief Financial Officer & Collector-Treasurer

Ashley Groffenberger was appointed Chief Financial Officer & Collector-Treasurer in August 2022. Prior to her appointment, she served as the Budget Director for the City and County of San Francisco. Before that, Ms. Groffenberger served in both the House and Senate Committees on Ways and Means in the Massachusetts state legislature. The Chief Financial Officer and Collector-Treasurer is responsible for all aspects of financial management including Treasury, Collecting, Assessing, Auditing, Budget, and Procurement and is the custodian of over 300 City trust funds and an *ex-officio* member of the Massachusetts Convention Center Authority Board.

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

Budget Director

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

City Auditor

Scott Finn was appointed City Auditor in April 2024. Prior to his appointment, Mr. Finn served as Assistant City Auditor and Grants and Compliance Manager. The Auditor is responsible for monitoring the City's internal controls, managing grant funds, providing financial reports, maintaining the books and records of the City, and approving all payments made by the City. The Auditor is also an ex-officio member of the Boston Retirement System Board. The Auditing Department acts as the primary point of contact to the City of Boston Audit Committee and the City's external auditors.

Commissioner of Assessing

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

First Assistant Collector-Treasurer

Jerica Bradley was appointed First Assistant Collector-Treasurer in November 2024. Prior to her appointment, Ms. Bradley served in this capacity in an acting role. The First Assistant Collector-Treasurer serves as the director of the City's Treasury Department and is responsible for all debt issuance processes, management of the City's cash balances and payment functions, and receipt and recognition of all City revenue. At the direction of the Collector-Treasurer, the First Assistant Collector-Treasurer also manages the custodial, investment, and operational activities of over 300 City trust funds. The Treasury Department acts as the primary point of contact to the rating agencies and the investor community.

Chief of People Operations

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

Chief of Economic Opportunity & Inclusion

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

Superintendent of Schools

The Boston School Committee appointed Mary Skipper as Superintendent of Schools in June 2022. Prior to her appointment, she served as the Superintendent of Somerville Public Schools. Ms. Skipper previously spent over 20 years in the Boston Public Schools in various roles, including as a teacher and Network Superintendent of High Schools. For a description of the student population, staffing, curricula, and governance of the Boston Public Schools, see "The City-Principal Governmental Services-Schools" below.

Joint Chiefs of Public Safety

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

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

Adrian Jordan was appointed Chief of the Office of Emergency Management in June 2024. Mr. Jordan is a veteran of the Boston Fire Department with 27 years' experience, including expertise in technical rescue. The Office of Emergency Management has oversight of the City of Boston's emergency planning, training and exercise programs and manages relationships with regional, state and federal homeland security partners.

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

Chief of Environment, Energy & Open Space

Brian Swett was appointed Chief Climate Officer in June 2024. Mr. Swett is a nationally recognized leader in climate change and sustainability strategy with over two decades of leadership experience, including the City of Boston where he previously served as the Chief of the Environment, Energy & Open Space Cabinet from 2012 to 2015. Prior to his current role, he served as a Principal of Arup, a global engineering, design and consulting firm focused on sustainable development. Mr. Swett is charged with spearheading the Mayor's climate action agenda and oversees policy and programs on energy, climate change, sustainability, and open space and is responsible for the Environment Department, Parks and Recreation, Historic Preservation, and Food Justice. He also serves as liaison to Boston's utility companies and the Boston Water and Sewer Commission ("BWSC"), and as a Board member of the Massachusetts Water Resources Authority, the Boston Groundwater Trust, and the Boston Harbor Islands Partnership.

Chief of Housing

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

Chief of Equity & Inclusion

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

Chief of Human Services

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

Chief of Arts & Culture

The Chief of Arts & Culture stepped down in December 2024 and a search is currently underway for her successor. In the interim, Kenny Mascary has been appointed. Previously, Mr. Mascary served as the Chief of Staff to the Department. The Chief is responsible for supporting and promoting the arts community in Boston and works to bring the arts to the forefront of City life.

Chief of Streets

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

Chief of Community Engagement

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

Chief of Worker Empowerment

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

Chief of Planning

Kairos Shen was appointed in September 2024 to lead the City of Boston Planning Department, which was established by Mayor Wu in 2024 to restore planning as a core function of City government. Mr. Shen oversees the Planning Cabinet's core mission of community-engaged planning, regulation of major real estate development and management of the Boston Planning and Development Agency's (BPDA) real estate property. His work includes transitioning the City to a consistent and modernized zoning code, comprehensive short- and long-term planning, creating inclusive design standards, and making development review more streamlined and predictable. Mr. Shen previously worked in the BPDA for over two decades in several different roles in planning and design. Most recently, he was the Executive Director of the MIT Center for Real Estate from 2020-2024.

Principal Government Services

Table 2 below shows the distribution of the City’s fiscal 2025 appropriations by primary government functions and departments.

Table 2. Purposes of City Appropriations—Fiscal 2025 ⁽¹⁾
(Budgetary Accounting Basis) ⁽²⁾
(\$ in thousands)

	<u>Amount</u>	<u>Percent of Total Appropriations</u>
General Government	\$302,446	6.53%
Public Safety	873,940	18.86
Public Works	148,495	3.20
Property and Development	108,775	2.35
Parks and Recreation	40,579	0.88
Library	49,883	1.08
Human Services	54,066	1.17
Schools	1,527,969	32.97
Boston Public Health Commission	140,079	3.02
Judgments and Claims	2,000	0.04
Employee Benefits	292,254	6.31
Current Period Retirement Contributions	426,499	9.20
Debt Requirements	275,937	5.96
State and District Assessments	<u>390,619</u>	<u>8.43</u>
Total	<u>\$4,633,541</u>	<u>100.00%</u>

(1) Represents the fiscal 2025 budget as of January 1, 2025 following the Tax Rate setting process. Totals may not add due to rounding.

(2) See “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2021 to 2024 Actual Results and Fiscal 2025 Budget” below for a definition of budgetary accounting basis.

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

A description of certain City principal governmental services follows:

Schools

The City’s School Department provides both basic education and college preparatory curricula as well as specialized vocational educational programs. The school system enrolled 48,593 students for the 2024-2025 school year. Enrollment has stabilized but at a lower level than 10 years ago. Boston Public Schools currently operates 112 schools (81 Elementary and 31 Secondary) and is anticipating the portfolio shrinking to approximately 95 schools over the next five years (69-71 Elementary and 23-25 Secondary). On March 20, 2025, the Boston School Committee approved the closure of four schools and the merger of two schools at the end of the 2025-26 school year. On March 26, 2025, the Boston School Committee adopted its fiscal 2026 operating budget of \$1.58 billion.

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

Public Safety

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

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

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

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

Public Health

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

Public Works

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

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

Other Services

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

Suffolk County

While existing state law provides that the Mayor and City Council serve as the Commissioners of Suffolk County, which includes the cities of Boston, Chelsea, Revere and the Town of Winthrop, all of the functions and costs of county government (including the county courts, registry of deeds and the Office of the Suffolk County Sheriff) have been assumed by the Commonwealth, except for an annual assessment by the Commonwealth for the purpose of funding the unfunded portion of pension liability for retirees of the Office of the Suffolk County Sheriff who retired prior to January 1, 2010. This annual assessment can be no greater than the City's fiscal 2009 appropriation to support the Office of the Suffolk County Sheriff of approximately \$3.0 million, and will terminate when the pension liability of these retirees is fully funded in 2028.

City Employees

The following table shows the number of full-time equivalent City employees by department as of January 1 of each of the indicated years.

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

	2023	2024	2025
<i>City Funded:</i>			
Public Safety ⁽²⁾	4,287	4,330	4,335
Public Works	308	305	325
Other City Departments ⁽³⁾	2,755	2,900	3,223
Boston Public Health Commission ⁽⁴⁾	<u>824</u>	<u>862</u>	<u>936</u>
Subtotal	<u>8,174</u>	<u>8,397</u>	<u>8,819</u>
Schools	<u>9,623</u>	<u>10,050</u>	<u>10,609</u>
Total City Funded	<u>17,797</u>	<u>18,447</u>	<u>19,427</u>
<i>Grant Funded:</i>			
Schools ⁽⁵⁾	1,096	1,394	784
All Others ⁽⁶⁾	<u>343</u>	<u>345</u>	<u>431</u>
Total	<u>19,236</u>	<u>20,186</u>	<u>20,642</u>

- (1) All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.
- (2) Includes the Police Department, the Fire Department, and the Office of Emergency Management.
- (3) Includes Boston Retirement System employees. Beginning in fiscal 2025, Planning Department and Office of Workforce Development employees (formerly BPDA) are included. See “Boston Planning and Development Agency” in Section 4.
- (4) While funded by the City, Boston Public Health Commission employees are not City employees.
- (5) Increase in fiscal 2023, 2024, and 2025 FTE’s mainly due to grant funded positions from Elementary and Secondary School Emergency Relief (ESSER). See “Departmental Revenues – Grants.”
- (6) Does not include grants managed by the Boston Public Health Commission.

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

Employee Relations

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

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

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

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

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

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

Table 4. Collective Bargaining Units

Union	Department	Number of Employees Represented ⁽¹⁾	Contract Expiration Date
Boston Police Patrolmen's Association	Police	1,452	6/30/2025
Boston Police Superior Officers Federation	Police	256	6/30/2025
Boston Police Detectives Benevolent Society	Police	255	6/30/2025
Superior Detective Benevolent Society	Police	135	6/30/2025
Forensic Group	Police	32	9/30/2027
Police Cadet Association	Police	28	9/30/2027
School Traffic Supervisors Assoc	Police	154	8/31/2027
International Association of Firefighters, Local 718	Fire	1,563	6/30/2024
New England Police Benevolent Association, Local 173	Property & Construction Mgmt	59	6/30/2027
New England Police Benevolent Association, Local 174	Property & Construction Mgmt	7	6/30/2023
SEIU, Local 888	Citywide	792	6/30/2027
SEIU, Local 888	Housing	109	9/30/2027
SENA, Locals 9158 and 9158E	Citywide	790	9/30/2027
AFSCME C93 (Citywide & various locals)	Citywide	1,041	6/30/2027
AFSCME Local 1526	Library	219	9/30/2023
Professional Staff Association	Library	194	9/30/2027
Park Rangers	Parks	14	6/30/2023
Typographical Union	Police	2	9/30/2027
OPEIU AFL-CIO L16 (Housing Inspectors)	Inspectional Services	23	6/30/2027
IBEW, Local 103	Inspectional Services	11	6/30/2027
Teamsters Local 2	Property & Construction Mgmt	6	6/30/2027
International Alliance of Theatrical Stage Employees	Tourism	3	6/30/2027
Boston Teachers Union ⁽²⁾	School	9,898	8/31/2024
BASAS (School Administrators & Supervisors)	School	293	8/31/2024
Administrative Guild	School	272	8/31/2024
Planning & Engineering	School	34	8/31/2026
Boston School Police	School	34	8/31/2024
School Police Superior Officers Assoc.	School	18	6/30/2024
School Custodians Local 1952, Painters & Allied Trades District Council #35	School	559	8/31/2026
Plant Administrators Association	School	16	8/31/2026
School Bus Monitors USWA Local 8751	School	795	6/30/2025
AFSCME C93, Local 230 Cafeteria Workers/Mgrs Association	School	326	8/31/2027
Lunch Hour Monitors Association	School	476	8/31/2023
AFSCME C93, Storekeepers & Deliverymen	School	6	8/31/2026
Total		19,872	

(1) Number of bargaining unit members (not Full-Time Equivalents) as of January 1, 2025.

(2) Union recently agreed to a tentative three-year agreement subject to ratification.

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

The City and the Boston Public Schools (BPS) currently have settled agreements with over seventy percent of the unions, including Citywide AFCSME, SEIU and SENA, and all four sworn Police unions. City non-public safety contracts have most been settled for four-year contracts through at least June of 2027. Approximately 37% of City employees are currently under contract; negotiations and discussions are ongoing with the remaining unions. Additionally, the Boston Teachers Union (BTU) and the City recently signed a tentative agreement for a three-year contract, through fiscal 2027. The agreement is subject to ratification by the union and approval by the School

Committee and City Council. The International Association of Firefighters (IAFF), Local 718 contract is still unsettled, with active negotiations ongoing. The IAFF recently filed a petition at the state Joint Labor Management Committee and the matter is pending. The City budgets for the costs of future contracts through the collective bargaining reserve, which is currently expected to be sufficient to cover the BTU contract settlement and other contracts being negotiated.

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SECTION 2: FINANCIAL OPERATIONS

Budget Process

Charter Amendment

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

Operating Budget

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

Under the terms of the charter amendment discussed above, the City Council and Mayor enacted an ordinance creating the Office of Participatory Budgeting in February 2023, including an external oversight board, to further public engagement with the budget. This office creates and oversees an equitable and binding decision-making process open to all Boston residents.

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

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

By law, the City must establish its property tax rate each year so that the resulting property tax levy complies with the requirements of Proposition 2½. (For a discussion of Proposition 2½, see "City Revenues—Property Taxes—Proposition 2½.") The amount raised in the tax levy equals the sum of (a) the aggregate of all amounts appropriated, granted or lawfully expended since the last annual tax levy and not provided for, plus (b) all debt and interest charges on general obligation debt of the City maturing during the fiscal year and not otherwise provided for, plus (c) all amounts necessary to satisfy final judgments, plus (d) provision for certain prior years' deficits, less (e) the aggregate of all non-property tax revenues projected to be received in the City's General Fund in amounts certified or approved by the Commonwealth for tax rate purposes. In general, the City is required to raise in the tax levy a deficit incurred

on a statutory accounting basis in the prior year’s operating budget, or a deficit incurred in the property tax abatement reserves.

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

Five-Year Capital Plan

The Office of Budget Management manages the City’s capital plan, including evaluating the condition of the City’s capital assets, forecasting the timing and financial requirements of new construction and rehabilitation, and assessing the allocation of current and future resources to meet the City’s infrastructure needs. Through an annually updated five-year capital plan, the City refines its capital needs and resources each fiscal year. In April 2024, the Mayor released the fiscal 2025-2029 capital plan and initiated loan orders for City Council consideration. See “City Indebtedness – Capital Planning and Borrowing Program - Current Capital Investment Plans” below for additional information. There is no statutory time frame for requesting or approving such orders. All fiscal 2025 capital authorizations have been approved by the City Council. The next capital plan is expected to be released in April 2025.

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

Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2021 to 2024 Actual Results and Fiscal 2025 Budget

The following table shows the City’s General Fund budget for fiscal 2025, together with budgetary actual results for fiscal 2021 through 2024. In accordance with state law and regulations, the City’s General Fund budget as shown below is prepared on the “budgetary basis” instead of accounting principles generally accepted in the United States of America (“GAAP”). Among the key differences between these two sets of accounting principles are that “budgetary” records property tax as it is levied while GAAP records it as it becomes susceptible to accrual, “budgetary” records certain activities and transactions in the General Fund that GAAP records in separate funds, “budgetary” records as an expenditure any amount raised to cover a prior year deficit, and as a revenue any available funds drawn from accumulated prior year surpluses, while GAAP ignores these impacts from prior years. “Budgetary” records encumbrances and continuing appropriations as the equivalent of expenditures but has no effect on GAAP expenditures. The difference in accounting principles inevitably leads to varying results in excess or deficiency of revenues over expenditures. Financial information for fiscal 2021 through 2024 has been audited while all financial information for fiscal 2025 and later is preliminary, unaudited and subject to change.

**Table 5. Summary and Comparison of Operating Results
Fiscal 2021 to 2024 Actual Results and Fiscal 2025 Budget
General Fund—Budgetary Basis
(\$ in millions)***

	Fiscal 2021 Actual Results	Fiscal 2022 Actual Results	Fiscal 2023 Actual Results	Fiscal 2024 Actual Results	Fiscal 2025 Budget ⁽¹⁾
Revenues:					
Recurring Revenue:					
Property Taxes	\$2,680.0	\$2,827.0	\$2,998.9	\$3,188.9	\$3,358.0
Overlay Reserve ⁽²⁾	(3.7)	(33.2)	(29.8)	(52.0)	(33.0)
Excises	94.9	191.6	281.3	314.0	273.1
Fines	52.2	61.8	60.6	60.3	59.0
Interest on Investments	3.6	4.4	88.3	162.7	86.7
Payments in Lieu of Taxes	63.1	56.6	56.4	57.6	55.0
Urban Redevelopment Chapter 121A	47.0	54.3	62.7	45.3	37.7
Misc. Department Revenue	67.5	83.6	88.4	93.4	83.3
Licenses and Permits	67.3	84.0	99.4	81.5	73.9
Penalties & Interest	10.3	12.8	12.0	14.3	9.1
Intergovernmental Revenues ⁽³⁾	—	—	—	—	42.4
Available Funds ⁽⁴⁾	20.0	—	—	—	31.0
State Aid	468.8	470.0	494.0	503.0	516.1
Total Recurring Revenue	\$3,571.0	\$3,812.9	\$4,212.2	\$4,469.0	\$4,592.2
Budgetary Fund Balance	40.0	—	—	—	40.0
Sale of Surplus Property	—	—	—	—	—
American Rescue Plan	—	55.0	40.0	—	—
Total Non-Recurring Revenue ⁽⁵⁾	\$40.0	\$55.0	\$40.0	—	\$40.0
Total Revenues	\$3,611.1	\$3,867.9	\$4,252.2	\$4,469.0	\$4,632.2
Expenditures:					
Total Departmental Expenditures					
City Departments	\$1,390.1	\$1,494.3	\$1,539.9	\$1,720.8	\$1,744.3
Boston Public Health Commission	106.5	114.8	120.8	131.7	140.1
School Department	1,260.5	1,294.7	1,379.5	1,445.8	1,528.0
Collective Bargaining Reserve	14.0	52.0	40.0	4.6	90.3
OPEB Trust Fund ⁽⁶⁾	40.0	40.0	40.0	40.0	40.0
Total Department Expenditures	\$2,811.1	\$2,995.8	\$3,120.2	\$3,342.8	\$3,542.7
Fixed Costs:					
Pensions ⁽⁷⁾	\$292.2	\$323.7	\$381.9	\$422.6	\$422.5
Debt Service ⁽⁸⁾	172.3	184.3	198.4	239.4	276.4
State Assessments	316.4	329.7	352.0	368.0	387.7
Suffolk County Sheriff Reserve	3.8	2.9	2.9	2.9	2.9
Reserve	—	2.3	4.3	5.5	—
Total Fixed Costs	\$784.6	\$842.8	\$939.5	\$1,038.2	\$1,089.5
Total Expenditures	\$3,595.7	\$3,838.6	\$4,059.7	\$4,381.1	\$4,632.2
Excess of Revenues Over Expenditures	\$15.3	\$29.3	\$192.5	\$87.9	\$0.00

* Columns may not add due to rounding.

- (1) Represents the fiscal 2025 budget following the Tax Rate setting process plus supplemental budgets as of January 1, 2025.
- (2) If the City's reserves for abatements prove at the end of the fiscal year to be insufficient to cover the City's abatement liability, the City is required to raise in the following year's tax rate in an amount sufficient to generate additional reserves to cover the shortfall.
- (3) Intergovernmental Revenues consist of reimbursements for City expenditures by the Boston Planning Development Agency that were moved to the City's General Fund starting in fiscal 2025. This revenue includes rental, lease & parking income, sale of real estate and interest and other income.
- (4) Available Funds is comprised of appropriations from the Parking Meter Fund and the Cemetery Trust Fund. Appropriations from these funds are restricted to specific uses.
- (5) Non-recurring revenue represents the use of available Budgetary Fund Balance of \$40.0 million in fiscal 2025. In fiscal 2022 and fiscal 2023 \$55 million and \$40 million in American Rescue Plan Act (ARPA) federal relief funding was used for the purpose of revenue replacement, respectively.
- (6) The City's appropriation to the OPEB Trust Fund is currently not mandated by statute. However, the liability it addresses is substantial and recognized by the City. Fiscal 2025 represents the eighteenth consecutive year that the City has made a substantial appropriation for the OPEB Trust Fund. See "Employee Benefits-Other Post Employment Benefits."

(Continued on following page)

- (7) Excludes noncontributory pensions and annuities included in City Departments with expenditures of \$3.4 million in fiscal 2021, \$3.3 million in fiscal 2022, \$5.6 million in fiscal 2023, \$4.7 million in fiscal 2024, and budgeted expenditures of \$4.0 million in fiscal 2025. In addition, the Boston Public Health Commission's funding supports the general fund portion of their pension obligation. Such amounts are \$21.9 million in fiscal 2021, \$24.7 million in fiscal 2022, \$26.5 million in fiscal 2023, \$29.1 million in fiscal 2024, and \$32.9 million is budgeted in fiscal 2025.
- (8) The debt service amount is derived from principal and interest, less certain offsetting revenues. The revenues utilized to offset debt for budgetary and tax rate setting purposes vary from those used in Table 18 "Debt Service Requirements-Fiscal 2022-2025". See "City Indebtedness-Debt Service Requirements."

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

Fiscal 2021-2023 Actual Results

Revenues

During the fiscal 2021 to 2023 period, the City continued its pattern of producing annual budget surpluses as shown in the prior table. The City's property tax base continued to experience notable growth as an increase in residential development linked to the City's housing production goals. Several properties also moved from tax-exempt to taxable status during this time period. The growth in excise taxes also contributed to the increasing surplus, increasing from \$94.9 million in fiscal 2021 to \$281.3 million in fiscal 2023. Interest on Investments revenues also were affected by higher interest rates and City cash balances between 2021 and 2023. In fiscal 2021, Interest on Investment revenues were \$3.6 million, followed by \$4.4 million in fiscal 2022 and \$88.3 million in fiscal 2023.

In fiscal 2022 and 2023, the City was able to fund the appropriation to the Other Post Employment Benefits ("OPEB") Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue. In fiscal 2021, a transfer of \$20.0 million from the Parking Meter Fund was made and Budgetary Fund Balance in the amount of \$40.0 million was used to fund the appropriation to the OPEB Trust Fund.

Expenditures

Fiscal 2021 ended with a \$15.3 million general fund budget surplus. In fiscal 2021, the City's expenditures totaled \$3.6 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$110.9 million or 3.2% from fiscal 2020 expenditures. Budgeted fiscal 2021 departmental expenditures compared with fiscal 2020 expenditures are as follows: City Departments decreased \$22.1 million or 1.6%; the Public Health Commission increased \$13.1 million or 14.0%; the School Department increased \$81.9 million or 6.9%. In fiscal 2021, the negative growth in City Departments was a result of targeted budget cuts and controlled employee hiring and operational disruptions related to the pandemic. These targeted budget cuts were implemented directly to respond to revised revenue estimates impacted by the coronavirus emergency and its economic impact. Actual fixed costs for fiscal 2021 compared with actual fiscal 2020 fixed costs are as follows: Pensions increased \$11.5 million or 4.1%; Debt Service decreased \$5.7 million or 3.2%; and State Assessments increased \$20.5 million or 6.9%.

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

Fiscal 2022 ended with a \$29.3 million general fund budget surplus. In fiscal 2022, the City's expenditures totaled \$3.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$242.9 million or 6.8% from fiscal 2021 expenditures. Budgeted fiscal 2021 departmental expenditures compared with fiscal 2020 expenditures are as follows: City Departments increased \$104.2 million or 7.5%; the Public Health Commission increased \$8.3 million or 7.8%; the School Department increased \$34.2 million or 2.7%. Actual fixed costs for fiscal 2022 compared with actual fiscal 2021 fixed costs are as follows: Pensions increased \$31.6 million or 10.8%; Debt Service increased \$12.0 million or 7.0%; and State Assessments and Suffolk County Sheriff costs increased \$12.4 million or 3.0%.

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

Fiscal 2023 ended with a \$192.5 million general fund budget surplus. In fiscal 2023, the City's expenditures totaled \$4.1 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$221.1 million or 5.8% from fiscal 2022 expenditures. Fiscal 2023 departmental expenditures compared

with fiscal 2022 expenditures are as follows: City Departments increased \$45.6 million or 3.1%; the Public Health Commission increased \$6.0 million or 5.2%; the School Department increased \$84.8 million or 6.5%. In fiscal 2023, budgetary increases were supported by improved economic conditions which spurred increases in local receipts and Non-Recurring Revenue in the form of federal American Rescue Plan Act (ARPA) funds to replace lost revenue due to the COVID-19 pandemic. Actual fixed costs for fiscal 2023 compared with actual fiscal 2022 fixed costs are as follows: Pensions increased \$58.2 million or 18.0%; Debt Service increased \$14.1 million or 7.7%; and State Assessments increased \$22.3 million or 6.8%.

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

Fiscal 2024 Actual Results

Revenues

Actual revenues for fiscal 2024 totaled \$4.5 billion, an increase from fiscal 2023 actual revenues of \$216.8 million or 5.1%. Selected fiscal 2024 actual revenues compared with fiscal 2023 actual revenues as follows: The Gross Property Tax Levy collections (including new growth of \$121.8 million) increased \$190.0 million or 6.3%; Excises increased by \$32.6 million or 11.6%; Interest on Investments increased \$74.3 million or 84.1%; Department Revenue increased \$4.9 million or 5.6%; Licenses and Permits decreased by \$17.8 million or -18.0%; Fines decreased by \$0.3 million or -0.6%; voluntary Payment In Lieu of Taxes (“PILOT”) revenues increased by \$1.2 million or 2.2%; Chapter 121A revenues decreased by \$17.4 million or -27.7%; and State Revenue increased \$9.1 million or 1.8%.

Excises benefited from a strong local economy, continued recovery in the tourism sector, and price increases related to demand levels and inflation. Meals Excise, Aircraft Fuel, and Room Occupancy Excise are particularly sensitive to local and national economic conditions. Combined these three excises increased \$16.9 million from fiscal 2023. Permit revenues decreased due to fewer large construction projects. Building permits decreased \$17.6 million or 21.9% in fiscal 2024. Interest on Investments increased due to strong City cash positions and higher interest rates. Urban Redevelopment Chapter 121A revenues were lower due a one-time closeout payment, while the increase in State Revenue is attributable to higher Unrestricted General Government Aid and Chapter 70 education aid payments.

In fiscal 2024, the City was able to fund the appropriation to the OPEB Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue.

Expenditures

Fiscal 2024 ended with a \$87.9 million net general fund budget surplus, taking into account the appropriation deficits described in the following paragraph. In fiscal 2024, the City’s expenditures totaled \$4.4 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$321.1 million or 7.9% from fiscal 2023 expenditures. Fiscal 2024 departmental expenditures compared with fiscal 2023 expenditures are as follows: City Departments increased \$180.9 million or 11.7%; the Public Health Commission increased \$10.8 million or 8.9%; the School Department increased \$66.4 million or 4.8%. In fiscal 2024, budgetary increases were supported by increases in local receipts and the strong performance of Interest on Investments. Actual fixed costs for fiscal 2024 compared with actual fiscal 2023 fixed costs are as follows: Pensions increased \$40.7 million or 10.7%; Debt Service increased \$41.0 million or 20.7%; and State Assessments increased \$15.9 million or 4.5%.

Fiscal 2024 ended with \$89.0 million in appropriation deficits. These deficits were largely driven by public safety and Execution of Courts. The Police Department had a \$54.7 million deficit, and the Fire Department had a \$15.3 million deficit. These deficits were primarily attributable to overtime spending related to staffing shortages. Additionally, there was a deficit related to the Execution of Courts account of \$19.1 million resulting from judgments and claims exceeding the budgeted amount.

Fiscal 2025 Budget

The following is a summary of expectations regarding the City’s fiscal 2025 budget on a budgetary accounting basis. The figures cited below are comparisons to fiscal 2024 actual figures.

Revenues

Budgeted revenues for fiscal 2025 are expected to total \$4.6 billion, an increase of \$163.2 million or 3.7% from fiscal 2024 actual revenues.

Selected fiscal 2025 budgeted revenues compared with fiscal 2024 actual revenues are as follows: The budgeted Gross Property Tax Levy (including new growth of \$90.5 million) increased \$188.0 million or 6.0%; in fiscal 2025, the City reserved 1.0% of the gross levy for abatements; Excises are budgeted reflecting a decrease of \$40.9 million or 13.0%; Fines are budgeted reflecting a decrease of \$1.3 million or 2.1%; Interest on Investments is budgeted \$76.0 million lower or 46.7%; Payments in Lieu of Taxes are budgeted reflecting a decrease of \$2.6 million or 4.5%; Chapter 121A revenues are budgeted reflecting a decrease of \$7.6 million or 16.7%; Miscellaneous Department Revenues are budgeted reflecting a decrease of \$10.0 million or 10.7%; Licenses and Permits are budgeted reflecting a decrease of \$7.6 million or 9.4%; Penalties and Interest are budgeted reflecting a decrease of \$5.3 million or 36.7%; State Aid is budgeted to increase by \$13.1 million or 2.6% and Non-Recurring Revenue is expected to remain the same.

The growth in budgeted Property Taxes is due to the allowable increase of the City's levy by 2.5% and new growth that is excluded from the levy limit. New growth, as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$90.5 million in fiscal 2025, as compared to \$121.8 million in fiscal 2024. This figure represents a \$31.3 million decrease from fiscal 2024. The budgetary estimates consider economic uncertainty from lagged effects of the pandemic, including recent interest rate hikes by the Federal Reserve. Property Tax, the City's largest source of revenue, has become increasingly important to the City's revenue growth given recent fluctuations in state aid from the Commonwealth—the City's second largest single source of revenue, see "City Revenues—State Aid." The City has consistently increased the Property Tax levy annually by the maximum amount allowed under statutory limits.

The budgetary decreases in budgeted Excises, Fines, Interest on Investments, PILOTs, Miscellaneous Department Revenue, Licenses and Permits, Fines, and Penalties are based on conservative assumptions regarding local conditions and future economic uncertainty from national interest rate, trade, and immigration policies. These revenues are more economically sensitive than Property Tax revenues and are more likely to decline in a recession. Chapter 121A revenue is expected to decline as agreements related to certain 121A projects expire. State Aid is budgeted based on the final fiscal 2025 State Aid budget.

Based on revenue collections year-to-date through January 2025, the City appears likely to meet or exceed budgeted revenues across nearly all revenue categories. For more detailed information regarding State Aid, see "City Revenues—State Aid."

Expenditures

In fiscal 2025, the City's currently budgeted expenditures total approximately \$4.6 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$251.1 million or 5.7% from fiscal 2024 actual expenditures. Most of this increase comes from the School Department, the Collective Bargaining Reserve, and fixed costs. In fiscal 2025, City Department expenditures are budgeted to increase \$23.5 million, or 1.4% from fiscal 2024 actual expenditures. School Department budgeted expenditures increased \$82.1 million or 5.7%. The School Department continues to experience expenditure pressure particularly in student transportation, facilities management, and the increasing costs related to a high needs student population but will continue to explore identifying efficiencies to reduce costs. The School Department, much like City Departments, made targeted investments to recover from the COVID-19 pandemic, and with federal funding expiring in fiscal 2025, the need to sustain certain essential investments helped drive budgetary growth. Other notable budget increases in the School Department relate to an expanded commitment to inclusive education and school-directed investments in student supports and academic rigor. The School Department is not currently anticipating a budget deficit in fiscal 2025.

The Collective Bargaining Reserve increased by \$85.7 million, reflecting large, unsettled contracts, including Local 718 (representing Firefighters) and the Boston Teachers Union (the City recently signed a tentative agreement for a three-year contract with BTU, ending in FY27), as well as many civilian contracts. The City has prioritized increasing wages for low wage earners in this round.

The appropriation to the OPEB Trust Fund is level-funded at \$40.0 million. Budgeted fixed expenses for fiscal 2025 compared with fiscal 2024 actual expenditures as follows: Pensions were roughly level at \$422.5 million; Debt Service increased \$37.0 million or 15.5%; and State Assessments increased \$19.8 million or 5.4%.

Pension expenses are mandated by the City's pension funding schedule and are a legal obligation of the City. For more on Pensions, see "Employee Benefits—Retirement Systems." State assessments are also mandatory; the amounts are determined by the Commonwealth. Most of the increase in State Assessments, \$17.5 million, is for charter school tuition.

Fiscal 2026 and 2027 Forecasts

At the time of publishing the fiscal 2025 adopted budget, the City conservatively projected budget deficits of \$25.1 million in fiscal 2026 and \$144.2 million in fiscal 2027. These projected shortfalls are driven in large part by fixed costs, which are expected to increase by approximately \$85.3 million or 7.8% in fiscal 2026, and an additional \$97.0 million, or 8.2% in fiscal 2027. The largest components of fixed cost increases include Pensions, \$37.4 million in fiscal 2026 and \$40.7 million in fiscal 2027, and Debt Service, \$33.9 million in fiscal 2026 and \$36.9 million in fiscal 2027. The forecast projected conservative property tax growth in fiscal 2026 and 2027, with additional expected increases in State Aid, Excises, Miscellaneous Departmental Income, Payments in Lieu of Taxes, and Fines. Interest on Investments is projected to decrease in fiscal 2026 by \$28.2 million and again in fiscal 2027 by an additional \$6.8 million due to anticipated downward adjustments to the Federal Funds rate.

As the City examines projected expenditures for fiscal 2026 and fiscal 2027, expenditures are anticipated to grow at a faster rate than the City's revenue growth requiring active management to balance the budget. In addition to the growth in fixed costs, the City continues to project considerable appropriations growth due to rising employee-related costs.

Financial Statements

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

The City's audited financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"). The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses. For a discussion of the significant accounting policies employed in preparing the City's fiscal 2024 audited financial statements, see Note 2 to such audited financial statements, which are attached hereto as Exhibit I. The City's fiscal 2024 financial statements received an unmodified opinion.

GAAP accounting differs from the "statutory" accounting or "budgetary" accounting basis prescribed by the Bureau of Accounts of the Commonwealth, for the annual budget and property tax certification process. The major differences are explained in Note 4 to the fiscal 2024 audited financial statements, attached hereto as Exhibit I.

Attached hereto as Exhibit II are Schedules of Comparative Financial Statements for the fiscal years ended June 30, 2024, 2023, 2022, 2021, and 2020, which have been prepared by the City's Auditing Department based on information taken from the City's audited financial statements for those fiscal years.

Summary and Comparison of Operating Results (GAAP Basis)—Fiscal 2020-2024

The following table is a summary of the City's General Fund operating results as derived from the City's audited financial statements for fiscal 2020 through 2024, which were prepared in accordance with the GAAP basis of accounting by the City and audited by KPMG LLP, as independent auditor.

Table 6. Summary of General Fund Statements of Revenues, Expenditures, Other Financing Sources and Changes in Fund Equity Fiscal Years 2020-2024 (GAAP Basis)
(\$ in millions)*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total revenues	\$3,728.7	\$3,657.2	\$4,047.4	\$4,441.3	\$4,732.3
Total expenditures	<u>3,627.5</u>	<u>3,711.9</u>	<u>3,977.1</u>	<u>4,159.2</u>	<u>4,459.4</u>
Excess (deficiency) of revenues over expenditures	101.2	(54.7)	70.3	282.1	272.9
Total other financing (uses) sources	<u>(16.3)</u>	<u>(5.7)</u>	<u>33.8</u>	<u>9.6</u>	<u>(47.6)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>84.9</u>	<u>(60.3)</u>	<u>104.1</u>	<u>291.7</u>	<u>225.3</u>
Fund balance, beginning of year	<u>1,186.6</u>	<u>1,271.5</u>	<u>1,211.1</u>	<u>1,315.3</u>	<u>1,607.0</u>
Fund balance, end of year ⁽¹⁾	<u>\$1,271.5</u>	<u>\$1,211.2</u>	<u>\$1,315.3</u>	<u>\$1,607.0</u>	<u>\$1,832.3</u>

* Columns may not add due to rounding.

(1) The unassigned fund balances for the General Fund for fiscal 2020, 2021, 2022, 2023 and 2024 were \$911.7 million, \$898.2 million, \$994.5 million, \$1,187.0 million and \$1,342.8 million, respectively.

Source: City of Boston Auditing Department.

The following is a summary analysis of the City's financial operations on a GAAP basis over the period fiscal 2020 through fiscal 2024. The figures appearing in this section for the period are derived from the City's audited financial statements. The analyses of revenues and expenditures in the text that follows are stated using data derived from the audited financial statements. For an explanation of the differences between the GAAP basis and budgetary basis of accounting, see the audited financial statements at Exhibit I, Note 4, "Budgetary Data."

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

Fiscal 2020

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

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

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

Fiscal 2021

General Fund revenue decreased by \$71.5 million, or 2.0%, from fiscal 2020. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.9 billion or 78.0% of total revenue. Property taxes increased by \$151.6 million, representing a positive change of 6.1% from fiscal 2020. Licenses and permits decreased by \$20.3 million or 23.0%. Departmental revenue decreased by \$42.9 million or 41.5% in fiscal 2021.

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

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

Fiscal 2022

General fund revenue increased by \$390.2 million, or 10.7% from fiscal 2021. Property taxes, excise taxes, and payments in lieu of taxes totaled \$3.1 billion or 77.1% of total revenue. Property taxes increased by \$169.6 million, representing a positive change of 6.4% from fiscal 2021. Licenses and permits increased by \$16.9 million or 24.7%. Departmental revenue also increased by \$64 million or 105.7% in fiscal 2022.

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

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

Fiscal 2023

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

Fiscal 2023 expenditures increased by \$182.1 million or 4.6% from fiscal 2022. The City's largest expenditures were for schools (\$1.4 billion), public safety (\$809.0 million), retirement costs (\$565.8 million), state and district assessments (\$354.9 million), and other employee benefits (\$259.5 million). School expenditures increased from fiscal 2022 by \$35.5 million or 2.5%, public safety increased by \$11.7 million or 1.5%, retirement costs increased by \$63.2 million or 12.6%, state and district assessments increased by \$22.3 million or 6.7%, and other employee benefits decreased by \$1.4 million or 0.5%.

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

Fiscal 2024

General fund revenue increased \$291.0 million, or 6.6% from fiscal 2023. Property taxes, excise taxes, and payments in lieu of taxes totaled \$3.6 billion or 75.7% of total revenue. Property taxes increased by \$179.5 million, representing a positive change of 6.0% from fiscal 2023. Licenses and permits decreased by \$23.6 million or -23.1%. Departmental revenue also decreased by \$0.8 million or -0.7% in fiscal 2024.

Fiscal 2024 expenditures increased by \$300.2 million or 7.2% from fiscal 2023. The City's largest expenditures were for schools (\$1.4 billion), public safety (\$914.8 million), retirement costs (\$657.3 million), state and district assessments (\$370.8 million), and other employee benefits (\$262.1 million). School expenditures increased from fiscal 2023 by \$5.1 million or 0.4%, public safety increased by \$105.8 million or 13.1%, retirement costs increased by \$91.5 million or 16.2%, state and district assessments increased by \$15.9 million or 4.5%, and other employee benefits increased by \$2.6 million or 1%.

The General Fund's equity balance as of June 30, 2024, was \$1.8 billion, an increase of \$225.3 million from fiscal 2023.

Cash Balances

The following table represents the end-of-month unaudited cash balances for the City's General Fund and Special Revenue Accounts, commencing with July of fiscal 2022 and ending with February of fiscal 2025, the most recent month for which data is available.

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

Table 7. End-of-Month Cash Balances for Fiscal 2022-2025
(\$ in thousands)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
July.....	\$1,990,059	\$2,316,004	\$2,845,565	\$2,516,315
August.....	2,059,649	2,421,266	2,442,880	2,415,333
September	1,951,312	2,263,573	2,334,926	2,288,145
October.....	2,014,092	2,523,088	2,538,546	2,576,385
November.....	1,976,046	2,530,885	2,641,364	2,468,228
December.....	1,807,610	2,313,322	2,424,907	2,296,078
January.....	1,998,273	2,655,306	2,708,879	2,508,714
February.....	2,127,002	2,700,135	3,024,323	2,492,631
March.....	1,936,171	2,417,483	2,636,509	
April.....	2,040,689	2,635,296	2,898,885	
May.....	2,191,372	2,717,680	2,912,332	
June.....	2,608,483	2,736,433	2,767,014	

Source: City of Boston Treasury Department.

Financial Administration

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

Revenue Collections

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

Debt Management

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

Financial Management

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

Financial management is supported using the Boston Administrative Information Systems ("BAIS"). BAIS is an integrated financial and human capital management system that is designed to track and control daily activities and report the financial position of the City. BAIS performs the specialized functions of encumbrance control, budget control, position management, payroll allotment reporting, fund accounting, and capital project and grant management. Real time edits prohibit excessive commitments and overspending, while on-line access to information, including monthly revenue and expenditure reports, allows department managers to evaluate directly the financial status of individual programs and the entire department. The utilization of these systems supports the rigorous monitoring and reporting requirements enforced by the City.

Investment Policy

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

Performance Management and Program Evaluation

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

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

Risk Management

The City's Risk Management framework focuses on mitigating risks to reduce the cost of potential liabilities. The City's structured self-insurance program utilizes internal claims management systems to monitor and reduce instances of third-party liabilities, worker injuries, employee health care costs, and property damages. The City also has also implemented several programs and initiatives to mitigate and prepare for the long-term impacts of climate change and continual risk exposure of cybersecurity threats to the City's operational infrastructure (see "Section 6: Other Matters").

The Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. Pursuant to M.G.L. Chapter 149 Section 6 ½, the City maintains workplace safety standards consistent with those set by the federal Occupational Safety and Health Administration. The City's central Workers' Compensation Program manages civilian workplace injuries while Police and Fire Departments manage their uniformed injury programs under M.G.L. Chapter 42 Section 111F. Annual costs for legal liabilities and worker injuries are budgeted in Departmental budgets and funded through the General Fund.

There are pending in courts within the Commonwealth various suits in which the City is a defendant. No litigation is pending or to the knowledge of the City's Corporation Counsel, threatened which is likely to have a material adverse impact on its ability to pay the principal of and interest on the City's debt when due or the City's long-term financial condition. While the ultimate outcome and fiscal impact, if any, on the City of pending and threatened proceedings and claims are not currently predictable, adverse determinations in certain of them could have a programmatic or budgetary impact on the City.

In recent years, the City has experienced an increase in the number of lawsuits alleging civil rights violations in cases where convictions were reversed. The City has settled some of these matters, typically resulting in multi-million-dollar awards, which reflect various factors such as the length of the wrongful incarceration. The City cannot predict the timing or amounts of any settlements or awards for these matters or any other pending litigation, but believes it has sufficient resources to meet its obligations resulting from all litigation against the City. Judgments and settlements of litigation are paid from the City's Execution of Courts account, which may result in a permissible deficit in such account in any fiscal year. See, for example, "FINANCIAL OPERATIONS – Fiscal 2021-2023 Actual Results and – Fiscal 2024 Actual Results" for information on recent payments from the Execution of Courts account.

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

City properties are managed and maintained by the Property Management Department and property managers of individual departments. Large damages are insured through a catastrophic all risk property insurance policy, which provides \$100 million in all risk coverage and additional excess capacity depending on the type of hazard after a \$10 million deductible. Separate insurance policies provide \$300 million coverage for stand-alone terrorism, \$150 million coverage for fine arts, and \$50 million per incident for equipment breakdown. The City has not had any insurance

claim in excess of the City's deductibles in the last 20 years and has never had a claim or settlement that exceeded any of its insurance policy limits. Insurance premiums, broker fees, and insurance related costs are budgeted annually as part of the appropriations from the General Fund. Remaining funds from this annual budget, if any, are moved to the Catastrophic Risk Retention Reserve.

The Catastrophic Risk Retention Reserve was established in 1998 under M.G.L Ch. 40 S.5 as a stabilization fund to mitigate current and future risks. At the end of fiscal 2024, there was an available balance of \$41.8 million in this reserve fund.

Matters relating to the Federal Government

Mayor Wu recently testified before the U.S. Congress House Committee on Oversight and Government Reform (the "Oversight Committee") along with mayors from Chicago, Denver and New York, in response to an invitation from the Oversight Committee in connection with an investigation it is conducting into so-called sanctuary jurisdictions and their impact of their policies on public safety and the effectiveness of federal efforts to enforce federal immigration law. The Oversight Committee's investigation into the City's so-called status as a "sanctuary city" remains open.

In 2014, the Boston City Council and the Mayor approved an ordinance entitled the "Boston Trust Act," which governs how Boston law enforcement officials respond to federal civil immigration detainer requests. The City Council amended this ordinance in 2019 and reaffirmed its support for the ordinance in December 2024.

While the City believes it is in compliance with all applicable laws, it cannot predict the outcome of any such investigation on this issue or any other inquiry or review of City policies and actions in various circumstances that may be conducted by Congress or other federal departments or agencies. See also "CITY REVENUES – Grants – *Federal Grants*" below.

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SECTION 3: CITY REVENUES

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

Property Taxes

Real and personal property taxes are the largest single source of the City's revenue. The City's gross property tax levy for fiscal 2025 equals \$3.4 billion, or 72.5% of expected General Fund revenues of \$4.6 billion budgeted for such period. Certain properties are subject to arrangements that suspend the imposition of real property taxes at normal rates in order to encourage development. See "City Revenues—Property Taxes—Revenues from Chapter 121A Corporations" below.

As discussed below, Proposition 2½ limits the level of property taxation in the City. In fiscal 2025, the City has again levied taxes below the 2.5% ceiling on the overall effective tax rate. The City is not expected to reach the levy ceiling in the foreseeable future due to previous growth in the real estate market.

Proposition 2½

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

Within the limits of the 2½ ceiling, the Growth Levy Limit is a secondary limitation imposed by Proposition 2½. The Growth Levy Limit prohibits the levy in a fiscal year from exceeding an amount equal to 102.5% of the maximum allowable limit for the preceding year, subject to exceptions for the following: property newly added to the tax rolls and valuation increases other than as a result of a general revaluation ("new growth"); temporary exclusions from the tax levy limitation to pay for capital costs or debt service on indebtedness; and "overrides," which are permanent increases in the tax levy for general expenditures of the city or town. Exclusions and overrides must be approved by a referendum of the voters of the city or town. The levy is permanently increased by the addition of new growth and overrides, except that any override to fund a stabilization fund will not be taken into account in calculating the maximum levy limit in subsequent fiscal years unless the City Council votes to appropriate such increased amount in such subsequent year to the stabilization fund. The exclusion of debt service by referendum temporarily increases the levy amount and the duration of the specific debt excluded. The Growth Levy Limit may be exceeded by an override in any year by a majority vote of the voters. An increase in the Growth Levy Limit under this procedure, however, does not permit a tax levy in excess of the 2½ ceiling since the two limitations apply independently. The applicable tax limits may also be reduced in any year by a majority vote of the voters. The City's gross levy in fiscal 2025 equals \$3.3 billion. In fiscal 2025, the allowable 2.5% increase is \$79.7 million, and "new growth," as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$90.5 million.

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

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

Table 8. Proposition 2½ Property Tax Levy Limits, Fiscal 2021-2025 ⁽¹⁾
(\$ in thousands)

	2021	2022	2023	2024	2025
Total Assessed Valuation	\$190,652,930	\$197,826,916	\$212,217,474	\$220,853,171	\$226,374,895
Growth Levy Limit ⁽²⁾	2,675,124	2,823,729	2,993,144	3,189,421	3,359,406
Levy Ceiling ⁽³⁾	4,766,323	4,945,673	5,305,437	5,521,329	5,659,372
Tax Levy ⁽⁴⁾	2,674,860	2,823,323	2,993,144	3,188,712	3,357,989
Under Levy Ceiling	2,091,463	2,122,350	2,312,293	2,332,617	2,301,383

- (1) Represents amounts assessed on January 1, and subsequently certified by the Massachusetts Department of Revenue in December of each fiscal year and does not include omitted assessments.
- (2) The Growth Levy Limit is the maximum allowable annual levy as determined by Proposition 2½.
- (3) 2.5% of Total Assessed Valuation.
- (4) For each fiscal year, the amount of the actual Tax Levy is the largest amount possible. The Growth Levy Limit would be exceeded if the tax rate were raised an additional cent (\$0.01).

Source: City of Boston Assessing Department.

Revaluation

Current state law mandates a revaluation of all taxable property every five years. These revaluations are reviewed and certified by the Commonwealth. In the years between revaluations, the Commonwealth requires municipalities to establish new values based on market changes, using the most recent revaluation as a basis. The City has adjusted certified property values in accordance with this procedure in years when market conditions indicated such adjustment was necessary.

In November 2024, the City concluded work on its last scheduled revaluation for fiscal 2025, with an assessment date of January 1, 2024. The next revaluation is scheduled for fiscal 2030. For fiscal 2025, assessments are based on market activity leading up to the assessment date of January 1, 2024.

Values of existing commercial property, excluding new growth, dipped slightly in fiscal 2025 due to the impact of office space vacancies. As area businesses continue to reevaluate their space needs and balance in-person and remote work, it is anticipated that office values will continue to face downward pressure over the short to medium term, especially for non-class A space. Valuation changes of this nature do not impact total revenue as they are automatically built into changes in the tax rates, although the share of the total tax levy borne by each class of property will vary as values change.

Taxation by Use; Tax Rates

The property tax base in the City consists of personal property and classes of real estate. The following table shows the classes of taxable real property assessed as of January 1, 2024. The fiscal 2025 tax rates were applied to the January 1, 2024 valuation to determine levy and tax liability for fiscal 2025.

**Table 9. Assessed Valuation of Taxable Real Property by
Real Estate Classes, Assessment Dated January 1, 2024 (\$ in thousands)**

Real Estate Classes	Parcel Count	Residential Valuation	Commercial Valuation	Industrial Valuation	Total Valuation
1-Family (101)	30,434	\$26,490,562	-	-	\$26,490,562
Residential Condominium (102)	73,380	\$64,362,386	-	-	\$64,362,386
Misc. (103, 108, 109, 110)	8,501	\$961,360	-	-	\$961,360
2-Family (104)	16,748	\$15,594,972	-	-	\$15,594,972
3-Family (105)	13,256	\$15,481,757	-	-	\$15,481,757
4-Family & Apartments (111-125)	5,481	\$16,190,682	-	-	\$16,190,682
Residential Land (130-132, 106)	5,936	\$395,215	-	-	\$395,215
Commercial (300-393)	7,270	-	\$57,771,098	-	\$57,771,098
Industrial (400-452)	680	-	-	\$1,404,913	\$1,404,913
Agricultural	3	-	\$642	-	\$642
Mixed Use (012-043)	2,952	\$14,551,777	\$3,413,149	\$70,202	\$18,035,127
Total	164,641	\$154,028,711	\$61,184,889	\$1,475,114	\$216,688,715

Source: City of Boston Assessing Department.

Table 10. Tax Rates, Fiscal 2021-2025
(per \$1,000 of assessed value)

Fiscal Year	Commercial, Industrial and Personal Property	Residential Property
2025	\$25.96	\$11.58
2024	25.27	10.90
2023	24.68	10.74
2022	24.98	10.88
2021	24.55	10.67

Source: City of Boston Assessing Department.

The City utilizes five classes of property for taxation purposes: (i) residential, (ii) open space land, (iii) commercial, (iv) industrial, and (v) personal property. Within limits under state law, the City may determine the share of the annual levy to be borne by each of the categories. Under these statutory limits, the residential tax rate cannot be given a discount greater than 50%, while the tax rate on the remaining business classes of property cannot exceed 175% of the overall effective tax rate. The City has filed legislation that is being considered by the Legislature that would temporarily reallocate a portion of the overall levy borne by the residential property classes to commercial property classes. This legislation does not impact the overall tax levy the City is allowed to collect. The City cannot predict whether this legislation will be enacted.

The City may also exempt a portion of the assessed valuation of residential real property when used as the taxpayer's principal residence. For fiscal 2025, the Mayor and City Council elected to set the minimum residential exemption at 35% of the average assessed value of all residential property. For fiscal 2025, each qualifying resident who receives the maximum residential exemption has their taxable assessed value reduced by \$344,060. The residential exemption only has an impact on the residential rate.

Tax Base

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

Table 11. Assessed Valuations—Fiscal Years 2021-2025 ⁽¹⁾
(\$ in thousands)*

Fiscal Year	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Total Valuation
2025	\$154,028,711	\$61,184,889	\$1,475,114	\$9,686,180	\$226,374,895
2024	147,244,423	63,034,630	1,403,467	9,170,651	220,853,171
2023	141,541,580	60,779,084	1,427,979	8,468,832	212,217,474
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916
2021	127,136,167	54,632,352	1,251,386	7,633,025	190,652,930

* Rows may not add due to rounding.

(1) Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2025 assessed values are as of January 1, 2024.

Source: City of Boston Assessing Department.

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

The Assessing Department has executed a contract with Patriot Properties ("Patriot") for a new computer-assisted mass appraisal ("CAMA") system. The Assessing Department successfully executed the conversion to the new Patriot CAMA system in fiscal 2020. The conversion was reviewed and approved by the Commonwealth, and the Patriot CAMA system was used in finalizing property values for fiscal years 2020-2025.

The following table is a list of all taxpayers in the City that had an aggregate tax liability in excess of \$15.0 million for fiscal 2025. Assessed valuations and fiscal 2025 taxes reflect the valuation of property as of January 1, 2024 and the tax liability using applicable tax rates.

Table 12. Largest Taxpayers: City of Boston, Fiscal 2025 ⁽¹⁾⁽²⁾
(\$ in thousands)

Owner	Personal Property Value	Real Property Value	Total Assessed Value	Fiscal 2025 Tax Liability
Alexandria Real Estate	\$ -	\$1,238,109	\$1,238,109	\$32,141
Beacon Capital	947	757,392	758,339	19,686
Blackstone Real Estate	207	1,318,358	1,318,565	34,230
Boston Properties	13,967	4,435,026	4,448,992	102,339
Diversified Healthcare Trust	-	1,072,970	1,072,970	27,854
Equity Residential	2,490	1,744,824	1,747,315	23,149
Fortis Property	37	676,537	676,574	16,319
HYM Investment	55	641,072	641,127	16,644
METLIFE	1,462	1,134,333	1,135,795	29,485
Millennium Partners	-	1,008,942	1,008,942	15,468
Morgan Stanley	10,825	822,229	833,054	21,626
National Grid	4,702,900	38,568	4,741,468	123,088
Nuveen	315	1,540,353	1,540,668	39,996
Oxford Properties	72	2,163,876	2,163,947	55,279
Pebblebrook Hotel Trust	23,613	585,100	608,713	15,802
Pembroke	-	1,032,451	1,032,451	26,802
PGIM Real Estate	-	1,187,959	1,187,959	30,839
Related Beal	315	1,424,069	1,424,384	29,484
Rockpoint Group	8,008	1,722,664	1,730,672	44,928
Samuels & Associates	3,927	1,348,258	1,352,185	22,055
Synergy	357	1,289,202	1,289,559	32,953
Tishman	1,742	1,971,542	1,973,284	45,098
Verizon	785,811	131,372	917,184	23,804
WS Development	-	1,443,159	1,443,159	37,066

- (1) The methodology used in creating the table involves the search of the title holder(s) of all major parcels of property in the City, and then further researching to identify common ownership of subsidiaries. This methodology does not necessarily locate all parcels owned by affiliates. If common ownership of a property is identified that value is assigned by allocating the property equally to all owners (e.g. three owners are each assumed to own 33%).
- (2) Pursuant to Chapter 59 of the General Laws, Section 4, personal property consists of movable physical items not permanently attached to real estate. Many items of personal property are exempt from taxation in Massachusetts. There are three general types of personal property that may be taxable: business and professional furnishings, machinery used in the conduct of business, and personal property of public utilities.

Source: City of Boston Assessing and Treasury Departments.

Real Estate Tax Levies and Collections

The following table shows the level of property tax levies, tax levies net of budgeted reserves for abatements (“Net % Gross”), the gross amount and proportion of each levy collected during the year of levy, the cumulative amount (net of refunds) and proportion of each levy collected as of June 30, 2024 and the total amount (net of refunds) of taxes (current and all prior levies) collected during fiscal 2020 through 2024. Excluded from the following table are receipts from PILOTs and receipts on account of Chapter 121A corporations.

Table 13. Tax Collections In Relation To Property Tax Levies Fiscal 2020-2024
(Statutory Accounting Basis)
(\$ in millions)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30		
	Gross ⁽¹⁾	Net	Net Gross	Gross Amount	Gross Levy	Net Levy	Net Amount	Gross Levy	Net Levy
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%	101.2%	2,971.1	99.2%	100.2%
2022	2,826.2	2,793.0	98.8%	2,809.3	99.4%	100.6%	2,801.0	99.1%	100.3%
2021	2,678.1	2,674.4	99.9%	2,665.8	99.5%	99.7%	2,647.5	98.9%	99.0%
2020	2,512.0	2,464.7	98.1%	2,496.0	99.4%	101.3%	2,480.8	98.8%	100.7%

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

Source: City of Boston Auditing Department.

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

Delinquent Taxes and Tax Titles

Real and personal property taxes (not including motor vehicle, the room occupancy and the aircraft fuel excises) are based on values established by the Assessing Department as of each January 1, and are due in quarterly payments every August, November, February and May. Delinquent real estate and personal property taxes are subject to a 14% per annum interest charge. Subsequent to the end of the fiscal year in which real estate taxes become delinquent, the City secures its lien for such taxes by taking legal title to all delinquent properties, subject to the owners' right of redemption. After this process, known as a "tax taking," is complete, interest accrues on outstanding amounts of delinquent real estate taxes at the rate of 16% per annum. Recent state legislation that will take effect on July 1, 2025, will make changes to the tax title foreclosure process to bring the state into compliance with a 2023 U.S. Supreme Court ruling on the issue. Changes will include the reduction in the interest rate from 16% to 8% for takings filed after the legislation's effective date. If the taxes remain unpaid for a period of twelve months from the tax taking, the City may petition the Land Court to foreclose the equity owner's right of redemption.

Tax title receipts were \$24.6 million, \$19.6 million and \$25.5 million in fiscal 2022, fiscal 2023, and fiscal 2024, respectively. The City has not disposed of any properties that were foreclosed upon since May 21, 2021, the effective date for property owners to recover excess equity from tax foreclosure sales. As a result, any exposure for excess equity claims would be limited to the possible surplus equity for those properties foreclosed between May 21, 2021 and November 1, 2024, estimated to be less than \$1.8 Million. Any claim brought pursuant to the new law would likely be satisfied by selling the relevant property. The City has received a lawsuit from an affected former property owner seeking class status on behalf of the aforementioned group of former owners of properties foreclosed on between May 21, 2021 and November 1, 2024.

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

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

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

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

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

Fiscal Year Ended June 30	Excise Payments In Lieu of Taxes (Section 10)	Contractual Payments ⁽¹⁾	Total*
2024	\$14,333	\$30,988	\$45,320
2023	16,803	45,921	62,724
2022	19,083	35,227	54,310
2021	21,410	25,561	46,971
2020	13,923	27,592	41,516

* Totals may not add due to rounding.

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

Source: City of Boston Office of Budget Management.

Community Preservation Act

The Massachusetts Community Preservation Act (the “CPA”) permits municipalities that accept its provisions to levy a surcharge on its real property tax levy and to receive state matching funds for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. The provisions of the CPA must be accepted by the voters of the municipality at an election after such provisions have first been accepted by either a vote of the legislative body of the municipality or an initiative petition signed by 5% of its registered voters.

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

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

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

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

The City accepted the CPA in November 2016 and set the rate at 1%. The City is utilizing CPA revenues to help achieve its housing and economic goals of creating affordable housing units, restoring open spaces, rehabilitating recreational sites, and preserving historical resources. The City collected \$27.0 million in fiscal 2020, \$29.5 million in fiscal 2021, \$34.8 million in fiscal 2022, \$36.7 million in fiscal 2023, and \$35.6 million in fiscal 2024. For fiscal 2025, the City initially estimated that it would receive approximately \$28.0 million attributable to this surcharge with state matching funds in the amount of \$5.0 million. In fiscal 2024, the City appropriated \$38.3 million to 57 projects including: 25 Historic Preservation projects, 9 Affordable Housing projects and 23 Recreational Use and Open Space projects. In fiscal 2025 the City plans to appropriate \$33.8 million to additional projects.

State Revenue

State revenue from the Commonwealth comprises the second largest single revenue source to the City's General Fund after property tax revenues. Rather than one singular value, state revenues consist of more than a dozen individual appropriations. These revenues have fluctuated over the course of the past twenty years and have generally followed the Commonwealth's economic performance. In addition to revenues, the Commonwealth also charges the City assessments for provided services.

The largest component of state revenues in fiscal 2025 is Chapter 70 aid. This revenue is the Commonwealth's main contribution to the City's public schools. The Student Opportunity Act (Chapter 132 of the Acts of 2019) altered the allocation formula to direct more funds to districts with higher needs populations like Boston's. For fiscal 2025, Boston is scheduled to receive \$236.7 million, up from \$230.7 million in fiscal 2024.

Boston also receives state revenues for its charter schools. Distributions from the Commonwealth charter school reimbursement account are based on a formula to provide transitional dollars to municipalities when a student leaves a district school for a charter school, but this account is subject to appropriation. Prior to the Student Opportunity Act, the Commonwealth underfunded the charter school reimbursement account. The act dramatically increased funding starting in 2021, guaranteeing full funding by 2023. Between fiscal 2021 and 2025, Boston's charter school tuition reimbursement has increased by 42.3% to \$43.1 million.

General government expenditures are supported through Unrestricted General Government Aid, "UGGA." After Chapter 70 aid, UGGA is the second largest state revenue line item. In fiscal 2025, Boston is scheduled to receive \$233.3 million. Together UGGA, Chapter 70 aid, and charter school tuition reimbursements account for 99.4% of the City's state revenues.

Following the Great Recession, the City experienced reductions in actual state revenue totaling \$102.9 million or 20.8% between fiscal 2008 and fiscal 2012. Since fiscal 2013 state revenue has generally increased annually, driven by increases in UGGA and charter school tuition reimbursements. Net state aid – defined by total state revenue less state assessments including charter school assessment, MBTA, and other items declined between fiscal years 2013 and 2022. Actual net state aid was \$152.5 million in fiscal 2021, and \$140.3 million in fiscal 2022. Fiscal 2023 featured a modest increase in net state aid to \$142.0 million before declining again in fiscal 2024 to \$135.0 million. The City is budgeting net state aid to decrease by \$6.7 million, or 5.0%, to \$128.3 million in fiscal 2025.

The State Treasurer is empowered to deduct "assessments" from state revenue amounts appropriated to the City. The largest of these assessments is now for Charter School Tuition followed by that for MBTA. Charter Schools are public schools, open to all students that apply, that are funded by "tuition," 100% of which is paid by the students' home or "sending" school district. A 2010 increase in the legislatively imposed cap on charter school enrollments has caused this cost to grow rapidly. Under the 2010 legislation, the cap ceased increasing in 2017, and now Boston's charter school assessment is capped at 18% of net school spending. For fiscal years 2025 and 2026, Boston's charter school assessment will be below the 18% cap due to the BPS standardized test performance.

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

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

State School Building Assistance

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

In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

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

Currently, the City has four active school projects in the Core Program. The City expects to receive up to \$54.0 million in grant reimbursements for the Josiah Quincy Upper School project and up to \$29.5 million in grant reimbursements for the Carter School project. The new Josiah Quincy Upper School opened in September 2024. The new Carter School will be ready by September 2025. The Shaw Taylor School project is in the first phase of the MSBA’s process (known as the Eligibility Period). The City expects to begin a feasibility study in 2025. In December 2024, the MSBA Board invited another City school, the Ruth Batson Academy, into the Core Program. The Eligibility Period for this new project begins July 1, 2025.

In the ARP, eight projects are underway, with project completion expected by 2026. The 2021 ARP project budgets total \$22.6 million of which up to \$12.7 million may be eligible for reimbursement by the MSBA. The 2022 ARP project budgets total \$18.5 million of which up to \$9.6 million may be eligible for reimbursement. The City’s share of total project costs is approximately \$18.7 million. The MSBA did not have an ARP funding round in 2023. The City filed Statements of Interest for eight schools for the 2024 ARP and all eight schools were selected by the MSBA. The City expects to begin the design process on these new projects in 2025.

Excise Revenues

In addition to the major sources of revenue described above, the City receives various other types of revenues. See “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2021 to 2024 Actual Results and Fiscal 2025 Budget.” The following is a description of those and other significant excise revenue sources of the City. The impact of the COVID-19 pandemic is evident in the marked decline in collections for these revenue sources in fiscal year 2021, with activities related to travel, tourism, and hospitality being particularly affected.

Room Occupancy Excise

As is its option under state law approved in 1985, the City imposed a 4.0% local room occupancy excise upon the transfer of occupancy of any room in a hotel, lodging house or motel. The Commonwealth granted authority to municipalities in 2009 to increase the local option room occupancy excise up to 6.0% (6.5% for Boston). The City increased the local option room occupancy excise to 6.0%, effective October 1, 2009, and again to 6.5%, effective July 1, 2019. The Massachusetts Department of Revenue is responsible for collecting and remitting local option room occupancy excise receipts to the City in arrears. The City’s room occupancy excise receipts totaled \$15.6 million, \$75.5 million, \$129.3 million, and \$144.6 million in fiscal 2021, 2022, 2023 and 2024, respectively. Based on distributions received from the Commonwealth through January 2025, the \$134.5 million budgeted for Room Occupancy Excise revenue in fiscal 2025 appears achievable.

Aircraft Fuel Excise

The City also assesses an aircraft fuel excise upon the sale of jet fuel. The Commonwealth collects this tax and distributes it to the City. The City’s aircraft fuel excise receipts totaled \$8.5 million, \$22.8 million, \$49.6 million, and \$48.2 million in fiscal 2021, 2022, 2023 and 2024, respectively. Based on distributions received from the Commonwealth through January 2025, the \$38.7 million budgeted for Aircraft Fuel Excise revenue in fiscal 2025 appears achievable.

Motor Vehicle Excise

The Commonwealth assesses an excise on the registration of motor vehicles, the proceeds of which are received by the municipality where the vehicle is principally garaged. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. The City’s annual motor vehicle excise receipts totaled \$54.2 million, \$60.8 million, \$59.9 million, and \$72.7 million in fiscal 2021, 2022, 2023 and 2024, respectively. Current year billings are sent in February of each year, however the \$59.0 million in budgeted Motor Vehicle Excise revenue in fiscal 2025 appears achievable.

Meals Excise

In 2009, the Commonwealth granted the option to municipalities to levy a 0.75% excise on locally sold prepared food and beverages. The Massachusetts Department of Revenue is responsible for collecting and remitting meals excise receipts to the City. The City's annual meals excise receipts totaled \$14.2 million, \$29.4 million, \$37.7 million, and \$40.6 million in fiscal 2021, 2022, 2023 and 2024, respectively. Based on distributions received from the Commonwealth through January 2025, the \$36.0 million budgeted for Meals Excise revenue in fiscal 2025 appears achievable.

Departmental Revenues

Several City departments generate significant revenues from fines, fees, charges and reimbursements. While fiscal 2025 projections are not included below, the City expects to meet or exceed budgeted targets.

Parking Fines

The City's annual parking fine receipts totaled \$48.5 million, \$57.4 million, \$56.1 million, and \$55.5 million in fiscal 2021, 2022, 2023 and 2024, respectively. The decrease seen in 2021 was due to reduced economic activity caused by the COVID-19 pandemic. Collections subsequently rebounded in fiscals 2022 and 2023, however remain below pre-pandemic levels.

Building Permit Fees

The Inspectional Services Department performs a variety of functions for which fees are imposed such as the granting of building permits. The City's annual building permit fees totaled \$48.7 million, \$64.1 million, \$80.3 million, and \$62.7 million in fiscal 2021, 2022, 2023 and 2024, respectively, with fiscal 2021 reflecting disruption due to the COVID-19 pandemic.

Municipal Medicaid Reimbursement

The Office of Budget Management oversees a vendor contract to collect federal reimbursements for Medicaid eligible services provided through the Boston Public Schools. The City's annual municipal Medicaid reimbursement revenue totaled \$6.0 million, \$10.9 million, \$5.4 million, and \$7.7 million in fiscal 2021, 2022, 2023 and 2024, respectively. School closures and remote learning arrangements led to a reduction in reimbursable services in fiscal years 2020 and 2021, while 2022 benefited from deferred collections from prior years. The lower revenue total for fiscal 2023 is due in part to a payment being delayed into fiscal 2024.

Other Available Revenues

Under state law, proceeds of the sale of City facilities must be applied to the Surplus Property Disposition Fund to be used to finance capital projects, unless the City Council, with the approval of the Mayor, votes to credit to the General Fund the difference between the sale proceeds and the amount of debt (both principal and interest) incurred in acquiring or improving the sold facility. As of June 30, 2024, there was \$19.0 million remaining in the Surplus Property Disposition Fund.

Grants

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

Federal Grants

Some major sources of federal grant funds in fiscal 2024 included: a Community Development Block Grant ("CDBG") Entitlement Program award of \$17.5 million; a Home Investment Partnership Program ("HOME") award of \$6.2 million, a Housing Opportunities for Persons with AIDS Program ("HOPWA") award of \$3.7 million; and an Emergency Services Grant award of \$1.5 million. The Mayor's Office of Housing received an additional \$53.1 million in federal competitive grants, mainly related to the Continuum of Care Program.

Major sources of federal grant funds for programs of the Boston Public Schools included: a Title I Elementary & Secondary Education Act of 1965 award of \$44.7 million; Special Education Entitlement Grant awards of \$18.9 million; School Lunch Program and Summer Food Program awards of \$49.0 million; Environmental Protection Act Clean (EPA) School Bus Program awards of \$24.1 million; and a Title II teacher quality award of \$2.7 million. The Boston Public Schools were also awarded \$14.3 million from a variety of other federal grant sources during the 2024 fiscal year. Total federal aid to Boston Public Schools in fiscal 2024 was \$153.7 million compared to \$403.8 million in fiscal 2023. The decrease in federal aid to Boston Public Schools from fiscal 2023 to fiscal 2024 is due to the end of funding from the American Rescue Plan Act (ARPA).

The City currently receives significant amounts of annual federal grants, as described above. Since taking office on January 20, 2025, President Trump has issued multiple executive orders relating to many issues, some of which may limit or delay receipt of federal funds due to the City. Other federal agencies have also announced potential restrictions on receipt of federal funds for various reasons relating to different policies of the recipients, such as so-called sanctuary city status, implementation of DEI initiatives, policies relating to transgender persons and other social policy matters. Many of these have been challenged in court by various parties, but the City cannot predict the outcome of the challenges or what impact any of these might have on the amount or timing of receipt of federal funds or the City's financial condition. The City is not currently a party to any of the challenges although the Commonwealth of Massachusetts is a party, of which the City is a political subdivision. Policy changes by the federal government could also affect the receipt of federal funds by the Commonwealth, which in some cases, might then impact state aid to the City. No such impacts have yet been identified and, to date, the City has continued to receive expected federal funds, with only a minor delay in one case. However, no assurance can be given that City won't be adversely impacted by the policy changes by the federal government.

State Grants

In addition to State Revenue, the City also receives state grants. In fiscal 2024, the Boston Police Department received Community Services grant awards that totaled \$7.2 million from the Massachusetts Executive Office of Public Safety and Security.

The State paid \$17.7 million in Special Education Reimbursement to the Boston School Department, which amount is consistent with prior fiscal years.

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SECTION 4: CITY INDEBTEDNESS

Classification of City Debt

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

General Obligation Debt

As of June 30, 2024, the City had outstanding approximately \$1.76 billion of general obligation long-term bonds, all of which bear fixed rates of interest. As of March 1, 2025, the City had approximately \$1.63 billion of general obligation long-term bonds outstanding.

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

Debt Limits

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

The statutory debt limit for the City consists of a debt limit and a double debt limit. The debt limit is 5%, and the double debt limit is 10%, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Biennially, prior to January 31st, the Commissioner of Revenue establishes a final equalized valuation which is the basis for determining the debt limit for the following two-year period or until another equalization has been established. The equalized valuation of taxable property in the City established by the Commissioner of Revenue in January 2025 equals \$241.76 billion as of January 2024. The Commonwealth certifies the equalized valuations every two years; the next valuation will occur in January 2027. Based on the current equalized valuation, the City's debt limit equals approximately \$12.09 billion, and its double debt limit equals \$24.18 billion as of March 1, 2025.

The City may authorize debt up to its debt limit without state approval. The City may authorize debt over the debt limit up to the double debt limit with the approval of the Municipal Finance Oversight Board, composed of the State Treasurer and Receiver-General, the State Auditor, the Attorney General and the Director of Accounts. As of June 30, 2024, the City had outstanding debt of \$1.66 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.56 billion. As of March 1, 2025, the City had outstanding debt of \$1.53 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.98 billion. Based on the City's current debt limit of \$11.32 billion, the City had the statutory capacity to authorize an additional \$7.57 billion of debt as of March 1, 2025.

In addition to statutory constraints, the City has imposed certain policy constraints on its issuance of general obligation debt. Reviewed annually and subject to change, the City's debt management policies currently require the repayment of 35-40% of principal within five years and 65-70% of principal within 10 years. Additionally, annual debt service may not exceed 7% of general fund expenditures and variable rate debt outstanding may not comprise more than 20% of the City's total debt portfolio. As of March 1, 2025, the City has no variable rate debt outstanding.

**Table 15. Debt Incurring Capacity
As of March 1, 2025**

	Debt Limit
Normal Debt Limit as of June 30, 2024	\$ 11,318,382,825
Debt Outstanding as of June 30, 2024	(1,664,605,374)
Debt Authorized but Unissued as of June 30, 2024	<u>(2,559,221,894)</u>
Available Debt Incurring Capacity under the Debt Limit as of June 30, 2024	<u>\$ 7,094,555,557</u>
 New Authorizations approved through March 1, 2025	 (422,619,158)
Authorization Adjustments approved through March 1, 2025	-
Net Change in debt limit due to new EQV as of January 31, 2024	769,710,325
Principal paid through March 1, 2025	<u>131,996,629</u>
Available Debt Incurring Capacity under the Debt Limit as of March 1, 2025	<u>\$ 7,573,643,353</u>

Source: City of Boston Office of Budget Management.

There are many categories of general obligation debt which are not subject to the debt limit and are therefore not included in the Debt Incurring Capacity table above. Some such debt is, however, subject to other debt limits, dollar limitations, or state approval. As of March 1, 2025, the City had a total of \$1.63 billion in debt outstanding, of which \$94.7 million was exempt from the debt limit. As of that date the City also had \$223.3 million of debt that was authorized but unissued and exempt from the debt limit.

**Table 16. Summary of Authorized but Unissued Debt – Within and Outside Debt Limit
As of June 30, 2024 and March 1, 2025***

	Authorized/ Unissued 6/30/24	New Authorizations and Adjustments 7/1/24 to 3/1/25	Authorized/ Unissued 3/1/25
“Within” Debt Limit	\$2,559,221,894	\$422,619,158	\$2,981,841,052
“Outside” Debt Limit	<u>219,241,878</u>	<u>\$4,040,302</u>	<u>\$223,282,180</u>
Total:	\$2,778,463,773	\$426,659,460	\$3,205,123,233

* Some columns may not add due to rounding.

Source: City of Boston Office of Budget Management.

Debt Statement

The following table sets forth the City’s outstanding general obligation debt as of March 1, 2025.

**Table 17. Debt Statement as of March 1, 2025
General Obligation Debt ***

Purpose for Which Issued	Principal Outstanding as of 6/30/2024	Issued in Fiscal 2025 as of 3/1/2025	Retired in Fiscal 2025 as of 3/1/2025	Principal Outstanding as of 3/1/2025
General Purpose	\$1,459,074,029	–	\$(118,875,780)	\$1,340,198,250
MCWT	9,725,569	–	(718,094)	9,007,475
Economic Development	7,544,775	–	(168,207)	7,376,568
State Urban Development Relocation	59,084,262	–	(3,027,964)	56,056,297
Schools	30,849,686	–	(656,399)	30,193,287
Public Buildings	116,234,697	–	(4,283,519)	111,951,178
Public Works	81,998,293	–	(9,520,716)	72,477,577
Cemeteries	29,257	–	(7,415)	21,843
Total	\$1,764,540,569	\$	\$(137,258,094)	\$1,627,282,475

* Columns may not add due to rounding.

Source: City of Boston Auditing Department

Debt Service Requirements

The following table sets forth the City's debt service requirements for general obligation debt for each fiscal year 2022 through 2025. The debt service requirements table shows the gross Debt Service Requirements, offset by revenues received from related sources.

Table 18. Debt Service Requirements—Fiscal 2022-2025 *

Gross Debt Service Requirements Bonded Debt:	2022	2023	2024	2025 (Budget)
Principal	\$138,878,237	\$139,767,869	\$170,792,818	\$173,503,093
Interest	49,582,832	60,954,735	70,104,185	75,560,718
Total	188,461,069	200,722,604	\$240,897,003	\$249,063,811
<u>Less Revenue Deemed Available From Related Sources: ⁽¹⁾</u>				
1010 Massachusetts Ave Project	2,644,951	2,089,269	—	—
Pension Management System	764,640	637,385	45,394	45,376
Renew Boston Trust Energy Savings	—	973,003	—	—
Premium and Subsidies	2,413,041	234,647	2,983,438	991,641
<u>Plus Interest On Temporary Loan Notes and Additional Items:</u>				
Revenue Anticipation	—	—	—	3,000,000
Anticipated Bond Issuance – G.O.	—	—	—	24,546,485
Cost of Issuance	178,940	157,280	237,776	500,000
QSCB of 11/09 Sinking Fund	1,454,545	1,454,545	1,454,545	363,637
Total Debt Service/Budget Summary	\$184,271,922	\$198,400,126	\$239,560,492	\$276,436,916

* Columns may not add due to rounding.

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

The related revenues shown in the foregoing Debt Statement and table of Debt Service Requirements are not pledged to the payment of specific indebtedness. However, such revenues may substantially reduce the amount of tax or other revenues of the City that must be raised to pay debt service on the related debt.

Certain Debt Ratios

The following table sets forth information as March 1, 2025 with respect to the approximate ratio of the City's long-term general obligation debt to certain economic factors.

**Table 19. Debt Ratios
As of March 1, 2025**

	Amount	Per Capita ⁽¹⁾	Ratio to Assessed Property Value ⁽²⁾	Debt Per Capita as a % of Personal Income Per Capita ⁽³⁾
Gross General Obligation Long-Term Debt ⁽⁴⁾	\$1,627,282,475	\$2,488.84	0.74%	5.12%

(1) Estimated Population as of fiscal 2023: 653,833– Source: U.S. Census Bureau, Population Estimates Program, Vintage 2022 Population Estimates: BPDA Research Analysis Division.

(2) Assessed Property Value equaled \$220.9 billion as of June 30, 2024. State law requires that property be assessed at fair cash value. See “City Revenues—Property Taxes—Revaluation.”

(3) U.S. Census Bureau, 2010-2023 1-year American Community Survey (Table B19301).

(4) As represented in Table 17: “Debt Statement as of March 1, 2025.”

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

Three-Year Debt Summary

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

Table 20. Debt Summary, Fiscal 2022 - 2024
(\$ in thousands)

	2022	2023	2024
Outstanding General Obligation Debt	\$1,442,722	\$1,685,333	\$1,764,541
Authorized But Unissued Debt, Budgetary Basis	1,689,125	2,018,212	2,778,464
Debt Service, Budgetary Basis	184,093	198,243	239,094
Debt Service as a % of Total General Fund Revenues, and Other Available Funds, Budgetary Basis	4.8%	4.7%	5.4%
Debt Service as a % of Total General Fund Expenditures, Budgetary Basis	4.8%	4.9%	5.5%
Debt Service as a % of Total Net Tax Levy, Budgetary Basis	6.6%	6.7%	7.6%
Bonds Issued:			
General Obligation – New Bonds	\$333,215	\$350,000	\$250,000
General Obligation – Refunding Bonds	—	—	—
Total Bonds Issued	\$333,215	\$350,000	\$250,000

Source: City of Boston Auditing Department.

Short-Term Borrowings

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

Special Obligation Debt

In addition to general obligation indebtedness, the Bond Procedure Act of 1983 and various other special acts authorize the City to incur indebtedness which is secured by and payable solely from certain revenues of the City which are pledged for the payment of such indebtedness or which are subject to annual appropriation by the City for such purpose. As of March 1, 2025, the City has no special obligation debt.

Debt of Agencies Related to the City

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

Boston Water and Sewer Commission

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

Economic Development and Industrial Corporation of Boston

The Economic Development and Industrial Corporation of Boston ("EDIC") is a body politic and corporate and an instrumentality of the Commonwealth with a board of five members, also appointed as the members of the Boston Planning & Development Agency ("BPDA"). EDIC has a variety of powers to assist industrial development projects in the City including the power to issue special obligation revenue bonds to finance economic development projects in the City, which are solely the obligation of EDIC, or the owner or lessee of the financed project. The City is also authorized to appropriate or borrow monies in aid of EDIC development projects within certain urban renewal debt limitations.

Boston Planning and Development Agency

The Boston Redevelopment Authority (“BRA”) d/b/a Boston Planning and Development Agency (“BPDA”) is a public body politic and corporate constituting the City’s redevelopment authority and exercises certain powers of the state Department of Housing and Community Development. The BPDA Board consists of four members appointed by the Mayor, subject to confirmation by the City Council, and one appointed by the state Department of Housing and Community Development.

Although the BPDA is authorized to issue revenue bonds and notes, which would not constitute indebtedness of the City, BPDA projects have traditionally been financed through a combination of federal and state grants, the proceeds of general obligation bonds issued by the City and revenues from the lease or sale of land.

In April 2024, a Planning Department in the City of Boston was established by ordinance, transferring planning, design, and development review functions from the BPDA to this City department. The Planning Department serves as the technical planning lead for the City of Boston and makes recommendations to the BPDA Board. The EDIC and BPDA legal entities still exist with a small number of employees. Beginning in fiscal year 2025, approximately 220 employees from the BPDA/EDIC (Office of Workforce Development) became City employees."

Boston Public Health Commission

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

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

Other Agencies and Corporations

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

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

Major Contractual Obligations

In addition to its debt obligations, the City has substantial contractual obligations. Included in this category are the City’s obligation for pension benefit payments to its contributory retirement system for City employees and other post-employment benefits which are included in the annual tax levy (see “Employee Benefits”); and agreements for the provision of sanitation, solid waste collection and disposal services (see “The City—Principal Government Services—Public Works”). The City has also executed eight equipment lease agreements in order to finance the acquisition of departmental equipment. As of March 1, 2025, the amount outstanding under the lease agreements equals \$98.2 million. Lease payments are subject to annual appropriation and are not included in the City’s debt statement and other related debt tables shown above.

The City has also entered into transactions for four development programs under the Commonwealth's Infrastructure Investment Incentive ("I-Cubed") program. See Note 17 to the City's audited financial statements for the fiscal year ended June 30, 2024, which are attached as Exhibit I to this Appendix A, for information regarding this program and the City's contingent obligations under it.

Capital Planning & Borrowing Program

Capital Planning Process

The capital planning process coincides with the annual budget cycle and provides an opportunity for City departments to identify their facility, equipment, infrastructure, technology and planning needs in a systematic manner and to forward their proposals to the Office of Budget Management ("OBM") for funding consideration. The first phase concludes with the release of an updated five-year capital plan published as part of the City's annual budget document. The process allows for a continuing reassessment of capital needs. On April 10, 2024, the Mayor submitted the fiscal 2025 budget to the City Council and filed \$425.2 million in new capital authorizations that were subsequently approved by the City Council. The next capital plan is expected to be released in April 2025.

Capital Funding Plan

The City funds its capital plan primarily through general obligation bonds, other City sources including appropriations from the Surplus Property Fund and the Parking Meter Fund, as well as external grants. The fiscal 2025-2029 plan assumes \$2.14 billion in new general obligation borrowings over the next five years. The capital plan in development for fiscal 2026-2030 is likely to propose a borrowing plan of approximately \$2.16 billion and remains within the City's capacity to fund debt service and is in line with current debt management policies. The City awards construction contracts and incurs capital outlay costs based upon appropriations funded from bond proceeds and grant receipts. In circumstances where project expenditures occur prior to the receipt of bond proceeds or grant reimbursements, the City temporarily pays such costs from available funds.

Current Capital Investment Plans

The fiscal 2025-2029 capital plan makes critical investments in the City's infrastructure in every neighborhood. The forefront of the City's capital investment is in its school facilities. Construction has just been completed on a \$223 million project for the Josiah Quincy Upper Pilot School (opened in September 2024) and construction is still underway on a \$111 million project for the Carter School (opening in September 2025), both in collaboration with the MSBA. In January of 2025, the Mayor announced the first set of mergers and consolidations for the Boston Public School system. On March 20, 2025, the Boston School Committee voted 5-1 to approve the closures of four schools and the merger of two schools at the end of the 2025-26 school year. Boston Public Schools currently operates 112 schools (81 Elementary and 31 Secondary) and is anticipating that portfolio shrinking to approximately 95 schools over the next 5 years (69-71 Elementary and 23-25 Secondary). This announcement builds upon Boston Public Schools' Long Term Facilities Plan, which will see large investments in schools over the next 10 years to ensure that every student has access to a high quality educational facility. It also builds upon Boston Public Schools' recently completed Facility Condition Assessment and programming and design recommendations for school size standardization. The City is also making large district-wide investments in state of good repair for its school facilities, including roof, masonry, and window replacements, as well as interior renovations like bathrooms, drinking water upgrades, and other programming improvements.

Major investments are underway or were completed in the City's parks system including a \$18.8 million renovation of Copley Square Park, a \$14 million renovation of Clifford Playground, \$23 million that is and will continue to be invested in Boston Common, and \$23 million in Franklin Park. Design and facility programming is currently underway for replacing several branch libraries, including three in a "housing over public assets" model to provide affordable and market rate housing as part of the City's investment. The first of these, in the Chinatown neighborhood, is set to begin construction in 2025. The construction of a new fire station in Dorchester completed in late 2024, with continued demolition and adjacent site remediation to follow. The City is also moving forward with the renovation of White Stadium, a historic track and field stadium in Franklin Park, in collaboration with the National Women's Soccer League. A lease has been signed between the two parties, and construction work is expected to begin in 2025. The trial in this matter concluded on March 20, 2025. The City expects a decision in the next couple weeks.

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

federal grants to support transportation infrastructure projects, including coordinated projects with the MBTA to improve bus reliability.

The City is making progress in advancing its climate resilience strategy to reduce the City's risk to short and long-term climate change impacts including sea level rise, increased precipitation, and more extreme temperatures and storms. The challenges from climate change are substantial and complex but can be addressed through actions that support the City's vitality and livability. Leveraging outside funding, the capital plan supported the development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, such as Charlestown, East Boston, South Boston, and Dorchester. These plans are essential for protecting the safety of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. Already, planning is underway to enhance the resilience of waterfront parks and advance designs for coastal flood protection in areas with near-term flood pathways such as Lewis Street and Carlton Wharf in East Boston. Plans related to urban forestry and heat resilience plans were recently completed and will inform future capital investments. See also "OTHER MATTERS – "Climate Action, Energy Management and Resilience" below.

In addition to the initiatives described above, the capital plan supports the Boston Housing Authority (the "BHA") in projects that will preserve, replace, and create affordable housing units in Charlestown, South Boston, Jamaica Plain, and other neighborhoods. Through fiscal 2025, the City has authorized or appropriated \$212 million for these improvements.

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

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SECTION 5: EMPLOYEE BENEFITS

Retirement Systems

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

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

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB No. 68*, which extends the financial reporting requirements to pension benefits provided outside a trust or equivalent agreement. The Accounting Valuation Report for the City’s Special Legislation Retirees as of June 30, 2024 reports that the City is providing such benefits to 37 pensioners as of July 1, 2024. These benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$4.4 million. Since the benefits of these pensioners and beneficiaries are not pre-funded, the Plan’s fiduciary net position is \$0, and therefore the net pension liability is equal to the total pension liability. The City’s net pension liability for retired participants and beneficiaries is \$121.4 million, as of June 30, 2024.

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

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

The following table reflects amounts expended or budgeted by the City for pension payments for fiscal 2021 through fiscal 2025. These numbers include contributions for both contributory and non-contributory members. The contributory numbers are primarily driven by amortization of the BRS unfunded liability, which is on a schedule that targets reducing this liability to zero by fiscal 2028, 12 years earlier than the statutory deadline at the end of fiscal 2040.

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

Fiscal Year Ending June 30	BRS Contributory System	Predecessor/ Noncontributory System	Net Pension Cost	Percentage of Total General Fund Expenditures
2025 (Budgeted)	\$422.5	\$4.0	\$426.4	9.2
2024	390.6	4.7	394.8	9.2
2023	353.9	5.6	357.8	8.9
2022	323.7	3.3	327.0	8.5
2021	292.2	3.4	295.5	8.2

Source: City of Boston Office of Budget Management

The City's fiscal 2025 budgeted contribution of \$422.4 million includes \$404.1 million allocable to City employees, other than teachers, \$18.0 million allocable to the Boston Water and Sewer Commission (BWSC) of which approximately \$8.8 million will be reimbursed to the City for employee service accrued after BWSC became an independent commission, and \$0.4 million allocable to the Boston Public Health Commission (BPHC). BPHC's contribution towards their pension obligation in fiscal 2025 totals \$32.4 million. BPHC's fiscal 2025 pension obligation is paid in large part from BPHC's fiscal 2025 general fund appropriation in the amount of \$23.3 million while the remainder is funded by grant resources. The City accepted Chapter 269 of the Acts of 2022, a local option to increase the fiscal 2023 Cost of Living Adjustment (COLA) from 3% up to 5%. This one-time COLA added approximately \$26.6 million to the unfunded pension liability and an increase to the fiscal 2023 payment of approximately \$5.4 million, as well as increased costs to the 2024 payment of \$5.6 million. A 3% COLA is assumed in the most current funding schedule.

The actuarial accrued liability of the BRS exceeds the actuarial value of the assets of the BRS as of the most recent valuation dated January 1, 2024. The following table summarizes the results of the last four actuarial valuations for BRS—Excluding Teachers.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c)
January 1, 2024	\$7,623,039	\$8,879,935	\$1,256,896	85.85%	\$1,233,413	101.9%
January 1, 2022	6,768,562	8,217,718	1,449,156	82.40	1,130,019	128.2
January 1, 2020	5,703,890	7,545,117	1,841,217	75.60	1,063,526	173.1
January 1, 2018	5,038,742	6,550,967	1,512,225	76.92	978,060	154.6

Source: Boston Retirement System.

The most recent actuarial valuation is as of January 1, 2024 (the "2024 Valuation") and is available at <https://www.boston.gov/departments/retirement>. The 2024 Valuation assumes a long-term rate of return of 6.9% for BRS—Excluding Teachers assets. The actuarial valuation of assets is determined annually by recognizing 20% of gains or losses, and to the extent necessary, by also recognizing any additional portion of gains or losses, which keeps the actuarial valuation of assets between 80% and 120% of market value. The net effect is a smoother trend of annual pension funding during volatile short-term periods of asset gains or losses. The following table shows the market and actuarial value of the plan's non-teacher assets.

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

Actuarial Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Value as Percentage of Market Value
January 1, 2024	\$7,222,830	\$7,623,039	105.5%
January 1, 2022	7,130,505	6,768,562	94.9
January 1, 2020	5,583,428	5,703,890	102.2
January 1, 2018	5,072,440	5,038,742	99.3

Source: Boston Retirement System.

As of January 1, 2025, the estimated market value of assets not held for teacher benefit payments was \$7.7 billion. This amount is an estimate based upon the current market values of certain assets held by the BRS and prior period values for certain other assets for which the current market value is not readily ascertainable. This amount is unaudited and subject to change. It should be noted that the annual required contribution of the City is based, in part, upon the actuarial value of assets, not market values. This is commonly done in computing annual funding requirements in order to prevent extreme fluctuations that might otherwise arise from temporary or cyclical economic and market conditions.

In accordance with Chapter 68 of the Acts of 2007, the state regulatory agency for pensions, PERAC, annually reviews the investment performance and funded ratio of systems as of January 1st. If a system is: (i) less than 65% funded, and (ii) has trailed the investment performance of the PRIT fund by 2% or more on an average annualized basis over the previous ten-year period, PERAC will declare the system underperforming and the system shall transfer its assets to the PRIT fund. For reasons unrelated to Chapter 68, the BRS–Teachers assets are invested in the PRIT fund; the BRS–Excluding Teachers is currently funded at 85.9% based on the actuarial value of assets.

For additional information concerning a comparison of the market value of assets and investment return to the actuarial value of assets and investment return for the period 2006 through 2021, see Exhibit G in Section 4 of the 2024 Valuation referenced above. The City is currently committed to a funding schedule for fiscal 2025 and 2026 that is based on the most recent actuarial valuation, incorporating asset and liability data as of January 1, 2024. The funding schedule is calculated in accordance with the entry age actuarial cost method and includes paying the current year’s present value of benefits earned during the year (“normal cost”) and an annual contribution toward eliminating the unfunded liability of the BRS by 2028, 12 years ahead of the statutory deadline at the end of fiscal 2040.

Many variables are in play with each new valuation, and the actuary’s recommendations and consultation with the City are part of a careful planning process that precedes the BRS final approval of the valuation and funding schedule. In the 2024 Valuation, salary increase assumptions for all employee groups for the BRS, excluding teachers, did not change, and the mortality assumptions remained the same using Scale MP-2021. In the 2024 Valuation, the BRS maintained the long-term rate of return assumption of 6.9%. The administrative expense assumption was increased from \$7.7 million to \$8.2 million for calendar year 2024. The change in assumptions did not impact the unfunded liability for the BRS excluding teachers.

The City currently expects to fully amortize the unfunded actuarial accrued liability by June 30, 2028. The 2024 Valuation sets forth the aggregate funding schedule from 2025 through 2028 for the BRS, excluding teachers. The City’s contributions for the amortization of the unfunded liability are estimated to increase from the \$422.4 million budgeted amount in fiscal 2025 to \$573.9 million in fiscal 2027 and then would decrease to \$237.0 million in fiscal 2028. The City’s total employer contributions each year will also include the normal costs for each year and will also reflect certain annual savings from prior year additional payments. This schedule is illustrative only. The actual annual contributions will differ due to the actual circumstances that will occur in the future and that will likely vary from the assumptions used in the 2024 Valuation. The City believes that its current pension funding schedule, with its conservative salary growth assumptions, is sufficient to absorb the long-term impacts of collective bargaining awards. The funding schedule assumes a 4.0% salary growth assumption for general service employees, a 4.25% salary growth assumption for certain employees with hazardous occupations, and a 4.5% salary growth assumption for public safety officers. The City is committed to evaluating its pension liability annually as the funding date draws closer. Any needed adjustments will be made to the funding schedule. The next valuation will be as of January 1, 2025. The expected delivery date is June 2025.

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

GASB Statement No. 68 standard was effective commencing with the City’s fiscal 2015. The Total Pension Liability (“TPL”) and plan’s fiduciary net position as of December 31, 2023 for the BRS, including teachers were approximately \$13.8 billion and \$9.6 billion, respectively, which results in a Net Pension Liability (“NPL”) of

approximately \$4.2 billion as of December 31, 2023, equivalent to an NPL of \$4.8 billion as of December 31, 2022. The portion of the BRS NPL allocable to the City reported on June 30, 2024 is approximately \$1.4 billion, which includes the NPL associated with City employees, excluding teachers. The BRS did not experience a “crossover date” in connection with determination of the NPL and accordingly, the measurement of the City’s NPL for fiscal 2024 assumes a 6.9% discount rate which is the same as the expected rate of return of Plan investments for the BRS, excluding teachers. The annual money-weighted rate of return, net of investment expense for the BRS for the year ended December 31, 2023 was 11.34%. The comparable rate of return as of December 31, 2024 is currently estimated at 7.5%.

Implementation of GASB Statement No. 68 also requires setting forth the sensitivity of the City’s net pension liability using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City’s net pension liability to approximately \$2.3 billion and a 1% increase would decrease it to approximately \$655 million.

While GASB Statement No. 68 changes the way state and local governments report pension benefits in their financial statements it does not impact pension funding requirements or contribution amounts. To date, the City has contributed to the BRS 100% of the amounts required to be so contributed, as determined in accordance with actuarial valuations and a funding schedule established pursuant to state law, which are approved by PERAC, and the City expects to continue to do so. As noted above, the City currently intends to fully fund its unfunded actuarial accrued liability by June 30, 2028.

In connection with the implementation of GASB Statement No. 68, the BRS prepared a document called “Schedules of Employer Allocations and Pension Amounts by Employers,” which was audited by Ernst & Young LLP, independent auditors for the BRS. These schedules are based on financial information pertaining to the BRS as of December 31, 2023.

The schedules are available at <https://www.boston.gov/departments/retirement>, along with the most recent actuarial valuation reports and audited financial statements of the BRS. See also Note 12 to the City’s fiscal 2024 audited financial statements attached hereto as Exhibit I.

Other Post Employment Benefits

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

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

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2024 for the City were approximately \$3.7 billion and \$1.1 billion, respectively, which results in a Net OPEB Liability (“NOL”) for the City of approximately \$2.6 billion as of June 30, 2024 compared to an NOL of \$2.3 billion as of June 30, 2023. The measurement of the City’s NOL for fiscal 2024 assumes a 6.25% discount rate. The annual money-weighted rate of return, net of investment expense for the City for the year ended June 30, 2024 was approximately 14.75%.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2024 for BPHC were approximately \$131.29 million and \$49.8 million, respectively, which results in a Net OPEB Liability (“NOL”) for BPHC of approximately \$81.3 million as of June 30, 2024 compared to an NOL of \$80.8 million as of June 30, 2023. The measurement of the BPHC’s NOL for fiscal 2024 assumes a 6.25% discount rate. Similarly, the annual money-weighted rate of return, net of investment expense for BPHC for the year ended June 30, 2024 was 14.75%.

Implementation of GASB Statement No. 75 requires setting forth the sensitivity of the NOL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City’s NOL to approximately \$3.13 billion and a 1% increase would lower it to approximately \$2.16 billion. A 1% decrease would increase the BPHC’s NOL to approximately \$101.3 million and a 1% increase would decrease it to approximately \$65.0 million.

In addition, implementation of GASB Statement No. 75 also requires setting forth the sensitivity of the NOL using an assumed health care cost trend rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would decrease the City’s NOL to approximately \$2.08 billion and a 1% increase would increase it to approximately \$3.25 billion. A 1% decrease would decrease the BPHC’s NOL to approximately \$62.2 million and a 1% increase would increase it to approximately \$105.5 million.

While GASB Statement No. 75 changes the way state and local governments report other post-employment

benefits in their financial statements, it does not impact OPEB funding requirements or contribution amounts. In fiscal 2008, the City began voluntary annual appropriations to reduce its OPEB liability. Annual appropriations are retained in an irrevocable trust fund, which is authorized through the City's acceptance of M.G.L. Chapter 32B Section 20, and is established under a trust agreement between the City and the City's Collector-Treasurer as trustee and custodian. The City has procured investment consulting services in order to optimize investment of the OPEB Trust Funds. The aggregate amount on deposit in the OPEB Trust Funds as of June 30, 2024 was \$1.2 billion.

An actuarial valuation of the City's and the BPHC's other post-employment benefits was performed as of June 30, 2023. The increase in the unfunded actuarial accrued liability (UAAL) from June 30, 2021 to June 30, 2023 was due to the net effect of a number of factors. The UAAL had been expected to increase by approximately \$105 million, from \$2,194.0 million as of June 30, 2021 to \$2,299.0 million as of June 30, 2023. The actual unfunded liability of \$2,677.0 million is \$378.0 million more than expected due to the net impact of assumption changes.

If the City and the BPHC were to fund the actuarially determined contribution, the required funding for fiscal 2024 would have been \$261.4 million, of which \$100.6 million represents the normal cost and \$160.7 million represents amortization of the unfunded actuarial determined liability. For fiscal 2025, the required funding would have been \$275.6 million, of which \$104.0 million represents the normal cost and \$171.6 million represents amortization of the unfunded actuarial determined liability.

The June 30, 2023 valuation projected that the City and the BPHC (the funding for which is appropriated by the City to the BPHC as part of its overall departmental budget) will pay benefits (net of retiree contributions) on behalf of current retired employees of approximately \$136.2 million in fiscal 2024 and \$149.6 million in 2025, on a pay-as-you-go basis. In addition to this, the City deposited an additional \$42.3 million into the City's OPEB Trust Funds in both years, bringing the total funding to \$178.4 million for fiscal 2024 and \$191.8 million for fiscal 2025. As a result, the City and the BPHC funded approximately 68.3% of the actuarially determined contribution in fiscal 2024 and 69.6% of the actuarially determined contribution in fiscal 2025.

The June 30, 2023 actuarial valuation projected that the City's and the BPHC's pay-as-you-go benefit payments will increase to approximately \$501.7 million in fiscal 2047, as compared to an actuarially determined contribution of \$590.7 million in fiscal 2047. If the City continues to make an annual additional appropriation of \$40.0 million through fiscal 2027 and \$100.0 million annually thereafter, the obligations are predicted to be fully funded in fiscal 2049, if all assumptions are met and there are no future changes in assumptions or the plan of benefits. When the obligations are fully funded, the City expects to continue to fund the normal cost into the trust fund and pay the projected benefits (net retiree contributions) on behalf of current retired employees from the trust fund.

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

The projections for the City and the BPHC are illustrative only of the currently expected funding schedule. The actual funding schedule will be different due to the actual circumstances that will occur and that will likely vary from the assumptions used in the June 30, 2023 valuation.

The Trust Fund Financial Statements for the OPEB plan for the fiscal year ended June 30, 2024, may be found in the "Other Post Employment Liability Trust Fund ("OPEB") available at <https://www.boston.gov/departments/auditing>. Additional information regarding the City's OPEB obligations as of June 30, 2024, may be found in the "Actuarial Valuation Reports," available at <https://www.boston.gov/departments/auditing>. For additional information related to OPEB, also see Note 13 to the City's fiscal 2024 audited financial statements attached hereto as Exhibit I.

SECTION 6: OTHER MATTERS

New Arrivals

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

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

The City of Boston's financial impact related to New Arrivals to date has primarily been to support the purchasing of temporary hotel and motel rooms of new arrivals until transitioned to state programs through the City of Boston's Mayor's Office of Housing. The Commonwealth of Massachusetts is incurring most of the costs related to new arrivals; however, Boston expended limited Federal Emergency Management Agency (FEMA) grant dollars through the Emergency Food and Shelter and Shelter and Services Program for short hotel stays as well as American Rescue Plan dollars for emergency assistance for migrants.

Climate Action, Energy Management and Resilience

The Environment, Energy and Open Space (EEOS) Cabinet leads the City's climate and environmental justice agenda, focusing on decarbonization, energy transition, and resilience. Mayor Michelle Wu appointed the first Chief Climate Officer position in Boston, who also serves as the Chief of Environment, Energy and Open Space Cabinet. Priorities of this role include spearheading the Mayor's agenda on climate action, while advancing Boston's commitment to sustainability, resilience, and environmental justice. Through this role, the Chief Climate Officer leads an all of government approach to climate action.

Boston experiences the effects of climate change on a daily basis. Rising sea levels, stronger storms, and hotter days pose a threat to the City and the region. The City released the Climate Ready Boston report in 2016, which evolved into the Climate Ready Boston initiative. Since 2016, Climate Ready Boston has completed coastal resilience plans for its entire 47-mile coastline as well as a citywide heat resilience plan. In August 2024, Mayor Wu announced the creation of the Office of Climate Resilience. This office, in partnership across City departments, is implementing climate resilience projects across the City to address coastal flooding, stormwater flooding, and extreme heat. The City has developed a number of initiatives in recent years to manage the changing environment and to make the City's infrastructure and property, including that of its businesses and residents, more resilient and better able to withstand these effects. Climate change is an ongoing and evolving process and many of its longer-term impacts cannot yet be accurately predicted.

The Chief of Environment, Energy and Open Space monitors the City's progress in meeting the greenhouse gas reduction and climate resiliency goals required by the initiatives listed above. In September 2024, the City of Boston established through an Executive Order the Boston Climate Council, a body of 13 City of Boston Cabinet Chiefs tasked with accelerating the deployment of resilience and decarbonization. The Climate Council brings greater efficiency and scale to Boston's initiatives that reduce energy costs and carbon emissions and increase the ability to withstand heat and flooding impacts.

The Environment, Energy and Open Space Cabinet works with departments across the City to implement the Boston Climate Action Plan and develop policies, design standards and operational guidelines which will reduce carbon emissions from the City's operations and increase resilience. In October 2021, with the adoption of a citywide carbon reduction program under the Building Emissions Reduction and Disclosure Ordinance, all buildings in Boston 20,000 square feet and larger, will be subject to declining emissions standards that put them on the path to achieve net zero by 2050. This policy is expected to eliminate 37 million metric tons of Greenhouse Gas emissions by 2050. All buildings under jurisdiction also need to report their emissions, energy and water use data to the City annually enabling it to track progress. The Environment Department plays an important role in advancing key priorities on climate action in partnership with other City agencies, with recent accomplishments including the signing of an Executive Order committing to fossil fuel-free City buildings, electrification of the City's municipal fleet of over 700 vehicles, and resident-facing electric vehicle chargers in municipal lots and on curbside locations. Boston has hired a Green New Deal Senior Advisor who works closely with the Chief of Environment, Energy and Open Space to support expansion of the City's cross-departmental approach to climate and equity-led governance.

The Municipal Energy Unit is housed within the Environment, Energy and Open Space Cabinet, and works with City operating departments, the Public Facilities Department and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's buildings and other fixed assets. The City has committed to procuring 100% carbon-free electricity by 2030 for municipal operations and has begun negotiations for a virtual power purchase agreement of MA offshore wind that would increase the City's renewable electricity to 30% in 2030. This work will build on the City's record of cost-effective purchasing of its electricity requirements from third-party suppliers, which it has undertaken since March 2005 and has documented cumulative savings of \$57.2 million from fiscal 2015 through fiscal 2024 compared to the amount it would have paid to its local electric utility to supply identical quantities of electricity. For fiscal 2021 - fiscal 2023, the City accrued \$4.45 million in savings on a 31-month fixed-price natural gas supply contract compared to what it would have paid to the local gas utility. Forward market gas prices in 2025 may again present an opportunity to sign another agreement to purchase this commodity at a fixed price that would be advantageous to the City.

Among other things, the Municipal Energy Unit is responsible for an initiative entitled "Renew Boston Trust." The Renew Boston Trust is not a trust in the traditional sense, but a program to identify and finance municipal utility cost saving projects. The initiative commenced with the selection of an Energy Service Company ("ESCO") to conduct Investment Grade Audits ("IGAs") of the City's facilities portfolio and identify projects with sufficient utility savings potential. The City selects utility cost savings projects based upon the IGA analysis and the ESCO that conducted the audits provides a long-term financial guarantee on the net savings it has projected for those projects. The City finances the program with general obligation bonds with debt service offset by the long-term energy savings guaranteed by the ESCO. Beginning in fiscal 2019, the City implemented energy conservation improvements in 14 buildings. The second phase of RBT for 31 buildings was completed in 2024. Work has begun on 11 buildings as part of the third phase and that work is expected to be complete in 2026. A few highlights of the third phase are: full lighting upgrade at City Hall which is saving over one million kilowatt-hours per year and a full electrification of the Otis and John F. Kennedy Elementary School using a combination of air- and ground-source heat pumps. The ESCO has guaranteed an annual utility cost savings of approximately \$2.3 million for the first three phases of Renew Boston Trust. It is expected to reduce approximately 3,700 metric tons of carbon equivalent each year.

In 2022 and 2023 the Municipal Energy Unit audited and mapped all municipally-owned exterior lighting fixtures. The findings from that effort were incorporated into a GIS-based asset management system. The Municipal Energy Unit expects to execute an energy management contract early 2025 and begin work on the conversion of gas streetlamps to LEDs and an upgrade to the track and field lighting at English High School later this year.

The Municipal Energy Unit is responsible for tracking the City's energy consumption and expenditures. To accomplish this, the Municipal Energy Unit uses an Enterprise Energy Management System ("EEMS") capable of monitoring and reporting on the energy consumed by the City's 369 buildings and other fixed assets like street and traffic lights. The EEMS is used to monitor the City's continuing progress meeting the greenhouse gas reduction goals stated in its Climate Action Plan and fulfill its municipal and state energy reporting obligations and facilitates the identification of energy efficiency projects for the Renew Boston Trust program. The EEMS is also a valuable financial management tool that is used to verify the accuracy of utility bills, develop department energy budgets, and compare budgeted to actual energy expenditures.

The Municipal Energy Unit also runs the Community Choice Electricity program. Since its launch in February 2021, the Community Choice Electricity program has become the electricity supplier for an average of more than 200,000 residents, institutions, and businesses. More than 94.0% of the customers are on the default product which has 15.0% more renewable content than utility basic service. This program has reduced Community Choice Electricity customers' carbon emissions by more than 129,000 metric tons carbon equivalent compared to use of Eversource basic service from program launch through December 2023 (for which the most recent data is available).

In addition to the City's work to reduce greenhouse gas emissions, as part of the City's Climate Ready Boston program, the City is preparing for the effects of climate change, including sea level rise, coastal storms, extreme precipitation, and extreme heat.

As a coastal city, Boston is exposed to the effects of rising sea levels, coastal flooding and increasingly extreme weather conditions, all of which may adversely affect the property of the City, its businesses and residents in the future. For example, the City has experienced more "nuisance" or "sunny day" flooding at high tide than in the past. In August 2022, the National Oceanic and Atmospheric Administration ("NOAA") released its 2022 outlook regarding the state of high tide flooding nationwide and projected much more frequent high tide flooding between 2022 and 2050. For Boston, NOAA projected the average number of high tide flood days increasing from 11-18 in 2022 (there were 6 in 2000 and 7 in 2021) to 50-70 by 2050.

As part of the Climate Ready Boston initiative described below, the City periodically reviews climate projections and risks and updates projections as part of its planning and risk mitigation efforts. For example, in June 2022, the Greater Boston Research Advisory Group, headed by researchers from UMASS-Boston, released a report

entitled “Climate Change Impacts and Projections for the Greater Boston Area.” The report summarizes certain findings on climate risk factors pertinent to Greater Boston, specifically storms, precipitation, flooding and groundwater, temperature, and sea level rise, in order to assist planning efforts to address these issues. The report notes, among other matters, that the relative sea level in Boston is rising at an accelerating pace, but also finds that most of greater Boston’s extreme flooding events are caused by winter storms that coincide with anomalous high tides, with sea level rise likely to cause more frequent flooding during extreme storms and more frequent “nuisance” flooding days.

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

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

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

New Initiative

In January 2025, the City passed a \$110 million supplemental appropriation from free cash to create the Housing Accelerator Fund, designed to jump start market and mixed income housing construction by reducing the cost of capital. The fund will invest low cost equity paired with the MassHousing Momentum Fund, and will offer modest returns to Boston in the long run.

Cyber Threats

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

When focusing on process, the City works to create the appropriate governance and policy structures to ensure that the implementation of security controls and policy requirements remain strong, appropriate and in alignment with the City’s mission. When focusing on technology, the City works towards implementing robust, resilient and scalable

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

Home Rule Petitions

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

The City currently has three petitions pending before the legislature relating to (i) An Act relative to property tax classification, the senior homeowner property tax exemption, and the personal property tax exemption in the city of Boston, (ii) An Act relative to senior tax exemption (iii) An Act relative to the creation of a branch of the Boston Public Library within an affordable housing development in the Dorchester section of the City of Boston.

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SECTION 7: AVAILABILITY OF OTHER INFORMATION

The City's Auditing Department prepares an Annual Comprehensive Financial Report ("ACFR") with respect to each fiscal year ended June 30 which generally becomes available in December of the following fiscal year. The ACFR is presented in three sections: (1) an Introductory Section which includes general information about the City and summarizes financial activity for the fiscal year; (2) a Financial Section which includes the Independent Auditors' Report on the City's Basic Financial Statements for the fiscal year, Management's Discussion and Analysis, the Basic Financial Statements for the fiscal year and the Combining and Individual Fund Financial Statements and Schedules for the various funds of the City, including required supplemental information; and (3) a Statistical Section which includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City. Specific reference is made to the City's ACFR for the year ended June 30, 2024, which is available from the City. A copy of the ACFR has been filed with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") and is also posted at the City's internet site at <https://www.boston.gov/departments/auditing>.

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

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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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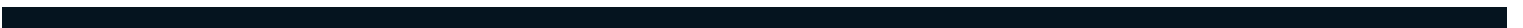
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Introductory SECTION



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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.

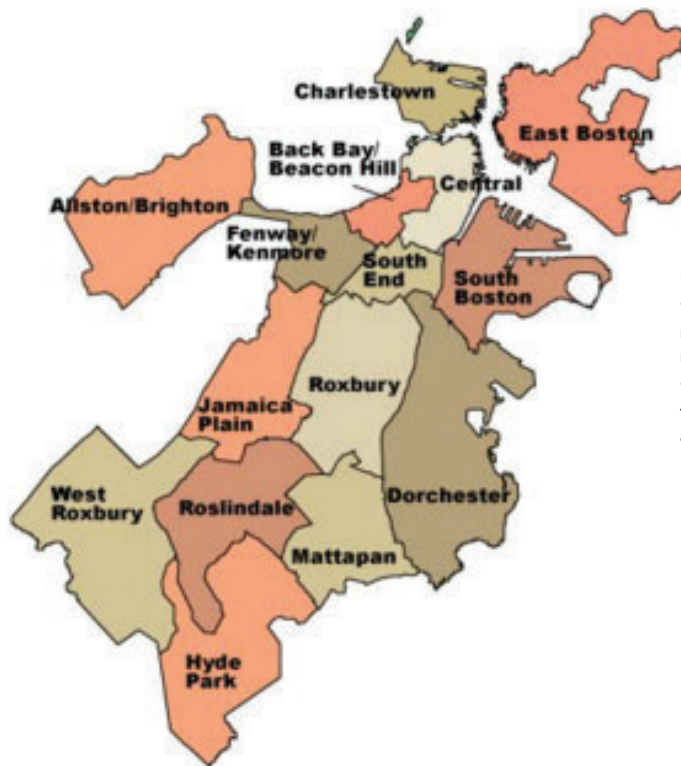
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations 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

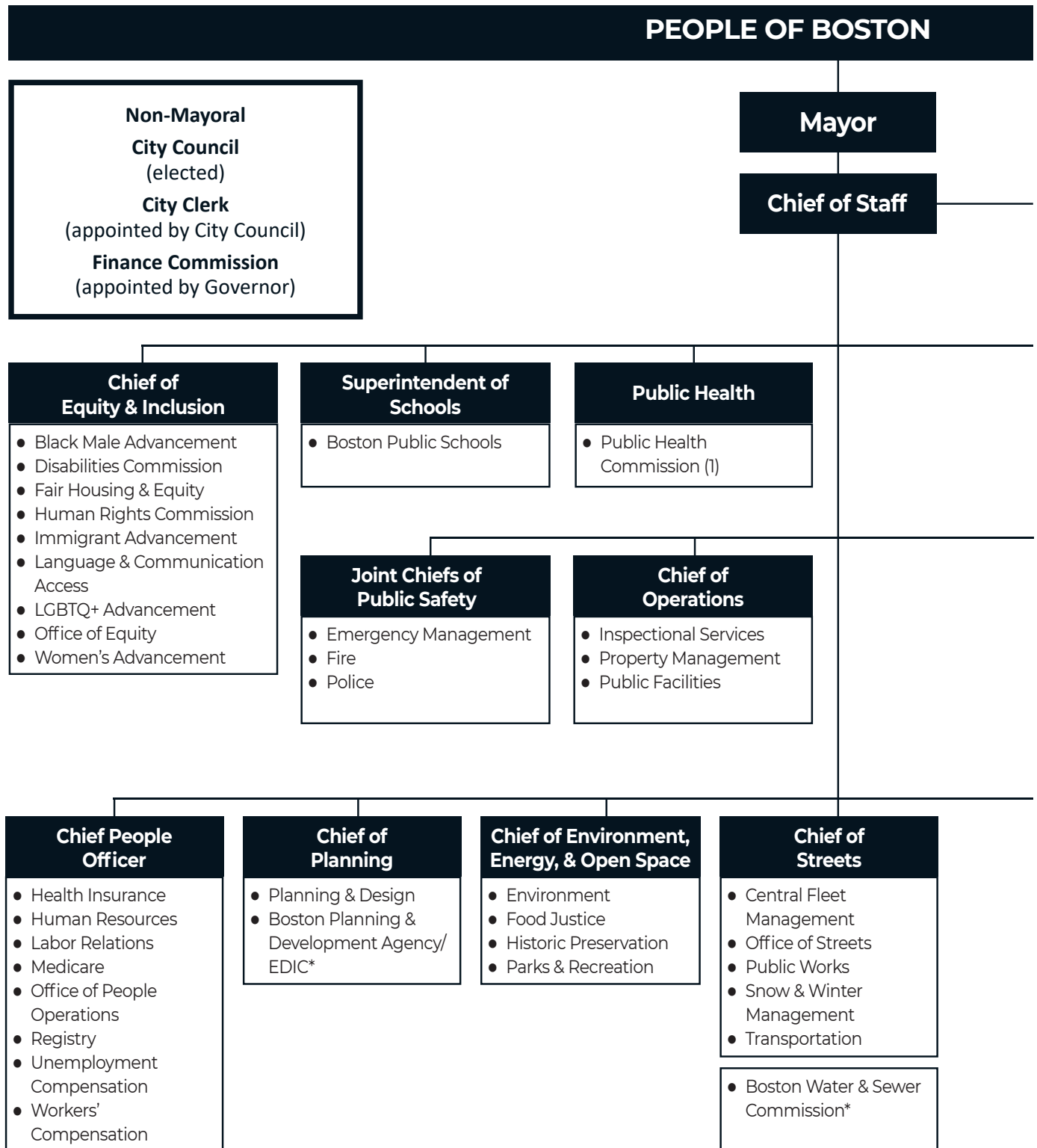
Executive Director/CEO

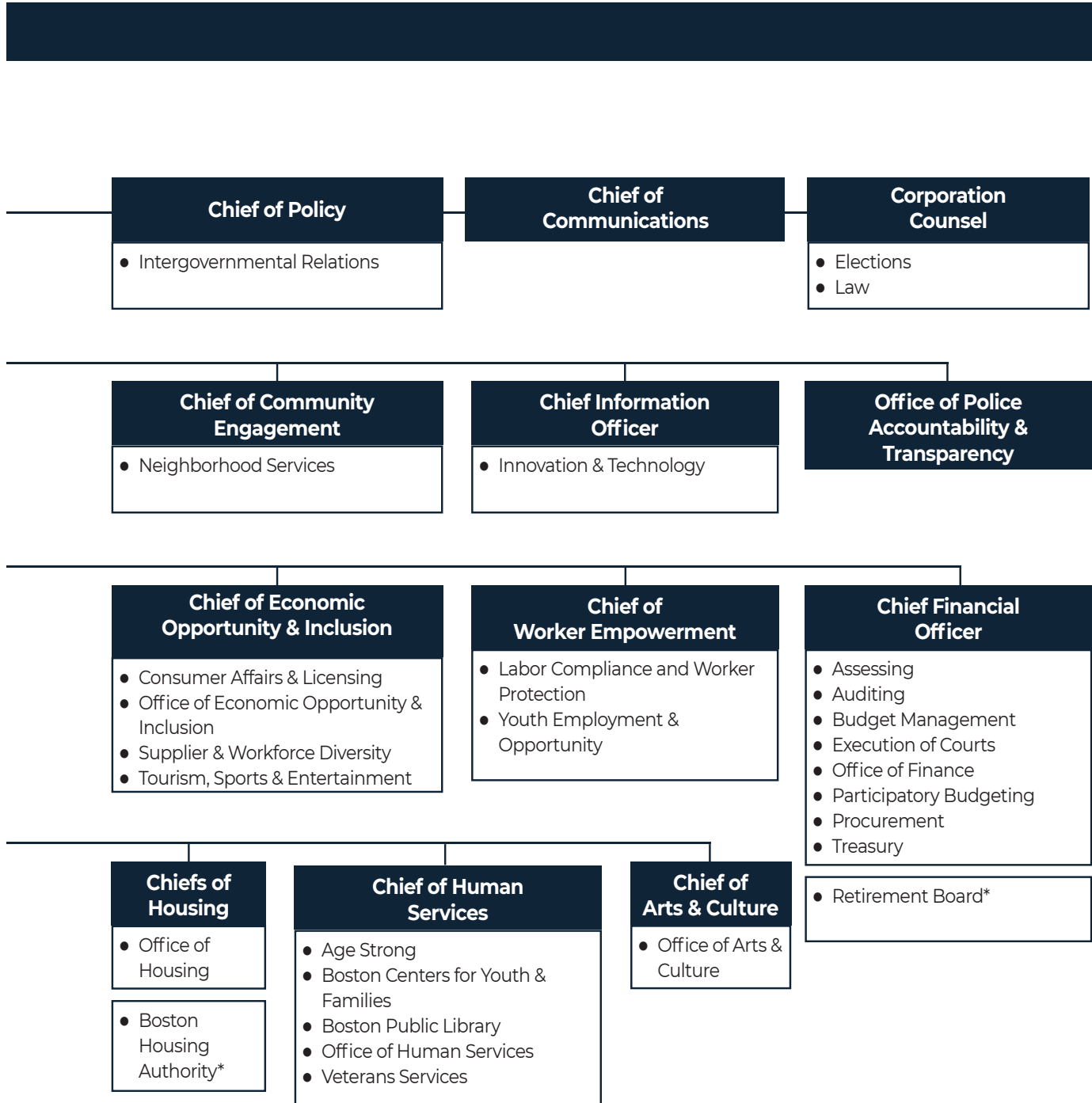


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ORGANIZATION OF A CITY GOVERNMENT





* 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**

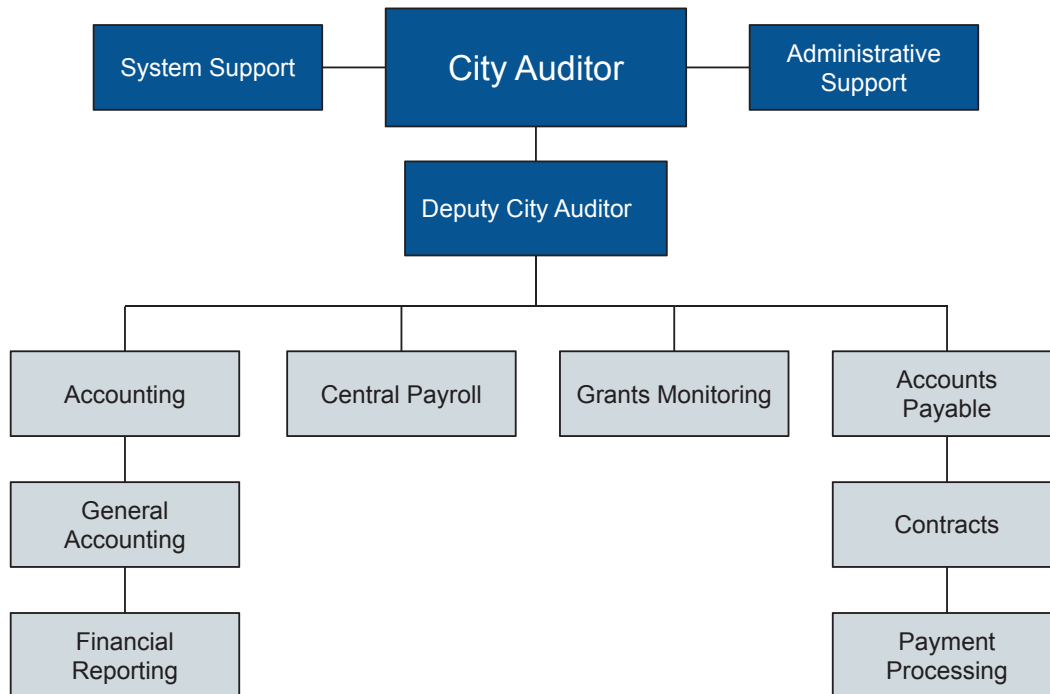
Ruthzee Louijeune	At-Large
Henry Santana	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Edward Flynn	District 2
John FitzGerald	District 3
Brian Worrell	District 4
Enrique J. Pepén	District 5
Benjamin Weber	District 6
Tania Fernandes Anderson	District 7
Sharon Durkan	District 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
Jessica 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	Mattie L. Crouse
Ateeqa Bhatti	Maxwell Larkin-Dunphy
Barbara Watner	Medina C. Lucien
Carrie He	Michael J. Imbaro
Colin D. Musto	Michael O'Keefe
Domenica Cabral	Michelle E. Castillo-Reid
Erica Pleitez	Ming C. Su
George Dallta	Natoya Castillo
Jake Rosato	Paul Thaing
James P. Kelley	Prema L. Andrew
John Hamilton	Robert E. Sweeney
Linda Ogiemwonyi	Sinthia Johnson
Lisa A. Stone	Sheila Fay
Magnolia Rojas	Titus Morrison
Marie Murray	Teki M. Way
Matthew Haugh	Veronica L. Imbaro
Matthew T. Lindmark	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.

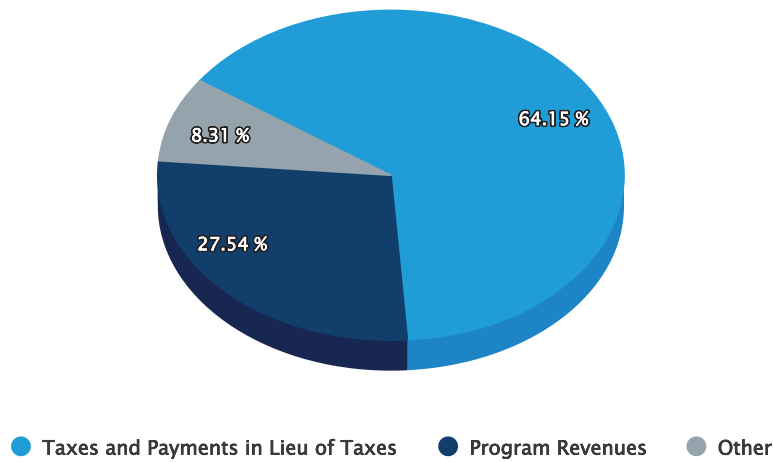
Net Position – Primary Government (In thousands)

	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)

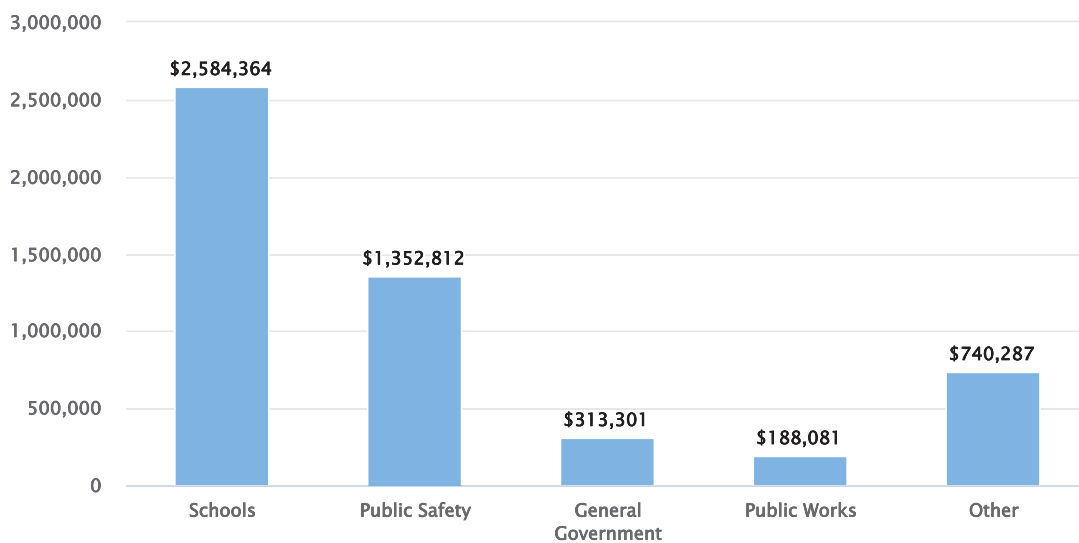
Changes in Net Position – Primary Government
(In thousands)

	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	3,487,313	334,276
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	3,407,979	2,322,187
Total assets	6,895,292	2,656,463
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	1,004,738	58,903

See accompanying notes to the basic financial statements

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	1,323,720	70,749
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	6,430,628	421,615
Total liabilities	7,754,348	492,364
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	363,163	1,916,715
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	\$ (217,481)	\$ 306,287

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	9,017
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

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
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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	4,732,250	809,899	38,981	29,470	5,610,600
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	4,459,364	744,437	575,021	14,957	5,793,779
Excess (deficiency) of revenues over (under) expenditures	272,886	65,462	(536,040)	14,513	(183,179)
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)	(47,565)	14,142	345,617	364	312,558
Net change in fund balances	225,321	79,604	(190,423)	14,877	129,379
Fund balance - beginning of year	1,606,956	370,756	277,429	130,666	2,385,807
Fund balance - end of year	\$ 1,832,277	\$ 450,360	\$ 87,006	\$ 145,543	\$ 2,515,186

See accompanying notes to the basic 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
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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	<u>(61)</u>	
		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
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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	<u>394</u>	
		(177,173)

Net operating income from the internal service fund, which is presented in the statement of activities, but not in the governmental funds	<u>(9,600)</u>
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Change in net position of governmental activities	<u>\$ 396,543</u>
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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					
	Original Budget	Final Budget	Actual	Increase (Decrease) Variance	2023 Actual	
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)

	Internal Service
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 91,864
Due from component unit	1,110
Total current assets	92,974
Noncurrent assets:	
Other assets	768
Total noncurrent assets	768
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>\$ 61,085</u>

See accompanying notes to the basic 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	<u>(292,529)</u>
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	<u>5,959</u>
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
	<u>\$ 1,692,821</u>	<u>\$ 7,426</u>	<u>\$ 401,466</u>	<u>\$ 137,088</u>	<u>\$ 1,146,841</u>

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:		
	Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs
	Total at December 31, 2023	(Level 1)	(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 lienied. 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	\$ 5,550	\$ 1,277	\$ -	\$ 6,827	\$ 2,362
Deferred inflows of resources	\$ 6,107	\$ 1,276	\$ -	\$ 7,383	\$ 2,306

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	\$2,352	\$623	\$97	\$3,072	\$224
Interest revenue	\$56	\$2	\$-	\$58	\$15

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	458,759	564,952	(239,525)	784,186
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	5,228,014	253,699	(4,651)	5,477,062
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	2,756,500	162,898	(4,590)	2,914,808
Total capital assets being depreciated, net	2,471,514	90,801	(61)	2,562,254
Governmental activities capital assets, net excluding lease assets	\$ 2,930,273	\$ 655,753	\$ (239,586)	3,346,440
Lease and subscription IT assets-net, note 11				38,518
Total capital assets reported in the statement of net position				\$ 3,384,958

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	\$ 162,898

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	<u>\$ 4,234</u>	<u>\$ 4,234</u>

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	<u>1,208</u>	<u>2,180</u>
Discretely presented component units:		
TPL	-	566
BPHC	2,180	345
BPDA	-	297
	<u>2,180</u>	<u>1,208</u>
Balances at June 30, 2024	<u>\$ 3,388</u>	<u>\$ 3,388</u>

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):						
Unamortized bond premiums/discounts					212,717	
Current portion of long-term debt					(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.

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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 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:

	Buildings	Equipment
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:

	IT Arrangements
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):

	Beginning balance	Increases	Decreases	Ending balance
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	44,311	27,055	5,233	66,133
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	14,959	17,889	5,233	27,615
Total lease and subscription IT assets - net	\$ 29,352	\$ 9,166	\$ -	\$ 38,518

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	\$ 17,889

The following is a summary of changes in lease and subscription IT liabilities for the year ended June 30, 2024 (in thousands):

	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
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):

	Principal	Interest	Total
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):

	Principal	Interest	Total
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	<u>2,595,736</u>
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>\$</u>	<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	438,222	184,245	253,977
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% 1% Decrease	6.25% Current Discount Rate	7.25% 1% Increase
Net OPEB liability	<u>\$ 3,132,641</u>	<u>\$ 2,597,561</u>	<u>\$ 2,158,622</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or cost trend rates that are 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	5.25% 1% Decrease	6.25% Current Trend Rates	7.25% 1% Increase
Net OPEB liability	<u>\$ 2,082,302</u>	<u>\$ 2,597,561</u>	<u>\$ 3,245,876</u>

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	<u>\$ 517,377</u>	<u>\$ 288,650</u>

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	<u>\$ 228,727</u>

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	<u>\$ (73,373)</u>	<u>\$ 13,230</u>	<u>\$ 59,779</u>	<u>\$ 364</u>

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	<u>19,103</u>
	<u>\$ 89,075</u>

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	\$ 27,851	\$ 26,687
	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	\$ 358,420	\$ 274,247

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	\$ 2,597,561	\$ 2,343,584	\$ 2,310,198	\$ 2,196,724	\$ 2,273,281	\$ 2,415,335	\$ 2,354,230	2,288,160
Plan fiduciary net position as a percentage of the total								
OPEB Liability	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)

See accompanying independent auditors' report

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	<u>\$ 3,982</u>	<u>\$ 4,457</u>	<u>\$ 3,275</u>	<u>\$ 3,732</u>	<u>\$4,226</u>	<u>\$ 4,116</u>	<u>\$ 3,739</u>	<u>\$ 3,829</u>	<u>\$ 4,048</u>	<u>\$ 3,509</u>
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ -</u>
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)*

	2024
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	184,217
Allowance:	
Motor vehicle / boat excise	(27,212)
Tax title and possession	(72,596)
Total Allowance	(99,808)
Net receivable	84,409
Due from other funds	839
Due from component units	98
Total assets	\$ 2,122,835
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	\$ 251,306
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	39,252
FUND BALANCE:	
Assigned	489,483
Unassigned	1,342,794
Total fund balance	1,832,277
Total liabilities, deferred inflows of resources and fund balance	\$ 2,122,835

See accompanying independent auditors' report

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

(Amounts in thousands)

	2024
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	4,732,250
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	4,188,095
Capital outlays	29,208
Debt service	242,061
Total Expenditures	4,459,364
Excess of revenues over expenditures	272,886
OTHER FINANCING USES:	
Transfers out	(73,373)
Long term debt, Leases and subscription IT arrangements issued	25,808
Total other financing uses	(47,565)
Net change in fund balances	225,321
Fund balance - beginning	1,606,956
Fund balance - ending	\$ 1,832,277

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)*

	2024			
Classification	Original Budget	Final Budget	Actual	Increase (Decrease) Variance
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)
Unrestrircted 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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

FINANCIAL
SECTION

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

FISCAL YEAR ENDED JUNE 30, 2024

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

Classification	2024			
	Original Budget	Final Budget	Actual	Increase (Decrease) Variance
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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

FINANCIAL
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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

FISCAL YEAR ENDED JUNE 30, 2024

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)

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
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

See accompanying independent auditors' report

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)*

	2024
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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

(Amounts in thousands)

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

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024



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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

See accompanying independent auditors' report

OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2024

(Amounts in thousands)

	Permanent Funds				Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7	Debt Service Fund	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

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024



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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	<u>768</u>
Total Assets	<u>93,742</u>
LIABILITIES:	
Accrued liabilities	<u>32,657</u>
Total liabilities	<u>32,657</u>
NET POSITION:	
Unrestricted	<u>61,085</u>
Total net position	<u>\$ 61,085</u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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	<u>(9,600)</u>
Net position - beginning	<u>70,685</u>
Net position - ending	<u><u>\$ 61,085</u></u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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

See accompanying independent auditors' report



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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ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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	64,434	-	64,434
Prepaid expenses	287	-	287
Securities lending short-term collateral investment pool	299,921	-	299,921
Total Assets	\$ 9,955,344	\$ 1,174,388	\$ 11,129,732
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	368,913	-	368,913
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

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	64,434
Prepaid expenses	287
Securities lending short-term collateral investment pool	299,921
Total Assets	\$ 9,955,344
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 38,598
Securities purchased	32,856
Collateral held on securities lending	297,459
Total liabilities	368,913
NET POSITION RESTRICTED FOR:	
Held in trust for pension benefits	\$ 9,586,431

See accompanying independent auditors' report

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>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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	<u>137</u>	<u>2</u>
Other assets	-	-
Total Assets	<u>43,695</u>	<u>749</u>
LIABILITIES:		
Accounts payable	\$ 175	\$ -
Unearned revenue	-	-
Total liabilities	<u>175</u>	<u>-</u>
Deferred inflows of resources:		
Deferred amount for leases	-	-
Total deferred inflow of resources	<u>-</u>	<u>-</u>
NET POSITION RESTRICTED FOR:		
Held in trust for other purposes	<u><u>\$ 43,521</u></u>	<u><u>\$ 749</u></u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

		Total Private Purpose Trust Funds	
Pool 5	Pool 7	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:	11,214	838	250	12,302
Total net position	\$ 11,214	\$ 838	\$ 250	\$ 12,302

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

FISCAL YEAR ENDED JUNE 30, 2024

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

	2023
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	1,834,574
DEDUCTIONS:	
Benefits	737,638
Reimbursements to other systems	10,811
Refunds of contributions	24,458
Administration	7,996
Total deductions	780,903
Changes in net position	1,053,671
Net position - beginning of year	8,532,760
Net position - end of year	\$ 9,586,431

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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

		Total Private Purpose Trust Funds	
Pool 5	Pool 7	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	<u>\$ 11,214</u>	<u>\$ 838</u>	<u>\$ 250</u>	<u>\$ 12,302</u>



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
39,343	103,811	334,276
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
71,014	1,816,210	2,322,187
110,357	1,920,021	2,656,463
-	-	39,860
-	-	19,043
-	-	58,903
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
4,181	18,341	70,749
-	896	12,003
-	1,749	129,031
-	-	81,340
792	54	846
-	-	77,133
-	-	121,262
792	2,699	421,615
4,973	21,040	492,364
-	-	12,932
-	-	52,190
871	1,657,248	1,851,593
871	1,657,248	1,916,715
634	47,291	70,387
89,856	704	116,427
14,023	193,738	119,473
\$ 104,513	\$ 241,733	\$ 306,287

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

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
\$ 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

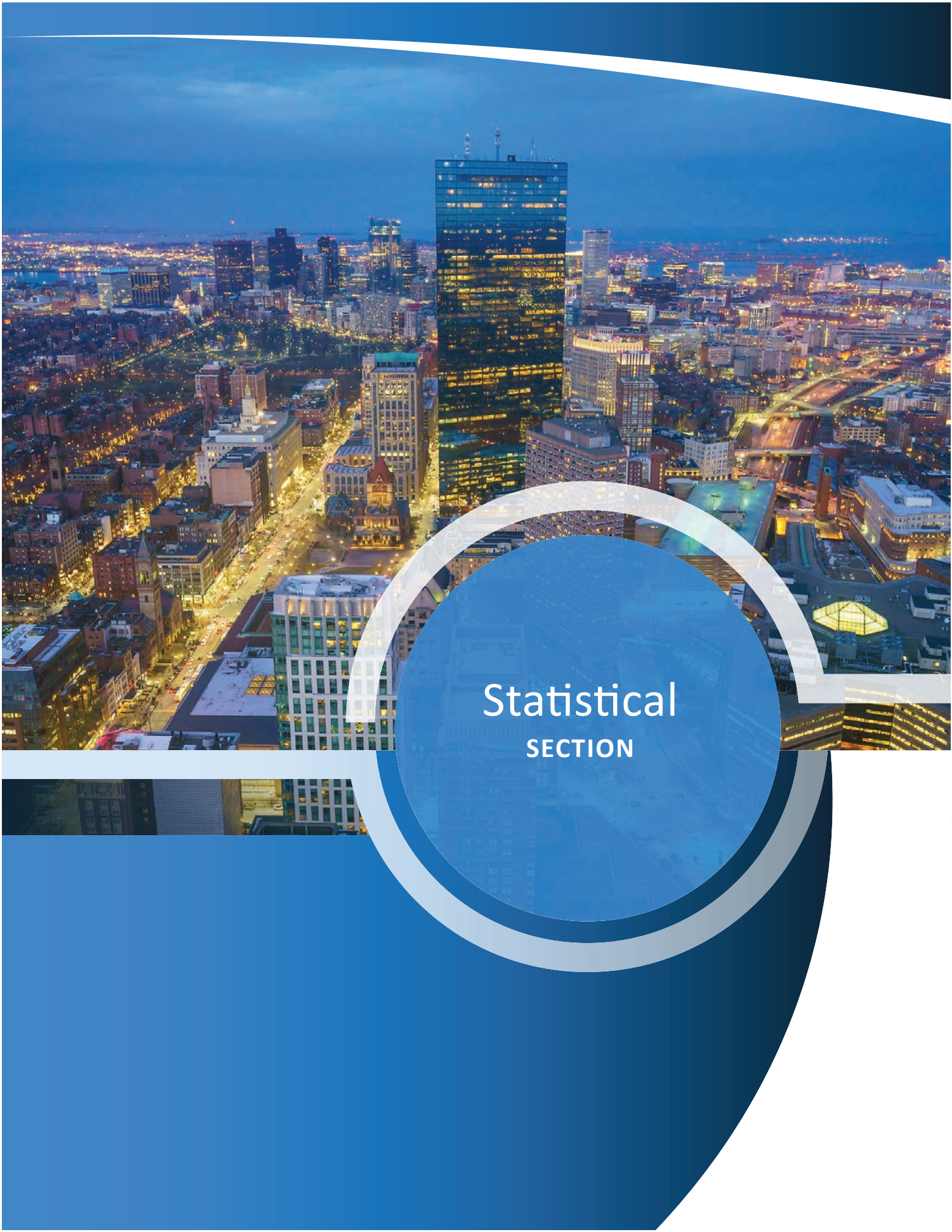
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FISCAL YEAR ENDED JUNE 30, 2024



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Statistical
SECTION



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Sources: Unless otherwise noted, the prior year information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	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

See accompanying independent auditors' report

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

See accompanying independent auditors' report

Fiscal Year						SOURCE
2019	2018	2017	2016	2015		
\$ 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)

See accompanying independent auditors' report

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
Total governmental activities expenses	5,178,845	4,996,357	4,327,037	4,088,575
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	1,535,584	1,461,900	1,211,840	1,051,996
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

See accompanying independent auditors' report

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)
<u>\$ (3,036,579)</u>	<u>\$ (2,512,327)</u>	<u>\$ (2,820,940)</u>	<u>\$ (2,656,300)</u>	<u>\$ (2,459,342)</u>	<u>\$ (2,421,339)</u>	<u>\$ (2,313,540)</u>
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
<u>\$ 3,093,413</u>	<u>\$ 3,126,113</u>	<u>\$ 3,005,483</u>	<u>\$ 2,791,289</u>	<u>\$ 2,605,697</u>	<u>\$ 2,502,934</u>	<u>\$ 2,391,276</u>
\$ 56,834	\$ 613,786	\$ 184,543	\$ 134,989	\$ 146,355	\$ 81,595	\$ 77,736
<u>\$ 56,834</u>	<u>\$ 613,786</u>	<u>\$ 184,543</u>	<u>\$ 134,989</u>	<u>\$ 146,355</u>	<u>\$ 81,595</u>	<u>\$ 77,736</u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2024

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

See accompanying independent auditors' report

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

FISCAL YEAR ENDED JUNE 30, 2024

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

FISCAL YEAR ENDED JUNE 30, 2024

ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY**Last Ten Fiscal Years***(Amounts in thousands)*

Fiscal Year	Real Property			Personal Property			Total Direct Tax Rate ^{(b) (c)}
	Residential Value ^(a)	Commercial Value	Industrial Value	Assessed Value	Total Assessed Value ⁽¹⁾		
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

See accompanying independent auditors' report

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

See accompanying independent auditors' report

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)*

Governmental Activities					
Fiscal Year	General Obligation Bonds	Notes Payable ⁽¹⁾	Equipment Financing Payable	Leases	Subscription IT 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	4,223,827	3,455,346	3,071,258	2,869,764	2,470,631
Legal debt margin	\$ 7,094,556	\$ 7,863,037	\$ 7,123,468	\$ 7,324,962	\$ 6,519,021
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⁾	11,318,383
Debit applicable to limit:	
General obligation bonds	(1,423,803)
Total authorized/unissued	(2,808,117)
Total debt outstanding plus authorized/unissued	(4,231,920)
Less new authorization adjustments approved through June 30, 2023	8,092
Amount within debt limit	-
Debt incurring capacity as of June 30, 2024	\$ 7,094,556

⁽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

See accompanying independent auditors' report

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.

See accompanying independent auditors' report

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

See accompanying independent auditors' report

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

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EXHIBIT II

Schedules of Comparative Financial Statements for Fiscal Years 2020 - 2024

The following schedules of Comparative Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balance as of and for the fiscal years ended June 30, 2024, 2023, 2022, 2021, and 2020 have been prepared by the City of Boston Auditing Department based on information taken from the City's audited financial statements.

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City of Boston

General Fund

Balance Sheets
June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	2024	2023	2022	2021	2020
ASSETS:					
Cash and investments.....	\$ 2,037,489	\$ 1,928,611	\$ 1,642,616	\$ 1,466,932	\$ 1,520,175
Receivables :					
Property taxes.....	25,751	24,985	25,241	30,574	31,209
Motor vehicle/boat excise.....	42,583	33,659	32,749	29,559	37,330
Intergovernmental.....	10,186	9,595	12,912	335	12,087
Departmental and other.....	33,100	29,243	23,660	18,855	10,563
Tax title and possession.....	72,597	73,384	70,583	72,064	63,042
Total receivables.....	<u>184,217</u>	<u>170,866</u>	<u>165,145</u>	<u>151,387</u>	<u>154,231</u>
Allowance:					
Motor vehicle/boat excise.....	(27,212)	(24,896)	(23,835)	(22,892)	(21,765)
Tax title and possession.....	(72,596)	(72,404)	(70,582)	(72,064)	(63,043)
Total allowances.....	<u>(99,808)</u>	<u>(97,300)</u>	<u>(94,417)</u>	<u>(94,956)</u>	<u>(84,808)</u>
Net receivable.....	<u>84,409</u>	<u>73,566</u>	<u>70,728</u>	<u>56,431</u>	<u>69,423</u>
Due from other funds.....	839	927	1,131	1,964	2,967
Due from component units.....	98	3,511	5,667	6,454	4,727
Total assets.....	<u>\$ 2,122,835</u>	<u>\$ 2,006,615</u>	<u>\$ 1,720,142</u>	<u>\$ 1,531,781</u>	<u>\$ 1,597,292</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 67,423	\$ 57,117	\$ 64,618	\$ 64,277	\$ 74,315
Accrued liabilities:					
Payroll and related costs.....	149,573	268,041	260,631	185,196	168,620
Deposits and other.....	31,778	30,503	37,770	37,363	33,218
Due to other funds.....	352	796	168	172	1,154
Due to component units.....	2,180	3,178	1,039	2,486	578
Total liabilities.....	<u>\$ 251,306</u>	<u>\$ 359,635</u>	<u>\$ 364,226</u>	<u>\$ 289,494</u>	<u>\$ 277,885</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	39,252	38,745	40,648	31,125	47,928
Total fund balance.....	<u>1,832,277</u>	<u>1,606,956</u>	<u>1,315,268</u>	<u>1,211,162</u>	<u>1,271,479</u>
Total liabilities, deferred inflows of resources and fund balance.....	<u>\$ 2,122,835</u>	<u>\$ 2,005,336</u>	<u>\$ 1,720,142</u>	<u>\$ 1,531,781</u>	<u>\$ 1,597,292</u>

City of Boston

General Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	2024	2023	2022	2021	2020
REVENUES:					
Local:					
Real and personal property taxes.....	3,168,381	2,988,917	2,819,651	2,650,040	2,498,435
Excises.....	328,318	298,077	210,808	114,411	241,768
Payments in lieu of taxes.....	87,286	103,315	92,008	88,615	72,349
Fines.....	60,429	60,429	61,591	52,302	67,367
Investment income.....	162,717	88,404	4,482	3,615	29,472
Licenses and permits.....	78,625	102,244	84,825	67,977	88,272
Departmental and other.....	108,173	109,001	124,563	60,555	103,476
Total local revenues.....	3,993,929	3,750,387	3,397,928	3,037,515	3,101,139
Intergovernmental:					
Intergovernmental.....	738,321	690,938	649,471	619,709	627,590
Total intergovernmental revenues.....	738,321	690,938	649,471	619,709	627,590
Total revenues.....	4,732,250	4,441,325	4,047,399	3,657,224	3,728,729
EXPENDITURES:					
Current:					
General government.....	157,070	154,252	123,041	122,106	117,152
Human services.....	45,171	40,938	36,961	34,010	34,458
Public safety.....	914,787	809,042	797,386	735,254	763,381
Public works.....	136,535	125,102	130,807	116,862	111,346
Property and development.....	53,176	41,491	37,327	32,631	32,618
Parks and recreation.....	37,641	33,905	33,019	29,118	28,616
Library.....	46,966	44,041	41,098	39,422	38,270
Schools.....	1,362,179	1,357,011	1,324,486	1,234,353	1,176,493
Public health programs.....	130,350	126,875	116,705	106,715	94,337
Judgments and claims.....	14,080	27,031	30,239	11,477	11,670
Retirement costs.....	657,255	565,815	502,585	473,494	447,159
Other employee benefits.....	262,055	259,465	258,112	260,997	259,420
State and district assessments.....	370,830	354,900	332,586	320,220	299,740
Capital outlays.....	29,208	18,601	24,269	19,210	29,270
Debt Service.....	242,061	200,723	188,461	176,009	183,585
Total expenditures.....	4,459,364	4,159,192	3,977,082	3,711,878	3,627,515
Excess (deficiencies) of revenues over expenditures.....	272,886	282,133	70,317	(54,654)	101,214
OTHER FINANCING SOURCES (USES):					
Transfers in.....	0	40,000	55,000	20,000	-
Transfers out.....	(73,373)	(42,159)	(30,995)	(25,663)	(16,345)
Leases issued.....	25,808	11,714	9,784	-	-
Total other financing uses, net.....	(47,565)	9,555	33,789	(5,663)	(16,345)
Net change in fund balances.....	225,321	291,688	104,106	(60,317)	84,869
Fund balance, beginning of year.....	1,606,956	1,315,268	1,211,162	1,271,479	1,186,610
Fund balance, end of year.....	\$ 1,832,277	\$ 1,606,956	\$ 1,315,268	\$ 1,211,162	\$ 1,271,479

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City of Boston

General Fund - Budgetary Basis

Statements of Revenues and Expenditures
Encumbrances and Prior Years' Deficit Raised - Budget to Actual
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020

(in thousands)

	2024			2023			2022		
	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
Revenues, Transfers and Other Available Funds:									
Real and personal property taxes, net.....	\$ 3,136,712	\$ 3,136,943	\$ 231	\$ 2,963,299	\$ 2,969,073	\$ 5,774	\$ 2,790,149	\$ 2,793,795	\$ 3,646
Excises.....	259,400	328,302	68,902	161,275	298,136	136,861	126,140	210,697	84,557
Commonwealth of Massachusetts.....	516,342	502,978	(13,364)	508,686	493,969	(14,717)	478,914	469,990	(8,924)
Departmental and other revenue.....	79,185	107,743	28,558	69,913	100,140	30,227	65,536	96,108	30,572
Fines.....	55,815	60,290	4,475	54,165	60,630	6,465	51,800	61,754	9,954
Payments in lieu of taxes.....	68,465	88,580	20,115	66,499	102,298	35,799	67,350	91,837	24,487
Investment income.....	29,004	162,661	133,657	3,000	88,335	85,335	2,800	4,429	1,629
Licenses and permits.....	76,290	81,548	5,258	64,935	99,392	34,457	62,370	84,032	21,662
Miscellaneous.....	-	-	-	267	267	-	267	267	-
Transfers from other available funds.....	70,950	-	(70,950)	110,950	40,000	(70,950)	125,950	55,000	(70,950)
Total revenues, transfers and other available funds.....	4,292,163	4,469,045	176,882	4,002,989	4,252,240	249,251	3,771,276	3,867,909	96,633
Expenditures and Encumbrances:									
General government.....	174,637	174,628	9	190,784	190,784	-	187,172	186,040	1,132
Human services.....	49,374	49,374	-	41,368	41,368	-	37,095	37,088	7
Public safety.....	855,529	925,499	(69,970)	755,774	785,717	(29,943)	751,129	784,791	(33,662)
Public works.....	142,353	142,352	1	134,889	134,889	-	126,392	133,199	(6,807)
Property and development.....	96,610	96,610	-	79,719	79,719	-	70,967	70,966	1
Parks and recreation.....	39,700	39,650	50	42,155	42,031	124	39,283	39,135	148
Library.....	46,885	46,885	-	44,106	43,962	144	42,243	40,924	1,319
Schools.....	1,445,875	1,445,846	29	1,379,457	1,379,456	1	1,294,720	1,294,706	14
Boston Public Health Commission.....	131,565	131,565	-	120,802	120,802	-	114,802	114,802	-
Judgments and claims.....	5,000	24,103	(19,103)	5,000	32,026	(27,026)	5,000	34,509	(29,509)
Other employee benefits.....	267,430	267,430	-	268,302	268,302	-	258,778	258,778	-
Retirement costs.....	427,281	427,281	-	387,491	387,491	-	327,014	327,014	-
Debt requirements.....	239,094	239,094	-	198,243	198,243	-	184,093	184,093	-
State and district assessments.....	370,830	370,830	-	354,899	354,899	-	332,585	332,585	-
Total expenditures.....	4,292,163	4,381,147	(88,984)	4,002,989	4,059,689	(56,700)	3,771,273	3,838,630	(67,357)
Excess of revenues available for appropriation over expenditures.....	\$ -	\$ 87,898	\$ 87,898	\$ -	\$ 192,551	\$ 192,551	\$ 3	\$ 29,279	\$ 29,276

Source: City's ACFR, Statement of Revenue and Expenditures, Budgetary Basis

(continued)

City of Boston

General Fund - Budgetary Basis

**Statements of Revenues and Expenditures
Encumbrances and Prior Years' Deficit Raised - Budget to Actual
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020**

(in thousands)

2021			2020		
Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
\$ 2,671,124	\$ 2,676,286	\$ 5,162	\$ 2,461,443	\$ 2,466,831	\$ 5,388
134,540	116,340	(18,200)	216,040	239,950	23,910
455,736	468,819	13,083	464,201	458,848	(5,353)
67,926	77,569	9,643	69,990	76,586	6,596
60,953	52,153	(8,800)	69,175	67,258	(1,917)
67,978	88,674	20,696	68,530	72,473	3,943
4,000	3,615	(385)	15,000	29,472	14,472
61,960	67,332	5,372	64,047	88,364	24,317
267	267	-	267	267	-
70,950	60,000	(10,950)	64,850	-	(64,850)
<u>3,595,434</u>	<u>3,611,055</u>	<u>15,621</u>	<u>3,493,543</u>	<u>3,500,049</u>	<u>6,506</u>
131,671	128,508	3,163	134,699	130,543	4,156
38,008	36,027	1,981	35,478	35,321	157
743,251	757,279	(14,028)	752,940	767,968	(15,028)
121,063	118,229	2,834	130,793	123,312	7,481
60,892	59,441	1,451	51,214	50,560	654
31,305	31,245	60	32,285	31,966	319
41,387	39,841	1,546	39,120	39,120	-
1,260,490	1,260,465	25	1,178,564	1,178,562	2
106,474	106,474	-	93,405	93,405	-
5,000	5,791	(791)	5,000	7,083	(2,083)
264,958	264,719	239	276,529	265,278	11,251
295,519	295,518	1	284,803	284,119	684
175,194	171,971	3,223	178,048	177,795	253
320,222	320,221	1	300,665	299,740	925
<u>3,595,434</u>	<u>3,595,729</u>	<u>(295)</u>	<u>3,493,543</u>	<u>3,484,772</u>	<u>8,771</u>
<u>\$ -</u>	<u>\$ 15,326</u>	<u>\$ 15,326</u>	<u>\$ -</u>	<u>\$ 15,277</u>	<u>\$ 15,277</u>

City of Boston

Special Revenue Fund

Balance Sheets
June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS:					
Cash and investments.....	\$ 623,197	\$ 692,131	\$ 824,523	\$ 597,206	\$ 414,132
Receivables, net:					
Intergovernmental.....	263,316	168,968	100,644	105,648	82,698
Departmental and other.....	20,019	22,070	21,679	21,871	23,422
Total receivables.....	<u>283,335</u>	<u>191,038</u>	<u>122,323</u>	<u>127,519</u>	<u>106,120</u>
Due from other funds.....	<u>3,322</u>	<u>3,384</u>	<u>2,370</u>	<u>3,888</u>	<u>1,813</u>
Total assets.....	<u>\$ 909,854</u>	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 64,195	\$ 36,218	\$ 37,420	\$ 39,581	\$ 22,285
Accrued liabilities:					
Payroll and related costs.....	116	-	4,626	-	-
Deposits and other.....	85,140	91,534	96,720	86,883	78,075
Unearned revenue.....	304,755	382,919	472,272	282,718	120,684
Due to other funds.....	<u>3,671</u>	<u>3,163</u>	<u>3,100</u>	<u>4,903</u>	<u>3,626</u>
Total liabilities.....	<u>457,877</u>	<u>513,834</u>	<u>614,138</u>	<u>414,085</u>	<u>224,670</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	<u>1,617</u>	<u>1,963</u>	<u>2,527</u>	<u>-</u>	<u>-</u>
FUND BALANCES:					
Restricted.....	36,368	36,498	36,650	58,676	53,876
Assigned.....	<u>413,992</u>	<u>334,258</u>	<u>295,901</u>	<u>255,852</u>	<u>243,519</u>
Total fund balance.....	<u>450,360</u>	<u>370,756</u>	<u>332,551</u>	<u>314,528</u>	<u>297,395</u>
Total liabilities and fund balance.....	<u>\$ 909,854</u>	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>

City of Boston

Special Revenue Fund

**Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES:					
Local:					
Real and Personal Taxes.....	\$ 122	\$ -	\$ -	\$ -	\$ -
Excise.....	1	-	-	-	-
Fines.....	1	118	122	54	-
Investment income.....	3,015	1,687	171	81	954
Licenses and permits.....	26	34	34	295	199
Departmental and other.....	73,908	77,861	56,240	71,736	78,850
Total local revenues.....	<u>77,073</u>	<u>79,700</u>	<u>56,567</u>	<u>72,166</u>	<u>80,003</u>
Intergovernmental:					
Intergovernmental.....	732,826	616,802	526,551	365,007	306,221
Total intergovernmental revenues.....	<u>732,826</u>	<u>616,802</u>	<u>526,551</u>	<u>365,007</u>	<u>306,221</u>
Total revenues.....	<u>809,899</u>	<u>696,502</u>	<u>583,118</u>	<u>437,173</u>	<u>386,224</u>
EXPENDITURES:					
Current:					
General government.....	29,600	49,441	59,311	38,192	54,328
Human services.....	14,160	17,085	16,540	11,201	7,103
Public safety.....	48,541	35,939	28,735	38,445	23,747
Public works.....	9,439	8,167	5,840	6,607	7,078
Property & development.....	228,332	243,653	204,922	137,147	92,562
Parks and recreation.....	7,161	4,911	2,098	1,978	4,488
Library.....	4,411	4,312	3,321	4,069	3,354
Schools.....	381,910	280,881	185,036	140,268	126,271
Public health programs.....	18,287	13,505	19,488	10,963	1,516
Other employee benefits.....	-	-	-	2,000	-
Capital outlays.....	2,596	2,254	726	437	1,411
Total expenditures.....	<u>744,437</u>	<u>660,148</u>	<u>526,017</u>	<u>391,307</u>	<u>321,858</u>
Excess of revenues over expenditures.....	<u>65,462</u>	<u>36,354</u>	<u>57,101</u>	<u>45,866</u>	<u>64,366</u>
OTHER FINANCING SOURCES (USES):					
Premiums on long-term debt issued.....	912	1,146	574	24,208	14,890
Transfers out, net.....	13,230	705	(39,652)	(52,941)	(42,900)
Total other financing uses, net.....	<u>14,142</u>	<u>1,851</u>	<u>(39,078)</u>	<u>(28,733)</u>	<u>(28,010)</u>
Net change in fund balances.....	79,604	38,205	18,023	17,133	36,356
Fund balance, beginning of year.....	<u>370,756</u>	<u>332,551</u>	<u>314,528</u>	<u>297,395</u>	<u>261,039</u>
Fund balance, end of year.....	<u>\$ 450,360</u>	<u>\$ 370,756</u>	<u>\$ 332,551</u>	<u>\$ 314,528</u>	<u>\$ 297,395</u>

City of Boston

**Capital Projects Fund
Balance Sheets**

**June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS:					
Cash and investments.....	\$ 163,936	\$ 304,355	\$ 226,377	\$ 139,762	\$ 143,058
Cash and investments held by trustees.....	45,438	35,405	31,643	15,018	12,070
Intergovernmental receivable.....	32,565	18,731	12,350	12,448	7,958
Total assets.....	<u>\$ 241,939</u>	<u>\$ 358,491</u>	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 127,417	\$ 69,657	\$ 75,972	\$ 70,792	\$ 38,775
Due to other funds.....	5	183	171	375	-
Payroll and related costs.....	1	-	55	-	-
Total liabilities.....	<u>127,423</u>	<u>69,840</u>	<u>76,198</u>	<u>71,167</u>	<u>38,775</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	<u>27,510</u>	<u>11,222</u>	<u>1,739</u>	<u>9,692</u>	<u>7,666</u>
FUND BALANCES:					
Restricted.....	<u>87,006</u>	<u>277,429</u>	<u>192,433</u>	<u>86,369</u>	<u>116,667</u>
Total fund balance.....	<u>87,006</u>	<u>277,429</u>	<u>192,433</u>	<u>86,369</u>	<u>116,645</u>
Total liabilities and fund balance.....	<u>\$ 241,939</u>	<u>\$ 358,491</u>	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>

City of Boston

Capital Projects Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES:					
Intergovernmental.....	\$ 38,981	\$ 39,234	\$ 33,830	\$ 37,938	\$ 27,819
Total revenues.....	<u>38,981</u>	<u>39,234</u>	<u>33,830</u>	<u>37,938</u>	<u>27,819</u>
EXPENDITURES:					
Capital outlays.....	575,021	424,833	369,485	336,954	244,658
Property & development.....	-	(35,000)	-	-	-
Total expenditures.....	<u>575,021</u>	<u>389,833</u>	<u>369,485</u>	<u>336,954</u>	<u>244,658</u>
Deficiency of revenues under expenditures.....	<u>(536,040)</u>	<u>(350,599)</u>	<u>(335,655)</u>	<u>(299,016)</u>	<u>(216,839)</u>
OTHER FINANCING SOURCES (USES):					
Long-term debt and leases issued.....	285,838	385,669	365,891	205,418	15,998
Refunding bonds issued.....	-	-	-	91,405	82,590
Payments to escrow agent.....	-	-	-	(95,934)	(82,481)
Premiums on long-term debt issued.....	-	49,926	61,636	34,910	-
Proceeds from Sale of Property.....	-	-	-	-	-
Operating transfers, net	59,779	-	14,192	32,941	42,900
Total other financing sources, net.....	<u>345,617</u>	<u>435,595</u>	<u>441,719</u>	<u>268,740</u>	<u>59,007</u>
Net change in fund balances.....	<u>(190,423)</u>	<u>84,996</u>	<u>106,064</u>	<u>(30,276)</u>	<u>(157,832)</u>
Fund balance, beginning of year.....	277,429	192,433	86,369	116,645	274,477
Fund balance, end of year.....	<u>\$ 87,006</u>	<u>\$ 277,429</u>	<u>\$ 192,433</u>	<u>\$ 86,369</u>	<u>\$ 116,645</u>

City of Boston

Internal Service Fund

Balance Sheets
June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	2024	2023	2022	2021	2020
ASSETS:					
Cash and cash equivalents.....	\$ 91,864	\$ 82,412	\$ 85,020	\$ 114,521	\$ 90,637
Due from component unit.....	1,110	949	1,501	2,857	-
Other assets.....	768	14,022	11,848	10,455	33,991
Total assets.....	<u>\$ 93,742</u>	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>
LIABILITIES:					
Accrued Liabilities.....	\$ 32,657	\$ 26,698	\$ 30,562	\$ 30,818	\$ 23,708
Total liabilities.....	<u>32,657</u>	<u>26,698</u>	<u>30,562</u>	<u>30,818</u>	<u>23,708</u>
NET POSITION:					
Unrestricted.....	61,085	70,685	67,807	97,015	100,920
Total fund net position.....	61,085	70,685	67,807	97,015	100,920
Total liabilities and fund net position.....	<u>\$ 93,742</u>	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>

City of Boston

Internal Service Fund

Statements of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, and 2020
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES:					
Employee contributions.....	\$ 95,604	\$ 91,162	\$ 87,150	\$ 86,545	\$ 80,615
Employer contributions.....	<u>206,538</u>	<u>212,163</u>	<u>200,565</u>	<u>213,259</u>	<u>209,246</u>
Total revenues.....	<u>302,142</u>	<u>303,325</u>	<u>287,715</u>	<u>299,804</u>	<u>289,861</u>
EXPENSES:					
Health benefits.....	<u>311,742</u>	<u>300,447</u>	<u>316,923</u>	<u>303,709</u>	<u>271,245</u>
Total expenditures.....	<u>311,742</u>	<u>300,447</u>	<u>316,923</u>	<u>303,709</u>	<u>271,245</u>
Changes in net assets.....	(9,600)	2,878	(29,208)	(3,905)	18,616
Net position, beginning of year.....	<u>70,685</u>	<u>67,807</u>	<u>97,015</u>	<u>100,920</u>	<u>82,304</u>
Net position, end of year.....	<u>\$ 61,085</u>	<u>\$ 70,685</u>	<u>\$ 67,807</u>	<u>\$ 97,015</u>	<u>\$ 100,920</u>

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SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

The following report has been prepared by the City of Boston Planning Department Research Division (the “Research Division”), for inclusion in the Information Statement. The report describes the principal components of the economy of the City of Boston (the “City” or “Boston”) and presents major economic, demographic and market indicators, and historical, statistical and other information.

This report contains estimates that are based on expectations and assumptions which existed at the time estimates were prepared. Considering the important factors that may materially affect economic conditions of the City, many of which are beyond the control of the City, the inclusion in this report of such estimates should not be regarded as a representation of the Research Division or the City that such estimates will occur or as representation of fact or guarantees of results. Historical results or trends may not continue in the future.

The information contained herein has been furnished by the Research Division and certain information has been obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and as to information from other sources, it is not to be construed as a representation of the Research Division or the City.

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THE BOSTON ECONOMY

Boston is the twenty-third most populous city in the United States (2020 Census) and the economic hub of The Commonwealth of Massachusetts (the “Commonwealth”). It is a center for professional services, business, finance, technology, research and development, higher education and health care, as well as for transportation, exports, communications, culture and entertainment. Boston is the capital of the Commonwealth and is host to several federal regional offices.

According to the U.S. Census Bureau’s 2020 Decennial Census, Boston’s population for 2020 was 675,647. The City successfully challenged the Census count of Boston’s group quarters population, providing evidence of 6,290 college dorm and prison residents missed by the Census. The Research Division believes the household population was also undercounted and that Boston’s 2020 population was close to 700,000. According to the Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Boston’s average monthly employment for the third quarter of 2024 was 685,307, representing 18.8% of the total statewide payroll employment. This marks a significant recovery and growth, surpassing the pre-pandemic average monthly employment of 675,323 in the third quarter of 2019.

These data do not measure how often employees on payrolls at Boston establishments are reporting to work on site in Boston, and the share working remotely for Boston companies is known to have risen dramatically during and post-pandemic. While the Research Division does not have direct measurement of the share of people working from home, cell phone mobility data shows that people stopping anywhere in the City is down 6.9% in December 2024 as compared to December 2019, and that stoppers in Downtown Boston are down 16.5% over that time period.¹

Overview of Recent Economic Conditions

Total employment grew in Boston at an average annual rate of 2.7% from 2010 through 2019, exceeding the national recovery from the Great Recession. With the onset of the COVID-19 pandemic, Boston’s unemployment rate skyrocketed from 2.6% in February 2020 to 15.9% in June 2020, well above the Great Recession peak of 8.3% reached in July 2009.² Boston’s economy began to recover in the summer of 2020, and as of December 2024, Boston’s unemployment rate had fallen to 4.0%. Approximately 16,112 Boston residents were unemployed as of December 2024. Boston’s average unemployment rate for 2024 was 3.7%, 0.3 percentage points below the national rate.³

Boston’s commercial real estate market rebounded from the Great Recession and showed strong growth until the beginning of the pandemic. Reduced demand for office space during the pandemic has led to an increase in office vacancies and increased the square footage on the sublease market. Cell phone data suggest that the number of people stopping in Boston fell by about half during the pandemic, rising to 93.1% of December 2019 levels by December 2024.⁴ Utilization of office space in Boston has increased as the public health threat has receded, but remote or hybrid office work trends continue. Boston’s direct vacancy rate for the fourth quarter of 2024 was 17.4% according to realty firm Jones Lang LaSalle (JLL), up one percentage point from the prior year, and still elevated from the 6.3% direct vacancy rate measured in the fourth quarter of 2019. In Q4 2024, the direct vacancy rate for office space in Downtown was 20.0% according to JLL.

The residential real estate market has cooled in response to elevated interest rates. The 2024 annual median sales price for a single-family home in Boston was \$800,000 according to the Mayor’s Office of Housing using Warren Group home sales data, up less than 1% from 2022, with quarterly 2024 median sales prices reaching \$770,000 in the fourth quarter, down from the \$850,000 peak price seen in the second quarter of 2024.

Decreased public health threats have allowed for a significant recovery in Boston’s employment and economic activity. Adaptation to long term remote/hybrid office work trends poses a challenge for the City and its businesses. However, tourism, higher education, and life science research - areas of strength and specialization for Boston - have shown signs of recovery and growth. The full impact of the COVID-19 pandemic on the City, its economy, businesses and residents continues to evolve. Historical trends and data, especially pre-pandemic ones, are not necessarily predictive of future trends or outcomes. It is not possible yet to predict the short-term or long-term impact of the pandemic on the Boston and regional economy.

¹Cuebiq mobility data. Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously through a GDPR-compliant framework. City of Boston Planning Department Research Division Analysis

²Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Labor Force and Unemployment Data

³Massachusetts Executive Office of Labor and Workforce Development (EOLWD), U.S. Bureau of Labor Statistics (BLS)

⁴Cuebiq mobility data. Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously through a GDPR-compliant framework City of Boston Planning Department Research Division Analysis

Statistical Data

Statistical data relating to population, employment and income are derived primarily from four separate sources: the U.S. Census Bureau; the BEA; the U.S. Department of Labor, Bureau of Labor Statistics (the “BLS”); and the City of Boston Planning Department Research Division, each of which is described below.

The Census Bureau publishes information about population, housing and the economy. The most recent Decennial Census data are from the 2020 Census. In addition, some monthly, quarterly and annual data are available through December 2023 on certain topics for the region, the Commonwealth, and Metropolitan Boston.⁵ The Census Bureau also publishes the American Community Survey (ACS), which provides data through 2023 on a citywide basis and by census tract.

The BLS publishes data and reports about the workforce and related subjects including unemployment rates, area wages, and cost-of-living adjustments. The most recent monthly data are for October 2024.

The Research Division prepares reports and compiles data on the population and economy of the city and its neighborhoods. The Research Division also analyzes and reports on local, regional, state and national trends obtained from public and private sources on the following topics: employment, occupations, large employers, city schools, universities and colleges, medical institutions, tourism and lodging, transportation, office and industrial markets, housing, building activity, urban redevelopment, and infrastructure projects.

The statistical data contained in this report represent the latest published data available. While the City believes that it has used the most recent available data in this report, the data contained herein may not reflect current conditions or trends because of publication lags resulting from time required to collect, tabulate and publish the data. Moreover, statistical data are approximations and generalizations subject to various sources of error inherent in the statistical process and may be revised based on additional data. The statistical data contained herein describes past activity and are not presented in order to suggest the continuation of any trend, or to predict future economic activity either in particular categories or in general.

Population

Boston’s population from the 2023 American Community Survey was 652,442, which represented a 5.6% increase from the 2010 Census but a 3.4% decrease from the 2020 Census official count. However, the Planning Department believes that both the 2020 Census and the 2023 American Community Survey significantly undercounted Boston’s population. The Census Bureau’s 2023 population count for Metropolitan Boston was 4,919,179, representing an increase of 8.1% since 2010 but a 0.4% decrease from 2020. Massachusetts’ 2023 American Community Survey enumeration was 7,001,399, a gain of 6.9% over the 2010 count and a 0.4% increase from 2020.

⁵ Federal data sources have three prevailing definitions of the Boston Metropolitan Area. Each table with Metropolitan data explains whether Metropolitan Boston refers to: the Metropolitan Statistical Area (“MSA”), the New England City and Town Area (“NECTA”) or Combined Statistical Area (“CSA”). Revised data was unavailable for Boston-Cambridge-Quincy MA-NH MSA and NECTA. All data was revised to reflect the new Boston-Cambridge-Newton MA-NH MSA and NECTA Division.

**Table 1. Population of Massachusetts, Metropolitan Boston ⁽¹⁾
and the City of Boston 1990 to 2023**

	1990	2000	2010	2020	2023	2010 to 2023 Compound Annual Growth
Massachusetts	6,016,425	6,349,097	6,547,629	7,029,917	7,001,399	0.5%
Metropolitan Boston ⁽¹⁾	4,133,895	4,391,344	4,552,402	4,941,632	4,919,179	0.6
City of Boston	574,283	589,141	617,594	675,647	652,442	0.5

⁽¹⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford), as defined by the Office of Management and Budget (OMB)

Source: U.S. Census Bureau, 1990, 2000, 2010, and 2020 Decennial Censuses; and 2023 American Community Survey one-year estimate. Note: this number does not include the undercount of 6,290 group quarters residents in the 2020 Census as evidenced in the City of Boston's successful group quarters challenge.

The 2023 American Community Survey Public Use Microdata Sample (PUMS) showed that Boston's racial composition was White, Non-Hispanic 44.1%; Hispanic 19.4%; Black, Non-Hispanic 18.9%; Asian/Pacific Islander 10.7%; multi-racial 5.4%; some other single race 1.5%; and Native American 0.02%. The Hispanic and Asian/Pacific Islander populations have grown dramatically, growing about 20.6% and 23.0% respectively, from 2010 to 2023, while other populations have seen small growth or decline. Immigration has been a prime driver of increases in the Hispanic and Asian populations. In 2023, Boston's foreign-born population represented 27.0% of the total population, and the foreign-born population was comprised of 28.6% Hispanic, 27.7% Asian/Pacific Islander, 19.5% Black, 17.6% White, and 6.6% other.⁶ Like much of the rest of the country, Boston is currently experiencing a sharp increase in the number of asylum-seekers in need of shelter. State data showed 1,271 families sheltering in Boston under the Emergency Housing Assistance Program as of December 2024. While this represents a small share of Boston's overall foreign-born population, and follows several years of low net international migration, those arriving recently have a high level of resource need. The fiscal impact on the City is addressed in Section 6: Other Matters earlier in the Information Statement.

Boston continues to be a city of young adults; 32.0% of all Boston residents in 2023 were between 20 and 34 years old. The fastest growing age group in Boston between 2000 and 2023 was the age group 60-64, which saw a 85.7% increase. This is consistent with national trends and the aging of the baby boomer population. Boston's older population (ages 65 and over) grew to 87,133 people but has remained at 13.4% of the total population. Boston's population of school age children (ages 5 to 17) is 64,391, a level it has maintained since the dramatic fall from over 100,000 in the 1970s.

Along with population growth, the number of households in Boston has also grown to 288,129 households with an average household size of 2.10 according to the 2023 American Community Survey (PUMS).

Employment Structure, Employment Trends and Occupational Changes

The Research Division is unable to report total employment (payroll and non-payroll) by industry for Boston in 2024 due to the discontinuation of key data previously provided by the Bureau of Economic Analysis (BEA). Until 2023, total employment estimates were derived using total employment by industry in Suffolk County from the BEA, adjusted by Boston-to-Suffolk payroll employment ratios from the Massachusetts Executive Office of Labor and Workforce Development (ES-202 series). However, the BEA ceased producing total employment data by industry for counties and metropolitan areas, citing budget constraints⁷. Consequently, the analysis for 2024 has been limited to payroll employment by industry. This shift restricts the ability to capture a significant portion of jobs in Boston, particularly non-payroll roles which can vary greatly by industry. This discrepancy, averaging over 200,000 jobs, introduces limitations in trend comparisons with prior years and may disproportionately impact industries with a higher prevalence of non-payroll jobs, such as Transportation and Warehousing, Finance and Insurance, Real Estate and Rental and Leasing, and Educational Services. The lack of comparable data results in analytical limitations and the potential for misleading comparisons between past total employment data and the current payroll-only employment data.

⁶ U.S. Census Bureau, 2023 American Community Survey PUMS, City of Boston Planning Department Research Division Analysis. The American Community Survey (ACS) provides detailed demographic information for Boston and its neighborhoods

⁷ Bureau of Economic Analysis (BEA): Employment by County, Metro, and Other Areas Information Release: <https://www.bea.gov/data/employment/employment-county-metro-and-other-areas>

The largest industries in the City are health care and social assistance, professional and technical services, finance and insurance, government, accommodation and food services, and education. The table below shows Boston's payroll employment growth by industry category for 2019 through 2023. The industry categories are in the North American Industrial Classification System ("NAICS") format, which the BEA began using in 2001. The payroll employment data is from the Employment and Wage (ES-202) series, provided by the Massachusetts Executive Office of Labor and Workforce Development. It is based on employer reports filed under state and federal unemployment laws.

Prior to the pandemic, payroll employment in Boston had risen to the highest level in recent decades and Boston's job growth had been positive across most industries. The health care and social assistance industry employs the largest number of people in Boston, 22% percent of payroll jobs in 2024. Educational services is an area of specialization for Boston with an employment share three times the national average. With the onset of the COVID-19 pandemic and the resulting economic disruption, Boston lost 50,120 payroll jobs in 2020, a decline of 7.4%. However, the city started to recover in 2021, adding 16,248 payroll jobs, a 2.6% increase from the previous year. This recovery accelerated in 2022, with a gain of 27,376 payroll jobs reflecting a robust 4.2% growth. Growth moderated in 2024, with the addition of 760 payroll jobs, a 0.1% increase from the prior year. Job gains in 2024 were strongest in the Management of Companies and Enterprises, which increased by 17.2% and Utilities, which expanded by 9.4%.

Boston and the surrounding area experienced modest employment growth in 2024. Payroll employment data, sourced from Quarterly Census of Employment and Wages (QCEW), is available for Boston through the third quarter of 2024, while data for the Boston-Cambridge-Newton MA NECTA Division from the Current Employment Statistics (CES) extends through October 2024. Based on the monthly average payroll employment from January to September of 2023 and 2024, Boston saw a 0.3% increase in the third quarter of 2024, with average employment rising to 683,677 from 681,359 in 2023. Similarly, payroll employment in the Boston-Cambridge-Newton MA NECTA Division continued its upward trend, with an increase of 0.5% in October 2024 compared to the previous year. These figures reflect workers on the payrolls of business establishments located in Boston. However, in the post-pandemic era, it is likely that a smaller proportion of these workers report to an office in Boston daily. Comprehensive data on the share of workers engaging in hybrid or fully remote work arrangements remains unavailable.

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Table 2. City of Boston Employment 2020-2024 ⁽¹⁾
North American Industry Classification System (NAICS)

Industry	2020	2021	2022	2023	2024	Absolute change '23-'24	Percentage Change '23-'24
Natural Resources and Mining	64	67	67	75	70	-5	-6.7%
Utilities	1,599	1,590	1,591	1,814	1,985	171	9.4
Construction	14,092	14,489	14,831	14,598	14,183	-415	-2.8
Manufacturing	6,717	7,360	7,608	8,164	7,815	-349	-4.3
Wholesale Trade	9,426	8,884	9,127	8,901	8,507	-394	-4.4
Retail Trade	32,260	31,776	31,498	28,724	28,255	-469	-1.6
Transportation and Warehousing	15,249	15,859	17,956	20,461	20,499	38	0.2
Information	20,708	23,314	23,654	22,951	23,214	263	1.1
Finance and Insurance	66,850	66,144	66,546	67,896	66,809	-1,087	-1.6
Real Estate and Rental and Leasing	13,396	13,216	13,957	14,528	14,487	-41	-0.3
Professional and Technical Services	93,898	96,004	101,419	101,449	99,106	-2,343	-2.3
Management of Companies and Enterprises	8,304	7,688	7,459	7,194	8,432	1,238	17.2
Administrative and Waste Services	28,599	30,665	31,731	30,760	29,842	-918	-3.0
Educational Services	40,145	40,795	42,822	44,724	44,630	-94	-0.2
Health Care and Social Assistance	139,427	144,098	145,971	148,368	149,864	1,496	1.0
Arts, Entertainment, and Recreation	7,031	7,495	9,834	11,701	12,503	802	6.9%
Accommodation and Food Services	35,568	39,991	48,369	59,006	60,495	1,489	2.5%
Other Services (except public administration) ⁽²⁾	17,689	18,243	19,610	20,853	20,642	-211	-1.0
Government	69,744	69,337	70,338	70,752	72,337	1,585	2.2
Total ⁽³⁾	620,765	637,013	664,389	682,917	683,677	760	0.1%

⁽¹⁾ The Massachusetts Department of Economic Research (DER) revises its historic employment data by incorporating additional data sources and improving allocation methods, resulting in revised employment estimates for Boston

⁽²⁾ Other services include repair and maintenance, personal and laundry services, and religious, grant making, civic, professional, and similar organizations

Source: Massachusetts Executive Office of Labor and Workforce Development (EOLWD), City of Boston Planning Department Research Division Analysis

⁽³⁾ Totals may not add due to rounding

Boston's tech sector thrives by bringing together researchers and entrepreneurs from the region's world class universities, hospitals, and private companies. Recent data underscores its resilience, even amidst challenges like widespread layoffs at major tech firms in 2023. Employment in Boston's high-tech industries rebounded strongly after the pandemic. The information sector added 2,199 jobs between 2019 and 2024, 10.5% growth. Likewise, employment in professional, scientific and technical services grew by 5,977 jobs between 2019 and 2024, 6.4% growth. Although major tech firms announced layoffs in 2022 and into early 2023, these companies hired back aggressively as capital expenditures (CapEx) surged, fueled by the AI boom and renewed tech-sector optimism. However, this growth trajectory depends on whether AI-driven CapEx translates into sustained revenue, earnings growth, and productivity gains, rather than becoming another tech bubble. Additionally, Boston's biotech sector, a key driver of its high-tech ecosystem, faces potential risks from reduced NIH and venture capital funding, which could dampen employment levels and demand for lab space. Boston's unique blend of academic excellence, cutting-edge research, and entrepreneurial spirit positions it as a global leader in innovation-driven industries. With careful navigation of these challenges, Boston remains well-equipped to thrive amid ongoing structural changes and advancements in AI and biotechnology.

Unemployment

According to the Massachusetts EOLWD, Boston's average unemployment rate for 2019 was 2.7%, 1.0 percentage point lower than the national unemployment rate. With the onset of the global COVID-19 pandemic, unemployment spiked in the spring of 2020, resulting in an annual unemployment rate of 9.8% for 2020 but recovering to 3.7% in 2024.

**Table 3. Annual Unemployment Rates, 2019-2024 ⁽¹⁾
(Not Seasonally Adjusted)**

	2019	2020	2021	2022	2023	2024⁽³⁾
City of Boston	2.7%	9.8%	5.6%	3.6%	2.9%	3.7%
Metropolitan Boston ⁽²⁾	2.5	8.6	4.9	3.3	2.7	3.6
Massachusetts	3.0	9.4	5.5	3.8	3.1	3.8
United States	3.7	8.1	5.4	3.7	3.6	4.0

⁽¹⁾ Each year, historical estimates from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. Therefore, unemployment rates may differ from previous publications of this report

⁽²⁾ The Boston-Cambridge-Newton MA NECTA Division is similar to the MSA, except the NECTA is composed of sub-county units, usually cities and towns. The Boston-Cambridge-Newton MA NECTA is made up of 92 cities and towns in Massachusetts, as defined by the Office of Management and Budget (OMB)

⁽³⁾ 2024 numbers are subject to revision.

Sources: Bureau of Labor Statistics for United States, Massachusetts and Metro; and Massachusetts EOLWD for the City, December 2024

Table 4 presents monthly unemployment data from January 2022 through December 2024. Boston's unemployment rate for December 2024 was 4.0%, down from a peak of 15.9% in June 2020.

Table 4. Monthly Unemployment Rates for City of Boston, Metropolitan Boston,⁽¹⁾ Massachusetts, and the United States for 2022, 2023, and 2024 (Not Seasonally Adjusted) ⁽²⁾

	City of Boston			Metropolitan Boston ⁽¹⁾			Massachusetts			United States		
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
Jan.	4.0%	3.5%	3.1%	3.8%	3.4%	3.0%	4.5%	4.1%	3.5%	4.4%	3.9%	4.1%
Feb.	3.5	3.4	3.2	3.4	3.3	3.1	4.2	4.1	3.7	4.1	3.9	4.2
Mar.	3.2	3.1	3.1	3.1	3.0	3.1	3.8	3.7	3.5	3.8	3.6	3.9
Apr.	3.0	2.6	2.9	2.8	2.5	2.8	3.3	2.9	3.1	3.3	3.1	3.5
May	3.4	3.1	3.7	3.1	2.9	3.5	3.5	3.2	3.8	3.4	3.4	3.7
Jun.	4.0	3.6	4.1	3.5	3.3	3.8	3.8	3.5	4.0	3.8	3.8	4.3
Jul.	4.2	3.6	4.6	3.5	3.2	4.2	3.9	3.5	4.6	3.8	3.8	4.5
Aug.	3.9	3.5	4.6	3.4	3.1	4.2	3.8	3.4	4.5	3.8	3.9	4.4
Sep.	3.4	3.2	3.7	3.1	2.9	3.4	3.4	3.1	3.6	3.3	3.6	3.9
Oct.	3.2	3.1	3.8	3.0	2.8	3.5	3.3	3.1	3.7	3.4	3.6	3.9
Nov. ⁽³⁾	3.0	2.8	3.9	2.8	2.6	3.7	3.2	2.9	3.9	3.4	3.5	4.0
Dec. ⁽³⁾	3.0	3.0	4.0	2.8	2.9	3.8	3.3	3.2	4.2	3.3	3.5	3.8

⁽¹⁾ The Boston-Cambridge-Newton MA NECTA Division is similar to the MSA, except the NECTA is composed of sub-county units, usually cities and towns. The Boston-Cambridge-Newton MA NECTA is made up of 92 cities and towns in Massachusetts

⁽²⁾ Each year, historical estimates from the Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. Therefore, unemployment rates may differ from previous publications of this report

⁽³⁾ Preliminary, subject to revision for 2024

Sources: Bureau of Labor Statistics for United States, Massachusetts, and Metropolitan Boston; and Massachusetts EOLWD for the City of Boston, January 2025

Largest Private Employers in Boston

The ten largest private employers in Boston combine to employ 98,668 people, or about 14.5% of all payroll employment. These numbers reflect the most recently reported data available, which come from 2023 data reported to federal agencies for hospitals and universities and data sourced from recent direct employer contact or media reports for other private firms.

Table 5. Top 10 Largest Private Employers in Boston

Employer	Jobs	Share of Total
Massachusetts General Hospital	19,418	2.8%
Brigham and Women's Hospital	14,858	2.2
Boston University	10,674	1.6
Boston Children's Hospital	10,006	1.5
Beth Israel Deaconess Medical Center	8,835	1.3
Northeastern University	7,982	1.2
Boston Medical Center	7,500	1.1
Dana-Farber Cancer Institute	6,754	1.0
Harvard University Graduate Schools	6,331	0.9
Fidelity Investments ⁽¹⁾	6,310	0.9
Sum of Top 10 Employers	98,668	14.5
Total Boston Payroll Employment ⁽²⁾	682,756	

(1) Reflects Fidelity Investments employment in Massachusetts as of September 30, 2024. Fidelity only reports employment by state, not by city.

(2) Boston's total payroll employment as of 2023

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

In addition to private employers, local, state, and federal government institutions employ significant numbers of people in Boston. Boston is home to large state government offices, federal regional offices, U.S. Postal Service facilities, state-chartered authorities and commissions (such as the Massachusetts Port Authority and the Boston Water and Sewer Commission), and the City's local government agencies and departments.

Labor Force and Education

According to the 2023 1-year ACS survey, 404,448 Boston residents were in the labor force and 388,268 were employed. The educational attainment of Boston residents, measured as the share of residents over the age of 25 with at least a bachelor's degree, also improved from 35.6% in 2000 to 56.5% in 2023. Improving educational attainment has supported the City's transition to a knowledge-based economy.

Table 6. Years of School Completed for Boston Residents Aged 25 and over, 1980, 1990, 2000, 2010 and 2023

	1980		1990		2000		2010		2023	
	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent
Fewer than nine years	54,932	16.6%	37,824	10.3%	34,321	9.1%	31,263	7.9%	30,248	6.6%
9 to 12 years, no diploma	49,407	14.9	51,051	14.0	45,308	12.0	24,987	6.3	16,923	3.7
High school graduate (or GED)	115,787	35.0	97,233	26.6	90,568	24.0	94,342	23.8	78,354	17.1
Some college or Associates	43,451	13.2	69,889	19.1	73,125	19.4	70,044	17.7	74,256	16.2
Bachelors, Masters, or Prof.	67,073	20.3	109,711	30.0	134,252	35.6	175,819	44.3	259,009	56.5
Total	330,650	100%	365,708	100%	377,574	100%	396,455	100%	458,790	100%

Note: GED stands for General Equivalency Diploma, which is equivalent to regular high school diploma and is earned for completing work for graduation after having left high school

Source: U.S. Census Bureau, 1980-2000 Decennial Census reports, 2010 and 2023 1-year American Community Survey

The Mayor's Office of Workforce Development (OWD), a division of the Worker Empowerment Cabinet, funds workforce development in the City to promote the full participation of all Boston residents in the City's economy. OWD policies and programs ensure that low-income Boston residents, both youth and adults, are connected to the training necessary to obtain career-oriented employment that leads to economic stability. Programs and services offered through OWD grants include adult basic education, English for Speakers of Other Languages (ESOL), High

School diploma/HiSET, occupational skills training, transitional job experience, career exploration and support services which address a wide range of individual and family needs.

In fiscal year 2023, OWD supported 99 programs with more than \$12.9 million in funding, to provide a variety of services to greater Boston's residents. These services included apprenticeship training in hospitality, facilities maintenance, information technology, emergency medical services, and the building trades; internship and alternative education programs for young adults; summer youth employment; and adult ESOL programs. OWD also oversees and convenes the City's two one-stop career centers (American Job Centers), which served 10,711 jobseekers and 406 employers. Linkage contributions paid into the Neighborhood Jobs Trust provide supplemental sources of funding for job training and adult education programs. For a full discussion of the City's jobs linkage program, as well as the housing linkage program, see "The Linkage Program" below.

As many newly arrived immigrants to Massachusetts have obtained work authorization, the need for additional ESOL and job placement services for this population has intensified compared to last year. OWD funds initiatives to support employment-focused ESOL, including contextualized ESOL (that is, focused on specific employment categories with employment as the eventual outcome). Diverse fields including health, hospitality and human services have found that newly arrived immigrants can play an important role in filling stubborn vacancies. OWD will continue to seek to broaden pathways into high-demand, career-pathways roles for immigrants and others with barriers to employment.

Income, Wages, and Cost of Living

Per capita personal income reflects earned income of persons residing in the named areas plus rents, interest and other unearned income and transfer payments from governmental entities. Per capita personal income for Suffolk County was \$107,027 in 2023, 53.3% above the national per capita personal income of \$69,810, according to the BEA. From 2020 to 2023, Suffolk County followed a national trend in per capita personal income, with a 6.8% increase from 2020 to 2021, followed by a 4.1% decrease the following year. In 2023, the real per capital income increased modestly by 0.9%. Nationally, the increase was driven by a recovering economy, a strengthening labor market, and sustained covid-related federal aid and public assistance. By 2022, policies such as stimulus payments and the expansion of unemployment insurance and Child Tax Credit were no longer in effect, contributing to the decrease in per capita personal income from 2021 to 2022.⁸ According to the 2023 American Community Survey, Boston residents constitute approximately 84.9% of the county's population. The summary table below shows the per capita income from 1980 through 2023 for Suffolk County, Metropolitan Boston, Massachusetts and the nation.

Table 7. Per Capita Personal Income Comparison, 1980 to 2023⁽¹⁾
(In Fixed 2023 Dollars)

Year	United States	Massachusetts	Metropolitan Boston ⁽²⁾	Suffolk County ⁽³⁾
1980.....	\$37,659	\$39,523	\$41,175	\$38,446
1990.....	45,738	53,888	57,616	57,404
2000.....	54,059	67,914	74,905	70,287
2010.....	56,673	73,652	80,689	90,037
2018.....	64,687	83,964	92,942	97,413
2019.....	66,226	86,269	95,457	96,997
2020.....	69,606	91,165	99,702	103,562
2021.....	72,484	94,238	104,287	110,604
2022.....	68,971	89,748	99,875	106,046
2023.....	69,810	90,596	100,880	107,027

⁽¹⁾ The BEA revised its historic employment data by incorporating additional data sources and improving allocation methods, which resulted in revised income estimates for Boston from 2010 through 2016

⁽²⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford)

⁽³⁾ City residents constitute approximately 84.8% of Suffolk County's population

Source: Bureau of Economic Analysis, Personal Income Summary: Personal Income, Population and Per Capita Personal Income, January 2024

⁸ Center on Budget and Policy Priorities: <https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>

After a decade of moderate price growth, inflation began to accelerate nationally and locally in 2021 amid strong demand for goods and supply chain disruptions. Prices in Metropolitan Boston rose 3.3% between 2020 and 2021 based on the annual average BLS Consumer Price Index (CPI) and increased by 7.1% between 2021 and 2022. In response to interest rate hikes by the Federal Reserve to tame inflation, the CPI in Metropolitan Boston only rose by 3.7% from 2022 to 2023, and by 3.2% from 2023 to 2024.

Table 8. Consumer Price Index for All Urban Consumers 2015-2024 (CPI-U) ⁽¹⁾

Year	United States Index	Percent Change	Metropolitan Boston ⁽²⁾ Index	Percent Change
2015.....	237.017	0.1%	256.715	0.6%
2016.....	240.007	1.3	260.496	1.5
2017.....	245.120	2.1	267.033	2.5
2018.....	251.107	2.4	275.815	3.3
2019.....	255.657	1.8	281.082	1.9
2020.....	258.811	1.2	284.266	1.8
2021.....	270.970	4.7	293.521	3.3
2022.....	292.655	8.0	314.356	7.1
2023.....	304.702	4.1	326.016	3.7
2024.....	313.689	2.9	336.376	3.2

⁽¹⁾ Index based upon 1982-1984=100.0. Not seasonally adjusted.

⁽²⁾ Includes all or parts of sixteen counties: eight counties in Massachusetts (Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk and Worcester), four counties in New Hampshire (Hillsborough, Merrimack, Rockingham and Strafford), one county in Maine (York), and one county in Connecticut (Windham) which together comprise the Boston-Brockton-Nashua MA-NH-ME-CT CSA.

Source: Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, Series ID: CUUR0000SA0, CUURS11ASA0, January 2025.

Medical and Higher Educational Institutions

Boston's medical and educational institutions are important components of its economy, providing employment opportunities for residents of the City and Metropolitan Boston. Expenditures by these institutions, as well as their employees, patients, students and visitors stimulate the City's trade and service sectors. There are eighteen in-patient hospitals located within the City with a combined total of 6,116 beds as of December 2024.⁹ The largest of these are Massachusetts General Hospital, Brigham and Women's Hospital, Beth Israel Deaconess Medical Center, Boston Children's Hospital, Boston Medical Center, and Tufts New England Medical Center. The City is also home to the medical, dental and public health schools of Harvard, Tufts and Boston University. Boston-based institutions received a total of \$2.5 billion in NIH awards for fiscal year 2024. Five of the top ten funded hospitals in the U.S. are located in Boston: Massachusetts General Hospital, Brigham and Women's Hospital, Boston Children's Hospital, Dana-Farber Cancer Institute, and Beth Israel Deaconess Medical Center. MGH was the highest funded hospital in Boston, as well as the nation, with almost \$675 million in grants. On February 7, 2025, the National Institutes of Health (NIH) announced that it was cutting the indirect costs funding for new and existing grants by at least half to no more than 15% of research grant funding.¹⁰ This cap would apply to both current and future research grants. NIH funding included \$684 million in indirect research costs in Boston in fiscal 2024 of which approximately \$441 million (65%) would be lost by applying the new cap of 15% on indirect costs. These cuts to NIH funding are currently being challenged in court. The City cannot predict the outcome of this challenge or the impact on the City and grant recipients if this limit is upheld. In 2024, the BPDA Board approved a new seven story clinical building situated in the southeast corner of the Franciscan Children's Hospital Campus, which will house both in-patient and out-patient uses.

Boston is home to top universities such as Boston University, Northeastern University, and University of Massachusetts (UMass) Boston. As of the academic year 2024-2025, data from the City of Boston's University Accountability Ordinance and the Mayor's Office of Housing indicate that the city's universities and colleges had a combined enrollment of 151,425 full- and part-time students.¹¹ Enrollment has increased by approximately 17,934 students since 2013. This number includes the Boston-based Harvard professional and graduate schools and Tufts Health Sciences programs and the school of the Museum of Fine Arts but does not include MIT or undergraduate enrollment at Harvard or Tufts, whose principal campuses are in Cambridge and Medford, respectively. Based on total graduate, undergraduate and professional school enrollment, Northeastern University enrolled the most students during the fall of 2024 at 43,904, followed by Boston University at 31,827. Along with colleges and universities across

⁹Center for Medicare and Medicaid Services, Form CMS-2552-10; Massachusetts Department of Public Health, Bureau of Health Care Safety and Quality, Division of Health Care Facility Licensure and Certification

¹⁰ <https://grants.nih.gov/grants/guide/notice-files/NOT-OD-25-068.html>

¹¹City of Boston Mayor's Office of Housing

the country, Boston schools sent students home in March 2020, however, universities have been operating at full capacity since the fall of 2021 and fall 2024 enrollment is 9% above fall 2019 levels. Students living in Boston (on campus or off campus) have declined by approximately 400 students for the 2024-2025 school year compared to the year prior.

In 2024, the BPDA Board approved a proposal by Boston University to renovate 380,200 square feet of Warren Towers, the three-tower student residence which is home to approximately 1,800 undergraduate students at 700 Commonwealth Avenue on the Charles River Campus. The Project will include repairs to the building's envelope, reconfiguration of bathroom cores, accessibility improvements, modernization of elevators and escalators, and new mechanical, electrical, and plumbing systems.

Tourism and Culture

Boston ranks among the top destinations in North America for conventions, meetings and trade shows, based on the number and quality of the shows booked. Boston currently has three main convention sites—the John B. Hynes Veterans Memorial Convention Center (“Hynes”), the Seaport World Trade Center and the 2.1 million square foot Boston Convention & Exhibition Center (“BCEC”), which is the largest building in New England and capable of hosting large national and international events. In 2019 the Hynes and the BCEC hosted a combined total of 336 events with an aggregate of 832,243 attendees. This resulted in approximately 800,000 hotel room nights and generated an overall economic impact of approximately \$870 million, according to the Massachusetts Convention Center Authority (“MCCA”).¹² The COVID-19 pandemic forced the cancellation of conventions and events, and the BCEC was converted to the Boston Hope field hospital in April and May 2020. In 2021, the convention centers gradually reopened, hosting a combined total of 68 events with 128,484 attendees, for an estimated economic impact of \$153 million.¹³ In Fiscal Year 2024, total room nights were 683,000 and attendance was 531,000, resulting in direct spending and indirect economic impact of \$600 million and \$960 million, respectively. The MCCA estimates that this supported 5,900 direct jobs and over 8,500 when considering indirect and induced employment impacts. Boston is a popular vacation destination with historical and cultural attractions such as the Freedom Trail, Faneuil Hall, Fenway Park, Boston Common and Public Garden, the Museum of Fine Arts, and the Museum of Science. Visitors also come to Boston to enjoy the local restaurants and attend performances such as the Boston Symphony Orchestra and theater productions.

Hotel Market

As of January 2025, Boston had 94 hotels open for business with a total of 24,038 hotel rooms.¹⁴ With the opening of a new hotel in Back Bay and the closure of an existing hotel in Dorchester in 2024, Boston's total number of hotels remained the same, though the overall room number increased. The citizenM Boston Back Bay, officially opened on July 29, 2024, is housed in a 15-story tower in Back Bay and offers 399 rooms, making it the largest citizenM property to date. Meanwhile, the Comfort Inn in Dorchester with 132 rooms closed in 2024 after the BPDA Board approved its conversion into supportive housing for formerly homeless people. In January 2024, the BPDA Board approved a proposal to permanently convert the South Tower of the Sheraton Boston Hotel to student housing while the North Tower continues to operate as a hotel. In May 2024, the BPDA Board approved plans to construct a new, approximately 150-room, thirteen-story hotel building with ground-floor restaurant and café space and a rooftop-level bar/restaurant that will retain and restore the façade of the old Alexandra Hotel. In October 2024, the BPDA Board approved the adaptive reuse and redevelopment of an existing vacant office and restaurant building at 110 Canal Street into a hotel with 82 guestrooms on the upper floors and a ground-floor restaurant.

In October 2019, the average occupancy rate of hotels in Boston was at its yearly peak at 90.7%, according to the Pinnacle Perspective Monthly Report. Boston hotels were closed to general public accommodation from late March 2020 to early June 2020 due to the COVID-19 pandemic. Hotel occupancy has largely recovered. In October 2024, the occupancy rate reached 88%, slightly lower than October 2023. The City's Average Daily Rate (“ADR”) represents the average rate paid per room over a given period. The ADR is highly correlated with the occupancy rate, which follows the same trend but on a lagged basis. The table below shows the room supply, occupancy rate, ADR and revenue per available room for Boston for the years 1990, 2000, 2010, and 2017 through 2023. The

¹²Massachusetts Convention Center Authority, January 2020

¹³Massachusetts Convention Center Authority, December 2024

¹⁴City of Boston Licensing Board

Accommodation industry provided 10,458 payroll jobs in Boston in 2023 (down from 11,609 in 2018), accounting for 1.5% of Boston’s total payroll jobs and 29.2% of Massachusetts’ Accommodation industry employment.

Table 9. Boston Hotel Room Supply, Occupancy, Room Rate and Revenues per Available Room

Year	Room Supply	Average Occupancy Rate %	Average Daily Rate (2024\$)	Revenue Per Available Room (2024\$)
1990	12,070	74.3%	\$284.94	\$211.71
2000	14,002	78.4	360.69	282.96
2010	18,363	75.4	283.80	213.98
2018	21,356	82.8	329.86	273.06
2019	22,524	82.7	322.07	266.27
2020	22,947	26.5	196.11	52.00
2021	24,300	46.9	249.67	117.14
2022	24,117	70.4	301.80	212.39
2023	23,771	77.1	303.30	233.93
2024	24,038	77.7	304.34	236.59

Source: Occupancy, ADR and RevPAR reported by Pinnacle Advisory Group. All dollar concepts in fixed 2024 dollars

Transportation

Boston is a major national and international air terminus, a seaport and the center of New England’s rail, truck and bus service. The City is served by three limited-access interstate highways: I-90 (the “Massachusetts Turnpike”), which stretches 138 miles westward from downtown Boston to the New York State border; I-95, the East Coast’s principal north-south highway, which connects Greater Boston to Portland, Maine to the north and New York City and Washington, D.C. to the south; and I-93, another north-south interstate highway that extends from just south of the City north to New Hampshire.

Transportation planning includes both major highway and mass transit programs. The Massachusetts Department of Transportation (“MassDOT”) oversees statewide transportation services across several divisions: rail and transit, aeronautics, highway, the Registry of Motor Vehicles (RMV) and planning and enterprise. While MassDOT’s rail and transit division operates across Massachusetts, transit within the Greater Boston Area is overseen by the Massachusetts Bay Transportation Authority (“MBTA”).

The MBTA provides commuter rail, subway, local bus and express bus services throughout eastern Massachusetts. MBTA ridership fell dramatically with the onset of the pandemic in the spring of 2020. Ridership recovered to close to current levels by October 2021 with little change since then as remote work trends have persisted. While ridership has slowly recovered, subway gated station ticket validations in Boston in January 2025 were still 3% below the comparable figure in 2019.¹⁵ A substantial 27% increase in average headways at subway stations in Boston between 2019 and 2023 likely contributed to the sluggish recovery in ridership.¹⁶ In 2024, the MBTA made significant progress in enhancing service efficiency and reliability by working to reduce speed restrictions across the entire subway system. By June, the percentage of track under speed restrictions was reduced to 8%, eliminating 130 speed restrictions and returning 43 minutes to riders.¹⁷ Notably, the Orange Line became slow-zone free for the first time in nearly 15 years, and the Red Line was cleared of its slow zones for the first time in at least 20 years. The MBTA expects to eliminate the last remaining speed restrictions on the system by the end of 2024, marking a historic milestone as the entire subway system will operate without any speed restrictions.¹⁸ These improvements have reduced travel times across all lines, resulting in more timely, reliable, and consistent service for riders. However, 2024 subway gated station ridership was only slightly higher than 2023 levels in the second half of the year.

Seaport and Airport

The Massachusetts Port Authority (“Massport”) was created by the state legislature to develop and manage the City’s major air and sea transportation centers. Massport is financially independent, and the City is not responsible

¹⁵ MBTA Datablog

¹⁶ MBTA Blue Book Open Data Portal

¹⁷ <https://www.mbta.com/projects/track-improvement-program>

¹⁸ <https://www.mbta.com/news/2024-11-25/red-line-now-slow-zone-free-the-first-time-least-20-years>

for any debt or other obligations incurred by Massport. Heavy use of Boston Logan International Airport (“Logan Airport”) and the Port of Boston have induced significant expansion of both facilities.

The Port of Boston serves the six-state New England region as a natural deep-water port supporting import and export of containerized bulk and general cargo. The Port also provides ship repair supply services, customs and international freight forwarding services, intermodal cargo warehouse facilities and other maritime support services. Massport’s Conley Container Terminal provides containerized freight water access to other container terminals across the world. The Port of Boston is also a major cruise port. The cruise terminal served 402,346 passengers in 2019, but the pandemic forced a shutdown of operations.¹⁹ The Cruise Terminal reopened in 2022, and there has been full recovery and growth in travel with approximately 480,000 passengers in 2024, a 29.0% increase from the previous year.²⁰

Container traffic at the Port of Boston remains lower than in 2019, but 2024 continued the recovery from the low point in 2022. Current uncertainties include additional tariffs and disputes over control of the Panama Canal which may impact international shipping. The Port of Boston handled 300,762 boxed containers in calendar year 2019, 268,418 in 2020, 187,902 in 2021, 173,926 in 2022, 236,975 in 2023, and 251,470 in 2024.²¹ The port also handled 53,132 automobiles in 2019, 48,245 in 2020, 36,743 in 2021, 32,070 in 2022, 33,784 in 2023, and 39,234 in 2024. Cement handled by the port exceeded 2023’s level, reaching 275,074 metric tons in 2024.

Logan Airport served a total of 42.5 million domestic and international passengers in 2019. The onset of the pandemic caused passenger volume to fall in April 2020 to 2.6% of April 2019 levels. Passenger volume gradually increased throughout 2021, 2022, 2023, and into 2024, reaching 43.5 million domestic and international passengers for the full year 2024, compared to 40.8 million in 2023. This marks a 6.5% increase in passenger volumes from 2023 to 2024. The number of domestic passengers at Logan International Airport in December 2024 was 0.9% below December 2019-levels.²²

Construction Activity

Building permits issued do not necessarily result in construction, but they provide an indication of potential future construction activity. Pandemic-related construction disruptions slowed building permitting, but activity resumed quickly. The estimated revenue from building permit fees during fiscal year 2024 indicated the potential for \$7.4 billion in construction activity compared to an estimate of \$9.5 billion for fiscal year 2023. Fiscal year 2023 saw the largest square footage of development receiving building permits in the post-pandemic period, including the Harvard Enterprise Research Campus, just over 1 million square feet, and NEXUS at the Allston Innovation Corridor (~750,000 square feet). Fiscal year 2024 saw smaller projects receive building permits; the two largest were 22 Drydock Avenue and 36-40 Sprague Street, each at just over 400,000 square feet. Construction hours worked in projects covered by the Boston Resident Jobs Policy reflect a lower level of ongoing construction activity in the City compared to before the pandemic, with hours worked down 6.6% in December 2024 compared to December 2019.²³ Proposed tariffs on steel and aluminum, as well as other goods, would raise the cost of construction in Boston and may result in less construction activity in the coming years.

¹⁹<https://www.massport.com/massport/media/newsroom/massport-ends-the-2019-cruise-season-with-another-record/>

²⁰<https://www.massport.com/media/newsroom/massport-celebrates-record-breaking-cruise-season-announces-100-million-investment#:~:text=November%2022%2C%202024->

[,Massport%20Celebrates%20Record%20Breaking%20Cruise%20Season%2C%20Announces,Million%20Investment%20at%20Flynn%20Cruise port&text=The%20Massachusetts%20Port%20Authority%20\(Massport,passenger%20increase%20over%20last%20year.](https://www.massport.com/media/newsroom/massport-celebrates-record-breaking-cruise-season-announces-100-million-investment#:~:text=November%2022%2C%202024-)

²¹“Port Statistics”, Massport.com. <http://www.massport.com/conley-terminal/about-the-port/port-statistics>

²²<https://www.massport.com/logan-airport/about-logan/airport-statistics>

²³Boston Resident Jobs Policy Office (BRJP), Boston Jobs Policy Compliance Reports

**Table 10. Boston Building Permit Revenues and Estimated Construction Activity
Fiscal Years, 2015-2024 (In Millions of Dollars)**

Fiscal Year	Building Permit Revenues ⁽¹⁾	Estimated Potential Construction Activity ⁽²⁾
2015	\$51.7	\$6,085
2016	52.3	6,151
2017	62.0	7,289
2018	52.8	6,212
2019	61.8	7,273
2020	69.6	8,188
2021	48.7	5,729
2022	64.1	7,541
2023	80.3	9,447
2024	62.7	7,376

⁽¹⁾ Columns may not add due to rounding

⁽²⁾ Potential construction activity estimated by dividing permit revenues by 0.85%, which is the midpoint between permit fees calculated at 0.7% of the first \$100,000 estimated value of development cost, and 1% for the remainder of development cost

Source: City of Boston, Auditing Department Annual Comprehensive Financial Report.

Public Sector Projects

Currently there are several ongoing and proposed public sector projects spread across downtown and into Boston's neighborhoods. The list of large public projects below is not comprehensive but highlights some unique projects covering transportation and other major infrastructure.

The North Washington Street Bridge Project began in 2018 and will continue until early 2025. This major bridge replacement project will be constructed while also maintaining access throughout the construction process by providing a parallel temporary bridge structure. This important connection provides access between Charlestown and the North End/Central Business District.

The Boston Water and Sewer Commission is undertaking capital projects including sewer separation in South Boston, Charlestown, and East Boston as well as rehabilitation of the New Boston Main Interceptor (NBMI) and Fort Point Channel and Mystic/Chelsea Combined Sewer Overflow Control Projects.

Boston Public Schools is overseeing the construction of a new Carter School for students with disabilities that will be completed in 2025. Renovation of the Irving building to support the joining of the Philbrick and Sumner schools to become a combined preK-6 school is estimated to be complete in the fall of 2025. Work on renovation and addition to the Patrick J. Kennedy Elementary School in East Boston began in 2024. Plans are underway to renovate White Stadium in Franklin Park to serve as athletic facilities for Boston Public Schools, the community, and a women's professional soccer team.

In the Raymond L. Flynn Marine Park, the South Jetty and Bulkhead Rehabilitation project involves the construction of a replacement bulkhead and jetty near Drydock 3 and demolition and removal of the existing South Jetty.

Office Market

In the fourth quarter of 2024, Boston had approximately 69.3 million square feet of office space, a slight decline from Q4 2023 (69.6 million square feet). Boston's office vacancy rates continue to increase as leases expire and remote work trends persist. Boston's direct vacancy rate was 17.4% in the fourth quarter of 2024, according to realty firm Jones Lang LaSalle (JLL), still elevated from the 6.3% direct vacancy rate in the fourth quarter of 2019. By the fourth quarter of 2024, the direct vacancy rate for Class A office space had reached 20.3% and the availability rate (including space available for sublease) for Class A had reached 24.2%. In October 2024, CarGurus celebrated the opening of its new global headquarters in Boston at 1001 Boylston Street in Back Bay, with 225,000 square feet of office space housing approximately 1,000 employees. CBRE ranked Boston as the top market for office leasing

activity due to several large renewals, including Bain Capital (378,000 square feet) and Arrowstreet Capital (118,000 square feet) which both renewed their office leases at 200 Clarendon Street in Back Bay.²⁴ The DCAMM Executive Office of Health Human Services leased 75,000 square feet at 40 Broad Street in Downtown. However, net absorption of office space in 2024 was negative at -616,844 square feet. The City’s average asking rent in Q4 2024 was \$66.48 per square foot, showing a 7% decrease from \$71.31 in 2019. This was \$18.16 less per square foot than the average rent in the Cambridge office market.

Table 11. Boston Office Market—Fourth Quarter 2024

Market Area	Inventory Square Foot	YTD Absorption	Direct Vacancy	Average Asking Rent
Back Bay.....	12,975,958	-144,486	13.3%	\$68.92
Charlestown.....	1,791,416	-91,741	16.6	43.08
Fenway.....	1,830,325	-45,922	14.7	67.55
Downtown.....	39,398,717	67,398	20.0	68.07
North Station.....	2,371,416	-120,329	23.9	47.35
Seaport District.....	9,846,407	-224,505	11.6	65.68
South End.....	1,110,961	-57,259	11.1	37.50
Boston.....	69,325,200	-616,844	17.4	66.48

Source: Office Statistics: Boston Q4 2024, Jones Lang LaSalle IP, Inc.

The BPDA Board approved two significant office projects in 2024. In Roxbury, Northeastern University intends to renovate several floors within Columbus Place at 716 Columbus Avenue for a gross total of 124,000 square feet of office space which will house administrative offices as well as mail services and public safety. In the Allston neighborhood of Boston, a developer is demolishing the existing building at 103 North Beacon in order to construct a mixed-used and life science development with 241,000 square feet of office space. In addition, the BPDA Board approved the renovation and partial conversion of the existing office building at 2 Financial Center in the Leather District to a combination of office and lab space. The Office-to-Residential Conversion Program currently has received 14 applications to create 690 units of housing across 18 buildings, converting over 620,000 sf of older office underutilized space, exceeding initial goals. That includes creating 139 affordable units on site (20%) consisting of 118 units at 60% AMI (17%) and 21 units for section 8 voucher holders (3%).

Retail Market

In the first quarter of 2024, there were a total of 86,590 payroll employees in retail trade and accommodation and food services in Boston, with 28,385 in retail and 58,205 in accommodation and food services. The retail sector is complemented by an estimated 20,746 employees in personal services businesses, which include such services as repair and maintenance, hair and nail care and laundry and dry-cleaning service. These employment levels remain below their annual averages from 2019, when there were 35,549 payroll jobs in retail trade and 62,687 in accommodation and food services.²⁵

The COVID-19 crisis has provoked a sharp drop in participation in in-person activities such as in-person shopping and eating in restaurants, as consumers adapted to new habits and restrictions. According to Mastercard Geographic Insight, this recovery journey has made significant strides: by February 2024, in-person consumer spending not only fully recovered but also surpassed pre-pandemic levels from the same periods in 2019. Notably, in September 2024, in-person spending was 5.6% higher compared to September 2019.

The Boston retail real estate market has partially recovered from the pandemic. According to CoStar, Boston’s retail vacancy rate in December 2024 was 2.2%, virtually the same as 2022 and 2023, though still above 2019. Retail asking rents decreased from \$36.49/sf in December 2019 to \$28.96/sf December 2024.

²⁴U.S. Office Market Recovery Continues, CBRE Q3 2024

²⁵The payroll employment numbers shown here are drawn from Massachusetts EOLWD’s Quarterly Census of Employment and Wages (QCEW) for the 2019 annual average and Q1 2023. The 2019 annual averages differ from those reported in the earlier table which showed total employment estimated to reflect the more inclusive BEA concept that counts both payroll employment as well as non-payroll employment such as self-employment up through 2022, the most recent year available.

Industrial and Lab R&D Markets

The vacancy and availability rates for research lab space are high due to an influx of new space and a downturn in research funding. During the 12 months prior to September 2024, approximately 1.2 million square feet of research lab space was completed in Boston. According to CBRE's Boston Metro Lab report, in Q3 2024, the vacancy rate for life science lab space in Boston was 18.6 percent (up from just 1.9 percent at the beginning of 2023) and the overall availability rate was 33.7 percent. As of September 2024, there were 4.7 million square feet of additional research lab space under construction in Boston, and an additional 16 million square feet of research lab space approved by the Boston Planning and Development Agency (BPDA) Board, but not yet permitted. In 2024, the BPDA Board approved 11 projects with new research lab space, for a net increase of approximately 4 million square feet. Some of the major lab/life science development approvals in 2024 included the redevelopment of the Fenway Star Market parcel with over 500,000 square feet of research lab space, the construction of two life science/office buildings at 1033-1055 Washington Street in the South End, the construction of two mixed-use buildings with over 800,000 square feet of life science research and development space at 60-66 Cambridge Street in Charlestown, approximately 450,000 square feet of research lab space at 505 Dorchester Avenue in South Boston, and almost 500,000 square feet of research lab space at 65 Ellery Street in South Boston.

According to Pitchbook data reported in MassBio's 2024 Industry Snapshot, several Boston biotech companies received significant venture capital investment in the first half of 2024: Cerevance (\$163 million), Seaport Therapeutics (\$100 million), Alys Pharmaceuticals (\$100 million), and Exsilio (\$82 million). Boston biotech companies reportedly received \$688 million, 21% of the state's biotech VC funding in the first half of 2024.²⁶ However, this was down from the \$935.5 million (25% of state funding) Boston received in the first half of 2023, and the \$1509 million (29.6% of state funding) Boston received in the first half of 2022. The recently proposed cuts to NIH funding will mostly affect research labs within hospitals and universities as only a small portion of NIH funding goes to non-institutional private sector labs.

Housing Stock, Housing Values, and Development

Citywide average advertised rents were flat (0% increase) between 2023 and the first three quarters of 2024 after seeing a more significant increase of 7.7% the year before. Rents rose in most but not all neighborhoods of the City. Average monthly rents for an apartment in Boston's neighborhoods ranged from a low of \$2,450 in the West End to a high of \$3,364 in the South Boston Waterfront.

²⁶<https://readymag.website/MassBio/2024IndustrySnapshot/24/>

**Table 12. Average Monthly Rent of Newly Rented Apartments in Boston Neighborhoods
(In Nominal Dollars)**

Neighborhood	2022 Median Rent	2023 Median Rent	Q1-Q3 2024 Median Rent	Percent Change, 2023-2024
Allston	\$2,250	\$2,595	\$2,484	-4.3%
Back Bay	2,600	2,800	2,900	3.6%
Bay Village	2,650	2,700	3,000	11.1%
Beacon Hill	2,750	2,850	3,000	5.3%
Brighton	2,300	2,700	2,685	-0.6%
Charlestown	2,700	3,209	3,183	-0.8%
Chinatown	2,335	2,700	2,925	8.3%
Dorchester	2,800	2,995	3,000	0.2%
Downtown	3,000	3,000	2,954	-1.6%
East Boston	2,800	2,900	3,000	3.4%
Fenway	2,450	2,600	2,750	5.8%
Hyde Park	2,395	2,635	3,000	13.9%
Jamaica Plain	2,785	3,000	3,000	0.0%
Longwood Medical Area	2,000	3,100	2,550	-17.7%
Mattapan	2,650	2,725	2,763	1.4%
Mission Hill	2,700	2,800	2,600	-7.1%
North End	2,700	2,950	3,100	5.1%
Roslindale	2,400	2,605	2,945	13.1%
Roxbury	2,850	3,000	3,200	6.7%
South Boston	3,200	3,200	3,205	0.2%
South Boston Waterfront	3,028	4,076	3,364	-17.5%
South End	3,000	3,300	3,200	-3.0%
West End	2,850	2,873	2,450	-14.7%
West Roxbury	2,600	2,600	2,798	7.6%
Citywide	2,600	2,800	2,800	0.0%

Source: City of Boston, Planning Department Research Division with Mayor's Office of Housing (MOH) Data, December 2024

The median sale price for a single-family home in Boston in 2024 was \$800,000, according to sales record data provided by The Warren Group and MOH. This reflects a 4.6% increase over 2023, while the median condo sales price increased to \$745,000 in 2024. Sales prices of two and three-family structures rose 9.4% between 2023 and 2024.

**Table 13. Median Residential Sales Prices for Boston
2015 through 2024
(In Nominal Dollars)**

Year	Single-Family Median Sales Price	Percent Change	Two and Three-Family Median Sales Price	Percent Change	Condo Median Sales Price	Percent Change
2015.....	\$455,000	4.0%	\$540,000	12.5%	\$525,000	11.7%
2016.....	500,000	9.9	580,000	7.4	593,500	13.0
2017.....	550,000	10.0	675,000	16.4	590,500	-0.5
2018.....	590,000	7.3	750,000	11.1	659,000	11.6
2019.....	610,000	3.4	805,000	7.3	660,000	0.2
2020.....	675,000	10.7	882,057	9.6	677,000	2.6
2021.....	732,000	8.4	965,000	9.4	699,000	3.2
2022.....	761,000	4.0	1,000,000	3.6	725,000	3.7
2023.....	765,000	0.5	960,000	-4.0	725,000	0.0
2024.....	800,000	4.6	1,050,000	9.4	745,000	2.8

Source: City of Boston, Mayor's Office of Housing (MOH) using Warren Group data, February 2025

The total number of residential sales (1-3 families and condos) rose by 38.3% from 2020 to 2021 as the market picked up after the initial impact of the pandemic. Sales volumes cooled substantially in 2022 and 2023 with total sales falling year-over-year by 22.8% and 25.8%, respectively. Total sales in 2024 were slightly lower than 2023. Both supply-side and demand-side factors may be bringing down sales volumes, with low turnover of existing owners limiting available supply, and rising interest rates challenging affordability for new buyers.

Table 14. Annual Residential and Condominium Sales in Boston (2015-2024)

Year	Single-Family Sales	Percent Change	Two and Three-Family Sales	Percent Change	Total Condos Sales	Percent Change	Residential and Condo Sales	Percent Change
2015.....	1,366	8.6%	1,289	9.2%	5,167	5.4%	7,822	6.6%
2016.....	1,418	3.8	1,251	-2.9	5,608	8.5	8,277	5.8
2017.....	1,378	-2.8	1,231	-1.6	5,206	-7.2	7,815	-5.6
2018.....	1,394	1.2	1,205	-2.1	5,705	9.6	8,304	6.3
2019.....	1,246	-10.6	1,079	-10.5	5,456	-4.4	7,781	-6.3
2020.....	1,081	-13.2	835	-22.6	5,015	-8.1	6,931	-10.9
2021.....	1,387	28.3	1,151	37.8	7,048	40.5	9,586	38.3
2022.....	1,138	-18.0	927	-19.5	5,338	-24.3	7,403	-22.8
2023.....	834	-26.7	598	-35.5	4,060	-23.9	5,492	-25.8
2024.....	869	-4.2	600	0.3	3,881	-4.4	5,350	-2.6

Source: City of Boston, Mayor's Office of Housing (MOH) using Warren Group data, December 2024

Prices and sales volumes for single-family homes and for condominiums are shown by neighborhood for calendar years 2023 and 2024. Areas of the City with the largest number of single-family home sales included West Roxbury, Dorchester, Hyde Park, and Roslindale. In Back Bay, Beacon Hill and the South End, the median single-family sales price was over \$3 million. Mattapan had the lowest median single-family sales price at \$599,950.

Table 15. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Single-Family Homes
In Boston's Neighborhoods, Calendar Years 2023 and 2024
(In Nominal Dollars)

Neighborhood	2023 Single-Family Price	2024 Single Family Price	Percent Change	2023 Sales Volume	2024 Sales Volume	Percent Change
Allston	\$825,000	\$1,130,000	37.0%	10	5	-50.0%
Back Bay	\$5,700,000	\$10,875,000	90.8	2	2	0.0
Bay Village	\$3,250,000	\$1,985,000	-38.9	2	1	-50.0
Beacon Hill	\$3,550,000	\$3,550,000	0.0	11	15	36.4
Brighton	\$805,000	\$1,000,000	24.2	35	25	-28.6
Charlestown	\$1,550,000	\$1,526,500	-1.5	49	38	-22.4
Chinatown	*	*	*	*	*	*
Dorchester	\$715,500	\$730,000	2.0	104	106	1.9
Downtown	*	*	*	*	*	*
East Boston	\$649,900	\$700,000	7.7	31	23	-25.8
Fenway	\$1,800,000	*	*	1	*	*
Hyde Park	\$595,000	\$652,500	9.7	131	114	-13.0
Jamaica Plain	\$1,020,000	\$1,160,000	13.7	62	63	1.6
Leather District	*	*	*	*	*	*
Longwood Medical Area	*	*	*	*	*	*
Mattapan	\$557,500	\$599,950	7.6	36	46	27.8
Mission Hill	\$1,520,000	\$631,000	-58.5	2	1	-50.0
North End	\$1,145,000	*	*	1	*	*
Roslindale	\$775,000	\$760,000	-1.9	78	95	21.8
Roxbury	\$657,000	\$669,125	1.8	15	22	46.7
South Boston	\$999,000	\$1,029,000	3.0	43	61	41.9
South Boston Waterfront	*	*	*	*	*	*
South End	\$4,800,000	\$3,050,000	-36.5	15	29	93.3
West End	*	*	*	*	*	*
West Roxbury	\$800,000	\$800,000	0.0	206	223	8.3
Citywide	\$765,000	\$800,000	4.6	834	869	4.2

* Medians or percentages with a sample size of less than ten are not shown

Note 1: The prices and volumes in the above table exempt all sales of properties of less than \$25,000 because these low-price sales are not considered to be "arms-length" transactions

Note 2: Data in the above table do not include "paired-sales" so the size, quality and type of houses sold vary from year-to-year

Source: City of Boston, Mayor's Office of Housing (MOH) using Warren Group data, February 2025

Condominium sales volumes and prices also showed variability across Boston neighborhoods in 2023 and 2024. The most expensive neighborhoods for condominiums were the South Boston Waterfront, Downtown, Back Bay, and South End which had median sales prices over \$1.1 million. Hyde Park and West Roxbury had the least expensive condominiums with median sales prices under \$500,000.

**Table 16. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Condominiums
In Boston's Neighborhoods, Calendar Years 2023 and 2024 (In Nominal Dollars)**

Neighborhood	2023 Condo Price	2024 Condo Price	Percent Change	2023 Sales Volume	2024 Sales Volume	Percent Change
Allston	\$576,500	\$585,000	1.5%	102	75	-26.5%
Back Bay	\$1,300,000	\$1,242,000	-4.5	341	268	-21.4
Bay Village	\$1,230,000	\$920,000	-25.2	11	19	72.7
Beacon Hill	\$844,500	\$920,000	8.9	120	98	-18.3
Brighton	\$568,950	\$520,000	-8.6	424	248	-41.5
Charlestown	\$826,250	\$894,500	8.3	214	256	19.6
Chinatown	\$572,500	\$594,000	3.8	10	8	-20.0
Dorchester	\$580,000	\$586,250	1.1	351	414	17.9
Downtown	\$1,337,500	\$1,354,500	1.3	210	204	-2.9
East Boston	\$631,250	\$665,000	5.3	292	339	16.1
Fenway	\$723,000	\$595,000	-17.7	86	88	2.3
Hyde Park	\$400,000	\$451,000	12.8	39	53	35.9
Jamaica Plain	\$675,000	\$742,500	10.0	329	296	-10.0
Leather District	\$1,065,000	\$920,000	-13.6	16	15	-6.3
Longwood Medical Area	\$597,500	\$615,000	2.9	4	7	75.0
Mattapan	\$525,000	\$534,950	1.9	35	42	20.0
Mission Hill	\$391,273	\$675,000	72.5	36	27	-25.0
North End	\$857,500	\$853,000	-0.5	102	111	8.8
Roslindale	\$580,000	\$595,000	2.6	158	103	-34.8
Roxbury	\$480,000	\$525,000	9.4	117	129	10.3
South Boston	\$800,000	\$835,000	4.4	395	451	14.2
South Boston Waterfront	\$1,592,500	\$1,580,000	-0.8	82	79	-3.7
South End	\$1,126,500	\$1,160,000	3.0	400	385	-3.8
West End	\$635,000	\$670,000	5.5	56	65	16.1
West Roxbury	\$507,450	\$480,000	-5.4	130	100	-23.1
Citywide	\$725,000	\$745,000	2.8	4060	3880	-4.4

Note 1: The prices and volumes in the above table exempt all sales of properties of less than \$25,000 because these low-price sales are not considered "arms-length" transactions

Note 2: Data in the above table do not include "paired-sales" so the size, quality and type of houses sold vary from year-to-year

Source: City of Boston, Mayor's Office of Housing (MOH) using Warren Group data, February 2025

There were 301,702 housing units in Boston according to the 2020 Census, 279,495 of which were occupied. Net new housing construction through the end of 2023 brought the total housing stock to 315,995. In 2024, an additional 2,536 net new housing units were completed, including 782 income-restricted units.

In 2024, the BPDA Board approved project proposals that included a net 3,575 housing units, including 1,205 income-restricted units. In 2024, 2,258 net new units (including 805 income-restricted units) received construction permits. As of November 30, 2024, there were 6,400 units under construction in Boston.²⁷

The Linkage Program

The City implemented its development linkage program in 1983 to direct some of the benefits of downtown investment to help create and retain the supply of housing for low or moderate income residents of Boston through the Neighborhood Housing Trust ("NHT"). The linkage program also funds job training for City residents through the Neighborhood Jobs Trust ("NJT"). Under the linkage program, real estate developers seeking approval of large scale commercial or institutional developments are required to enter into agreements to pay exactions in the amount of \$15.39 per square foot of non-residential construction over 100,000 square feet, of which \$2.39 per square foot goes to the job training fund and \$13.00 per square foot goes for affordable housing purposes. On December 1, 2022, Mayor Wu proposed increasing the total linkage fee over two years to \$30.78 per square foot for lab space, and to \$23.09 for other commercial uses. Sixteen percent of the fees will support job training and job preparedness programs, while the

²⁷ Mayor's Office of Housing

remaining 84 percent will support the creation and preservation of affordable housing. These changes were approved by the BPDA Board on February 16, 2023, and went into effect January 1, 2024. In fiscal year 2024, the NHT collected \$16.8 million and the NJT collected \$5.7 million.

The NHT has awarded approximately \$266 million in grant funds from 1988 through fiscal year 2024. The NHT funding contributed to the construction or renovation of 18,194 housing units of which 17,228 units were income restricted. The NHT funding represents 4.4% of the combined development cost of all assisted projects. NHT grant awards are allocated to fund low and moderate-income housing through the renovation of old buildings and schools, and the construction of new housing, and the preservation of affordable units. Projects have included rental developments of family-sized units, single room occupancy units, units set aside for homeless or formerly homeless households, elderly housing units, and units exclusively for other special needs populations. In addition, the NHT grants support the development of housing ownership opportunities in condominiums, housing cooperatives, and single-family homes.

NJT supports innovative education and training activities leading to high wage employment, new or non-traditional employment opportunities, and community-based projects that respond to specific neighborhoods' education and training needs. In fiscal year 2023, NJT disbursed approximately \$3.7 million to job training and education programs. Among the NJT-funded programs were 25 job training programs chosen through an open request for proposals process. From Fall 2022 through Fall 2023, these grantees trained more than 490 adults for such industry sectors as early childhood education, culinary arts, hospitality, healthcare, human services, clean energy, and Information Technology. Many of these adults faced at least one of the following barriers to employment: CORI record, Temporary Assistance for Needy Families, or housing insecurity.

In addition, NJT funded special projects through such organizations as SkillWorks and English for New Bostonians. These programs provided critical job training, English language instruction, and educational opportunities for Boston residents. Neighborhood Jobs Trust funds also supported key mayoral initiatives, including the Tuition-Free Community College (TFCC) Plan. TFCC provides up to three years of tuition and mandatory fees for income-eligible Boston students who are attending college. To date, over 1,950 students have enrolled in TFCC. NJT funds also supported City Academy, an innovative training pipeline for residents to access skills training for jobs with City agencies. To date, over 350 students have completed training to obtain either their Commercial Driver's License or Emergency Medical Technician license.

PROPOSED FORM OF LEGAL OPINION

Troutman Pepper Locke LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613

troutman.com



(Date of Delivery)

Ashley Groffenberger, Chief Financial Officer
and Collector-Treasurer
City of Boston
Boston, Massachusetts

City of Boston, Massachusetts
General Obligation Bonds
2025 Series A

We have acted as bond counsel to the City of Boston, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, without limit as to rate or amount.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of

issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

TROUTMAN PEPPER LOCKE LLP

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Boston, Massachusetts (the “Issuer”) in connection with the issuance of its \$464,170,000 General Obligation Bonds, 2025 Series A (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated May 21, 2025 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
 8. Bond calls, if material, and tender offers.
 9. Defeasances.
 10. Release, substitution or sale of property securing repayment of the Bonds, if material.
 11. Rating changes.
 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June 5, 2025

CITY OF BOSTON, MASSACHUSETTS

By: _____
Chief Financial Officer and Collector-Treasurer

Mayor of Boston

City Auditor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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