

In the opinion of Locke Lord 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. For tax years beginning after December 31, 2022, 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

\$350,000,000

General Obligation Bonds

2023 Series A

Dated: Date of Delivery

Due: November 1, as shown below

Interest				CUSIP		Interest				CUSIP	
Maturity	Amount	Rate	Yield	Number*	Maturity	Amount	Rate	Yield	Number*		
2023	\$33,475,000	5.00%	2.65%	100853H78	2033	\$14,690,000	5.00%	2.39%	100853J92		
2024	17,110,000	5.00	2.65	100853H86	2034	15,445,000	5.00	2.45**	100853K25		
2025	17,995,000	5.00	2.53	100853H94	2035	16,235,000	5.00	2.58**	100853K33		
2026	18,915,000	5.00	2.42	100853J27	2036	17,070,000	5.00	2.85**	100853K41		
2027	19,880,000	5.00	2.36	100853J35	2037	17,945,000	5.00	2.97**	100853K58		
2028	12,485,000	5.00	2.36	100853J43	2038	16,625,000	5.00	3.06**	100853K66		
2029	13,115,000	5.00	2.31	100853J50	2039	17,480,000	5.00	3.10**	100853K74		
2030	13,790,000	5.00	2.28	100853J68	2040	18,375,000	5.00	3.17**	100853K82		
2031	14,500,000	5.00	2.31	100853J76	2041	19,315,000	5.00	3.20**	100853K90		
2032	15,245,000	5.00	2.34	100853J84	2042	20,310,000	5.00	3.23**	100853L24		

The City of Boston, Massachusetts (the "City") \$350,000,000 General Obligation Bonds, 2023 Series A (the "Bonds"), will be issued 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 May 1 and November 1, commencing November 1, 2023, 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 original purchaser thereof, and subject to the final approving opinion of Locke Lord LLP, Bond Counsel to the City and to certain other conditions described herein and in the Official Notice of Sale. PFM Financial Advisors LLC, Boston, Massachusetts 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 May 4, 2023.

April 20, 2023

* 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 2022 Bonds, and the Commonwealth 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 a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

† See "Credit Ratings."

** Priced at the stated yield to the first optional redemption date. See "The Bonds—Redemption Prior to Maturity—Optional Redemption."

No dealer, broker, salesperson or other person has been authorized by the City of Boston or the original purchaser 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.

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.

Table of Contents

THE CITY	1	EXHIBIT I — REPORT OF INDEPENDENT	
SECURITY FOR THE BONDS.....	1	AUDITOR: AUDITED FINANCIAL	
THE BONDS	3	STATEMENTS AS OF AND FOR THE YEAR	
DEBT SERVICE REQUIREMENTS	6	ENDED JUNE 30, 2022	A-I
LITIGATION	7	EXHIBIT II — SCHEDULES OF COMPARATIVE	
TAX EXEMPTION.....	7	FINANCIAL STATEMENTS FOR FISCAL	
CREDIT RATINGS	8	YEARS ENDED JUNE 30, 2022, 2021, 2020,	
COMPETITIVE SALE OF BONDS	9	2019 AND 2018	A-II
LEGAL MATTERS	9	EXHIBIT III — CITY OF BOSTON—SELECTED	
INDEPENDENT AUDITORS	9	DEMOGRAPHIC AND ECONOMIC	
MUNICIPAL ADVISOR	9	INFORMATION	A-III
CONTINUING DISCLOSURE.....	9	APPENDIX B — PROPOSED FORM OF LEGAL	
MISCELLANEOUS.....	9	OPINION	B-1
APPENDIX A — City of Boston, Massachusetts		APPENDIX C — PROPOSED FORM OF	
Information Statement Dated March 27, 2023, As		CONTINUING DISCLOSURE	
Amended	A-1	CERTIFICATE	C-1
		APPENDIX D — OFFICIAL NOTICE OF	
		SALE	D-1

OFFICIAL STATEMENT
of the
CITY OF BOSTON, MASSACHUSETTS
relating to

\$350,000,000
General Obligation Bonds
2023 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 \$350,000,000 General Obligation Bonds, 2023 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, 2023, as amended (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 cover of this Official Statement. Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2023, 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, Boston, Massachusetts, 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

The Bonds maturing on or before November 1, 2033 will not be subject to redemption prior to maturity. The Bonds maturing after November 1, 2033 will be subject to redemption prior to maturity at the option of the City, on and after November 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.

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 30 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 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.

[Remainder of this page intentionally left blank]

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, 2023, 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 (\$ in thousands)*

Fiscal	Outstanding Debt As of March 1, 2023		The Bonds		QSCB 2009A Sinking Fund ⁽¹⁾	Total Principal and Interest
	Principal	Interest	Principal	Interest		
2023	\$ 67,320	\$20,936	-	-	-	\$ 88,256
2024	136,615	53,378	\$33,475	\$16,517	-	239,985
2025	131,615	47,015	17,110	15,399	\$(20,000)	191,139
2026	130,425	40,985	17,995	14,521	-	203,926
2027	110,085	35,229	18,915	13,598	-	177,827
2028	88,345	31,258	19,880	12,628	-	152,111
2029	81,710	27,747	12,485	11,819	-	133,761
2030	75,325	24,709	13,115	11,179	-	124,328
2031	73,620	21,806	13,790	10,507	-	119,723
2032	70,940	18,913	14,500	9,799	-	114,152
2033	66,510	16,376	15,245	9,056	-	107,187
2034	58,685	13,914	14,690	8,307	-	95,596
2035	52,825	11,676	15,445	7,554	-	87,500
2036	47,855	9,441	16,235	6,762	-	80,293
2037	43,115	7,395	17,070	5,929	-	73,509
2038	36,320	5,618	17,945	5,054	-	64,937
2039	30,740	4,017	16,625	4,190	-	55,572
2040	25,225	2,698	17,480	3,337	-	48,740
2041	26,290	1,561	18,375	2,441	-	48,667
2042	18,660	467	19,315	1,498	-	39,940
2043	-	-	20,310	508	-	20,818
Totals	\$1,372,225	\$395,141	\$350,000	\$170,603	\$(20,000)	\$2,267,967

* Rows and columns may not add due to rounding.

⁽¹⁾ Quarterly payments of principal in the amount of \$363,636.36 are currently 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 are kept in escrow until the bonds mature 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, 2023 to be retired (in thousands)	Percentage of Debt Outstanding as of March 1, 2023 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 2023-2028	\$664,405	48.4%	\$771,780	44.8%
Fiscal 2029-2033	368,105	26.8	437,240	25.4
Fiscal 2034-2038	238,800	17.4	320,185	18.6
Fiscal 2039-2043	100,915	7.4	193,020	11.2
Total	\$1,372,225	100.0%	\$1,722,225	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 Locke Lord 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. For tax years beginning after December 31, 2022, 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 Investors Service Inc., 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.

COMPETITIVE SALE OF BONDS

The Bonds were offered for sale by competitive bidding on April 20, 2023, in accordance with the Official Notice of Sale dated April 12, 2023 (the “Official Notice of Sale”) attached hereto as Appendix D. Jefferies LLC was the successful bidder for the Bonds. Information provided by Jefferies LLC regarding the interest rates and reoffering yields of the Bonds is set forth on the front cover of this Official Statement. The Bonds are being purchased from the City by Jefferies LLC at an aggregate price of \$ 400,367,106.25, reflecting the aggregate principal amount of \$350,000,000.00, plus original issue premium of \$ 51,071,638.75, less Underwriter’s discount of \$704,532.50.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds are subject to the approval of Locke Lord 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.”

INDEPENDENT AUDITORS

The financial statements of the City of Boston included as Exhibit I to Appendix A of this Official Statement have been audited by KPMG LLP, independent auditors, as of and for the year ended June 30, 2022.

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, the effects of the pandemic, 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.

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: April 20, 2023

CITY OF
BOSTON, MASSACHUSETTS



AMENDMENT TO INFORMATION STATEMENT
DATED MARCH 27, 2023

Except as specifically provided herein, the City of Boston Information Statement dated March 27, 2023 (the "Information Statement") has not been amended. This amended Information Statement replaces the previously submitted version in its entirety, in order to correct information on page A-36 pertaining to the 2022 column in the table titled "Debt Summary, Fiscal 2020-2022".

CITY OF
BOSTON, MASSACHUSETTS



INFORMATION STATEMENT
Dated March 27, 2023

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

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

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

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

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

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

TABLE OF CONTENTS

THE CITY	1	CITY INDEBTEDNESS	33
ORGANIZATION OF CITY GOVERNMENT	1	CLASSIFICATION OF CITY DEBT	33
PRINCIPAL GOVERNMENT SERVICES	7	GENERAL OBLIGATION DEBT	33
CITY EMPLOYEES	8	SPECIAL OBLIGATION DEBT	36
EMPLOYEE RELATIONS.....	9	DEBT OF AGENCIES RELATED TO THE CITY.....	36
FINANCIAL OPERATIONS	11	MAJOR CONTRACTUAL OBLIGATIONS	38
BUDGET PROCESS	11	CAPITAL PLANNING & BORROWING PROGRAM.....	38
SUMMARY AND COMPARISON OF OPERATING		EMPLOYEE BENEFITS	40
RESULTS (BUDGETARY BASIS)—FISCAL 2019 TO		RETIREMENT SYSTEMS.....	40
2022 ACTUAL RESULTS AND FISCAL 2023 BUDGET		OTHER POST EMPLOYMENT BENEFITS.....	43
.....	12	OTHER MATTERS	46
FISCAL 2019-2021 ACTUAL RESULTS	14	COVID-19 STATUS.....	46
FISCAL 2022 ACTUAL RESULTS	15	CLIMATE ACTION, ENERGY MANAGEMENT AND	
FISCAL 2023 BUDGET	16	RESILIENCE.....	47
FISCAL 2024 AND 2025 FORECASTS	17	CYBER THREATS	49
FINANCIAL STATEMENTS.....	17	HOME RULE PETITIONS	50
SUMMARY AND COMPARISON OF OPERATING		AVAILABILITY OF OTHER INFORMATION	52
RESULTS (GAAP BASIS)—FISCAL 2018-2022.....	18	EXHIBIT I —REPORT OF INDEPENDENT AUDITOR:	
CASH BALANCES	20	AUDITED FINANCIAL	
FINANCIAL ADMINISTRATION	20	STATEMENTS AS OF AND FOR THE YEAR ENDED	
CITY REVENUES	23	JUNE 30, 2022	A-I
PROPERTY TAXES.....	23	EXHIBIT II —SCHEDULES OF COMPARATIVE FINANCIAL	
STATE REVENUE.....	29	STATEMENTS FOR FISCAL YEARS ENDED JUNE 30,	
EXCISE REVENUES	30	2022, 2021, 2020, 2019 AND 2018	A-II
DEPARTMENTAL REVENUES	31	EXHIBIT III — CITY OF BOSTON—SELECTED DEMO-	
OTHER AVAILABLE REVENUES	31	GRAPHIC AND ECONOMIC INFORMATION	A-III
GRANTS.....	32		

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.

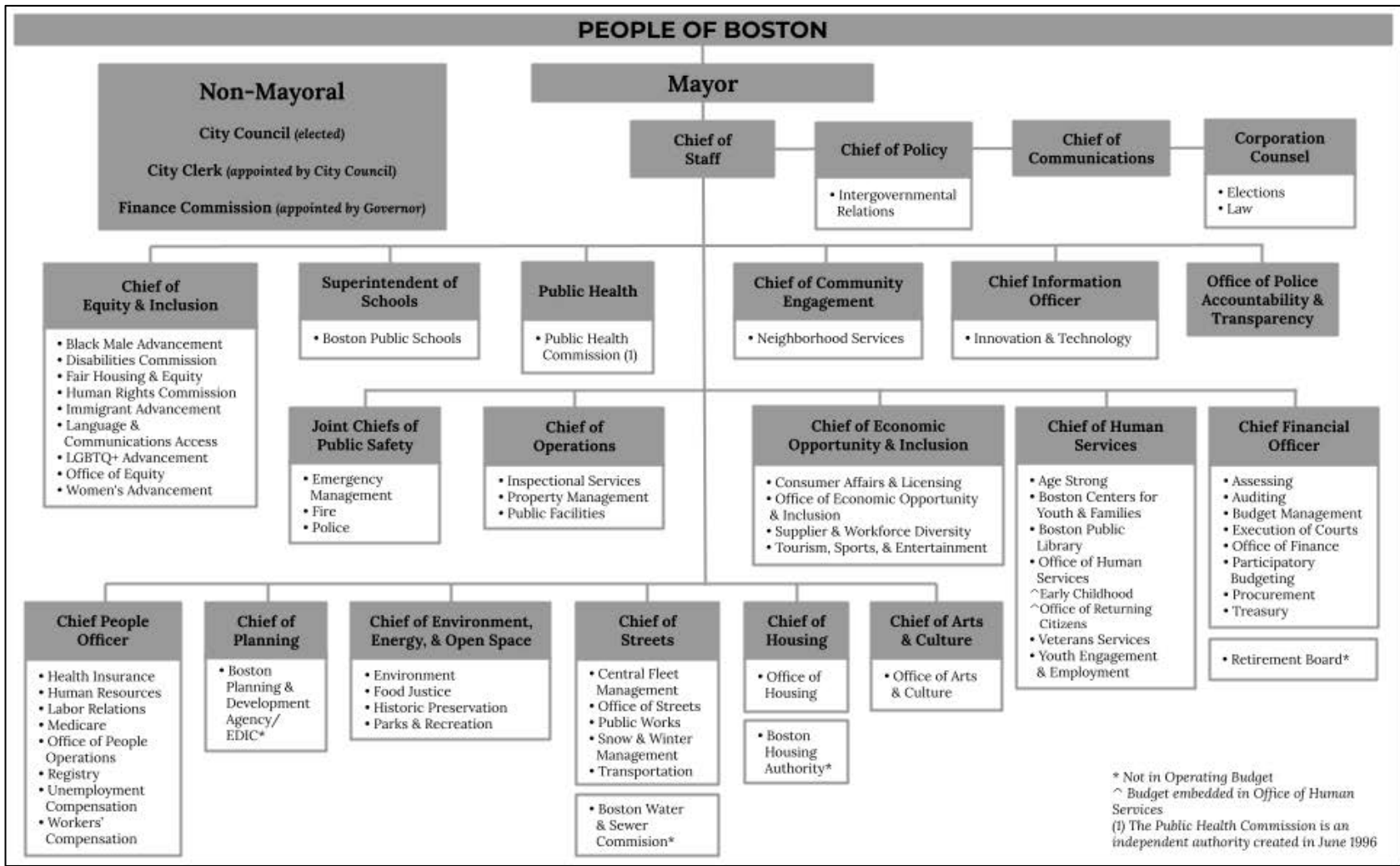
The legislative body of the City is the thirteen-member City Council. The City Council enacts ordinances and adopts orders, which the Mayor may either approve or veto. Ordinances and orders, except orders for the borrowing or the reorganization of City departments, may be enacted by the City Council 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 2024, are set forth below.

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

Organization of City Government

The City of Boston operates under a cabinet form of government, facilitating the coordination and execution of the work of City government. The structure of the Mayor’s cabinet is set forth in the organizational chart on the following page. The organizational chart was submitted as a part of fiscal 2023 budget that became effective in July 2022 and is subject to change.



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

Chief of Staff

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

Chief of Policy & Strategic Planning

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

Chief of Operations

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

Corporation Counsel

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

Chief Communications Officer

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

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

Commissioner of Assessing

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

First Assistant Collector-Treasurer

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

Chief of People Operations

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

Chief of Economic Opportunity & Inclusion

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

Superintendent of Schools

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

and governance of the Boston Public Schools, see “The City-Principal Governmental Services-Schools” below.

Joint Chiefs of Public Safety

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

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

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

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

Chief of Environment, Energy & Open Space

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

Chief of Housing

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

Chief of Equity & Inclusion

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

Chief of Human Services

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

Chief of Arts & Culture

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

Chief of Streets

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

Chief of Community Engagement

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

[Remainder of this page intentionally left blank]

Principal Government Services

The following table shows the distribution of the City’s fiscal 2023 appropriations by primary government functions and departments.

**Purposes of City Appropriations—Fiscal 2023 ⁽¹⁾
(Budgetary Accounting Basis) ⁽²⁾
(\$ in thousands)**

	<u>Amount</u>	<u>Percent of Total Appropriations</u>
General Government	\$190,867	4.77%
Public Safety	756,842	18.91
Public Works	135,411	3.38
Property and Development	79,359	1.98
Parks and Recreation	35,059	0.88
Library	43,956	1.10
Human Services	47,619	1.19
Schools	1,374,031	34.33
Boston Public Health Commission	117,994	2.95
Judgments and Claims	5,000	0.12
Employee Benefits	273,379	6.83
Current Period Retirement Contributions	357,756	8.94
Debt Requirements	218,457	5.46
State and District Assessments	<u>367,260</u>	<u>9.17</u>
Total	<u>\$4,002,989</u>	<u>100.00%</u>

(1) Represents the fiscal 2023 budget as of January 1, 2023 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 2019 to 2022 Actual Results and Fiscal 2023 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 48,777 students for the 2022-2023 school years, which is a decrease from the previous year. There are 119 schools in the Boston Public Schools, including: 7 schools for early learners, 41 elementary schools (K-5 or K-6), 31 elementary/middle schools (K-8), 3 middle schools (6-8), 4 middle/high schools (6-12), 1 K-12 school, 18 high schools (7-12 or 9-12), 3 exam schools (7-12), 6 special education schools, and 5 alternative (at-risk) schools and programs.

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

Public Safety

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

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

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

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

Public Health

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

Public Works

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

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

Other Services

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

Suffolk County

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

City Employees

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

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

	2021	2022	2023
<i>City Funded:</i>			
Public Safety ⁽²⁾	4,460	4,369	4,287
Public Works.....	349	331	308
Other City Departments ⁽³⁾	2,727	2,641	2,755
Boston Public Health Commission ⁽⁴⁾	<u>872</u>	<u>857</u>	<u>824</u>
Subtotal	<u>8,407</u>	<u>8,198</u>	<u>8,174</u>
Schools.....	<u>9,528</u>	<u>9,559</u>	<u>9,623</u>
Total City Funded	<u>17,935</u>	<u>17,757</u>	<u>17,797</u>
<i>Grant Funded:</i>			
Schools	621	756	1,096 ⁽⁵⁾
All Others ⁽⁶⁾	<u>299</u>	<u>284</u>	<u>343</u>
Total ⁽⁷⁾	<u>18,856</u>	<u>18,797</u>	<u>19,236</u>

- (1) All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.
- (2) Includes the Police Department, the Fire Department, and the Office of Emergency Management.
- (3) Includes Boston Retirement System employees.
- (4) While funded by the City, Boston Public Health Commission employees are not City employees.
- (5) Increase in fiscal 2023 FTE's mainly due to grant funded positions from ESSER. See "Departmental Revenues – Grants."
- (6) Does not include grants managed by the Boston Public Health Commission.
- (7) 2021 FTEs have been restated to increase by 9 to correct an error.

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 9 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.

The table 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.

Collective Bargaining Units (City and Schools)

Union	Department	Number of Employees Represented ⁽¹⁾	Contract Expiration Date
Boston Police Patrolmen’s Association	Police	1,425	6/30/2020
Boston Police Superior Officers Federation	Police	258	6/30/2020
Boston Police Detectives Benevolent Society	Police	270	6/30/2020
Superior Detective Benevolent Society	Police	130	6/30/2020
Forensic Group	Police	32	9/30/2020
Police Cadet Association	Police	28	9/30/2019
School Traffic Supervisors Assoc	Police	167	8/31/2023
International Association of Firefighters, Local 718	Fire	1,612	6/30/2021
Municipal Police Patrolmen’s Association	Property & Construction Mgmt	56	6/30/2023
Municipal Police Superior Officers Association	Property & Construction Mgmt	6	6/30/2020
SEIU, Local 888	Citywide	754	6/30/2023
SEIU, Local 888	Housing	94	9/30/2023
SENA, Locals 9158 and 9158E	Citywide	689	9/30/2023
AFSCME C93 (Citywide & various locals)	Citywide	972	6/30/2023
AFSCME Local 1526	Library	224	9/30/2020
Professional Staff Association	Library	166	9/30/2023
Park Rangers	Parks	12	6/30/2020
Typographical Union	Police	2	9/30/2023
OPEIU AFL-CIO L16 (Housing Inspectors)	Inspectional Services	26	6/30/2023
IBEW, Local 103	Inspectional Services	9	6/30/2023
Teamsters Local 2	Property & Construction Mgmt	3	6/30/2023
Boston Teachers Union	School	9,127	8/31/2024
BASAS (School Administrators & Supervisors)	School	268	8/31/2020
Administrative Guild	School	245	8/31/2024
Planning & Engineering	School	30	8/31/2020
Boston School Police	School	38	8/31/2024
School Police Superior Officers Assoc.	School	12	6/30/2020
School Custodians Local 1952, Painters & Allied	School	507	8/31/2026
Plant Administrators Association	School	16	8/31/2020
School Bus Monitors USWA Local 8751	School	547	6/30/2023
AFSCME C93, Local 230 Cafeteria Workers/Mgrs	School	464	8/31/2020
Lunch Hour Monitors Association	School	314	8/31/2023
AFSCME C93, Storekeepers & Deliverymen	School	5	8/31/2020
Total		18 508	

(1) Number of bargaining unit members (not Full-Time Equivalents) as of January 1, 2023.

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) have settled agreements with more than half of the unions including Teachers in the largest non-public safety unions. Approximately 75% of City employees are currently under contract. Negotiations and discussions are ongoing with the remaining unions. The City budgets for the costs of future contracts through the collective bargaining reserve.

[Remainder of this page intentionally left blank]

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 has the ability to 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 has the ability to override the Mayor's veto or amendments by a two-thirds vote. In addition, the Mayor and City Council may amend the Boston Public School budget, but subject to existing laws providing that only the Boston School Committee may originate a school budget or allocate spending within a school budget.

Operating Budget

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

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

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

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

By law, the City must establish its property tax rate each year so that the resulting property tax levy complies with the requirements of Proposition 2½. (For a discussion of Proposition 2½, see "City

Revenues—Property Taxes—Proposition 2½.”) The amount raised in the tax levy equals the sum of (a) the aggregate of all amounts appropriated, granted or lawfully expended since the last annual tax levy and not provided for, plus (b) all debt and interest charges on general obligation debt of the City maturing during the fiscal year and not otherwise provided for, plus (c) all amounts necessary to satisfy final judgments, plus (d) provision for certain prior years’ deficits, less (e) the aggregate of all non-property tax revenues projected to be received in the City’s General Fund in amounts certified or approved by the Commonwealth for tax rate purposes. In general, the City is required to raise in the tax levy a deficit incurred on a statutory accounting basis in the prior year’s operating budget, or a deficit incurred in the property tax abatement reserves.

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

Capital Budget

The Office of Budget Management manages the City’s capital plan, including evaluating the condition of the City’s capital assets, forecasting the timing and financial requirements of new construction and rehabilitation, and assessing the allocation of current and future resources to meet the City’s infrastructure needs. Through an annually updated five-year capital plan, the City refines its capital needs and resources each fiscal year. In April 2022, the Mayor released the fiscal 2023-2027 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 2023 capital authorizations have been approved by the City Council. The next capital plan is expected to be released in April 2023.

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 2019 to 2022 Actual Results and Fiscal 2023 Budget

The following table shows the City’s General Fund budget for fiscal 2023, together with budgetary actual results for fiscal 2019 through 2022. 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.

[Remainder of this page intentionally left blank]

Summary and Comparison of Operating Results
Fiscal 2019 to 2022 Actual Results and Fiscal 2023 Budget
General Fund—Budgetary Basis
(\$ in millions)*

	Fiscal 2019 Actual Results	Fiscal 2020 Actual Results	Fiscal 2021 Actual Results	Fiscal 2022 Actual Results	Fiscal 2023 ⁽¹⁾ Budget
Revenues:					
Recurring Revenue:					
Property Taxes	\$2,354.1	\$2,514.2	\$2,680.0	\$2,827.0	\$2,993.1
Overlay Reserve ⁽²⁾	(33.3)	(47.3)	(3.7)	(33.2)	(29.8)
Excises	236.5	226.0	94.9	191.6	151.3
Fines	74.1	67.4	52.2	61.8	54.2
Interest on Investments	30.4	29.5	3.6	4.4	3.0
Payments in Lieu of Taxes	54.0	44.9	63.1	56.6	51.1
Urban Redevelopment Chapter 121A	54.4	41.5	47.0	54.3	25.4
Misc. Department Revenue	72.4	66.6	67.5	83.6	61.3
Licenses and Permits	82.6	88.4	67.3	84.0	64.9
Penalties & Interest	11.4	10.1	10.3	12.8	8.9
Available Funds ⁽³⁾	-	-	20.0	-	31.0
State Aid	434.4	458.8	468.8	470.0	508.7
Total Recurring Revenue	\$3,371.1	\$3,500.0	\$3,571.1	\$3,812.9	\$3,923.0
Budgetary Fund Balance	-	-	40.0	-	40.0
Sale of Surplus Property	-	-	-	-	-
American Rescue Plan	-	-	-	55.0	40.0
Total Non-Recurring Revenue⁽⁴⁾	-	-	\$40.0	\$55.0	\$80.0
Total Revenues	\$3,371.1	\$3,500.0	\$3,611.1	\$3,867.9	\$4,003.0
Expenditures:					
Total Departmental Expenditures					
City Departments	\$1,365.0	\$1,412.3	\$1,390.1	\$1,494.3	\$1,486.2
Boston Public Health Commission	88.0	93.4	106.5	114.8	117.9
School Department	1,126.7	1,178.6	1,260.5	1,294.7	1,374.0
Collective Bargaining Reserve	2.5	2.2	14.0	52.0	42.7
OPEB Trust Fund ⁽⁵⁾	40.0	40.0	40.0	40.0	40.0
Total Department Expenditures	\$2,622.1	\$2,726.4	\$2,811.1	\$2,995.8	\$3,060.8
Fixed Costs:					
Pensions ⁽⁶⁾	\$263.1	\$280.6	\$292.1	\$323.7	\$353.9
Debt Service ⁽⁷⁾	177.3	178.0	172.3	184.3	219.0
State Assessments	278.7	295.9	316.4	329.7	364.4
Suffolk County Sheriff Reserve	3.9	3.8	3.8	2.9	2.9
	3.4	-	-	2.3	2.1
Total Fixed Costs	\$726.4	\$758.3	\$784.6	\$842.8	\$942.1
Total Expenditures	\$3,348.5	\$3,484.8	\$3,595.7	\$3,838.6	\$4,003.0
Excess of Revenues Over Expenditures	\$22.6	\$15.3	\$15.3	\$29.3	\$0.0

* Columns may not add due to rounding.

- (1) Represents the fiscal 2023 budget as of January 1, 2023 following the Tax Rate setting process.
- (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. In fiscal 2022, the City has reserved 1.0% of the gross levy for abatements.
- (3) Available Funds is comprised of appropriations from the Parking Meter Fund and the Cemetery Trust Fund. Appropriations from these funds are restricted to specific uses.
- (4) Non-recurring revenue represents the use of available Budgetary Fund Balance of \$40.0 million and the use of \$40.0 million in American Rescue Plan Act (ARPA) federal relief funding for the purpose of revenue replacement in fiscal 2023.
- (5) The City's appropriation to the OPEB Trust Fund is currently not mandated by statute. However, the liability it addresses is substantial and recognized by the City. Fiscal 2023 represents the sixteenth consecutive year that the City has made a substantial appropriation for the OPEB Trust Fund. See "Employee Benefits-Other Post Employment Benefits."
- (6) Excludes noncontributory pensions and annuities included in City Departments with expenditures of \$3.7 million in fiscal 2019, \$3.5 million in fiscal 2020, \$3.4 million in fiscal 2021, \$3.3 million in fiscal 2022, and budgeted expenditures of \$3.9 million in fiscal 2023. In addition, the Boston Public Health Commission's funding supports the general fund portion of their pension obligation. Such amounts are \$20.0 million in fiscal 2019, \$20.7 million in fiscal 2020, \$21.9 million in fiscal 2021, \$24.7 million in fiscal 2022, and \$26.5 million is budgeted in fiscal 2022.

(Continued on following page)

- (7) The debt service amount is derived from principal and interest, less certain offsetting revenues. The revenues utilized to offset debt for budgetary and tax rate setting purposes vary from those used in the table “Debt Service Requirements-Fiscal 2019-2022 See “City Indebtedness-Debt Service Requirements.”

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

Fiscal 2019-2021 Actual Results

Revenues

During the fiscal 2019 to 2021 period, the City continued its pattern of producing annual budget surpluses as shown in the prior table. Despite the onset of the COVID-19 pandemic, the City’s property tax base continued to experience notable growth as commercial construction projects came online, combined with an increase in residential development linked to the City’s housing production goals. More detail on these efforts can be found in the *Imagine Boston 2030* plan at <https://www.boston.gov/departments/mayors-office/imagine-boston-2030>. *Imagine Boston 2030* is a strategic roadmap that focuses on housing affordability, new development, and the preservation of existing housing units. Several properties also moved from tax-exempt to taxable status during this time period. The growth and relative stability of property taxes revenues were able to make up for the volatility experienced in on other local revenue accounts. Excises were particularly affected, slipping from \$236.5 million in fiscal 2019 to \$94.9 million in fiscal 2021.

In fiscal 2019 and 2020, the City was able to fund the appropriation to the Other Post Employment Benefits (“OPEB”) Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue. In fiscal 2021, a transfer of \$20 million from the Parking Meter Fund was made and Budgetary Fund Balance in the amount of \$40 million was used to fund the appropriation to the OPEB Trust Fund.

Expenditures

Fiscal 2019 ended with a \$22.6 million general fund budget surplus. While there was an appropriations deficit of \$33.1 million driven by deficits in public safety and a reserve established for legal judgments and settlements, these deficits were sufficiently covered by a \$55.7 million revenue surplus. In fiscal 2019, the City’s expenditures totaled \$3.3 billion including direct expenditures for departmental services and fixed costs, which increased \$156.4 million or 4.9% from fiscal 2018 expenditures. Fiscal 2019 actual expenditures compared with actual fiscal 2018 expenditures are as follows: City Departments increased \$73.4 million or 5.7%; the Public Health Commission increased \$8.4 million or 10.6%; the School Department increased \$33.4 million or 3.1%. Actual fixed costs for fiscal 2019 compared with actual fiscal 2018 fixed costs are as follows: Pensions increased \$29.8 million or 12.8%; Debt Service increased \$6.4 million or 3.7%; and State Assessments increased \$14.7 million, or 5.6%. The increase in pension expenditures for fiscal 2019 as compared to fiscal 2018 is a result, in part, from a \$21 million additional payment having been made in fiscal 2019 above the scheduled payments.

The fiscal 2019 budget ended with deficits for public safety departments with the Police Department having a \$16.3 million deficit and the Fire Department having a \$5.4 million deficit. These deficits were primarily related to overtime spending, but also reflect decisions made at year-end to accelerate equipment purchases. Additionally, there was a deficit related to the Execution of Courts account at \$13.2 million resulting from a reserve set aside to pay for possible adverse legal rulings.

Fiscal 2020 ended with a \$15.3 million general fund budget surplus. The overall surplus was made up of an appropriations surplus of \$8.8 million and a revenue surplus of \$6.5 million, paced by collections exceeding budgeted amounts for Licenses and Permits, Excises, and Interest on Investments. In fiscal 2020, the City’s expenditures totaled \$3.5 billion including direct expenditures for departmental services and fixed costs, which increased \$136.3 million or 4.1% from fiscal 2019 expenditures. Fiscal 2020 actual expenditures compared with actual fiscal 2019 expenditures are as follows: City Departments increased \$47.3 million or 3.5%; the Public Health Commission increased \$5.4 million or 6.2%; the School Department increased \$51.9 million or 4.6%. Actual fixed costs for fiscal 2020 compared with actual fiscal 2019 fixed costs are as follows: Pensions increased \$17.5 million or 6.7%; Debt Service increased \$.7 million or 0.4 %; and State Assessments increased \$17.1million or 6.2 %.

The fiscal 2020 budget ended with deficits for public safety departments with the Police Department having an \$11.2 million deficit and Fire having a \$5.4 million deficit. These deficits were primarily related to overtime spending, but also reflect decisions made at year-end related to equipment purchases. Additionally, there was a deficit related to the Execution of Courts account at \$2.1 million resulting from a reserve set aside to pay for possible adverse legal rulings. In the spring of fiscal 2020, the City of Boston

established two central grant-funded appropriations for COVID-19 related expenditures for the Coronavirus Aid, Relief, and Economic Security (CARES), Coronavirus Relief Fund (CRF) and the Federal Emergency Management Agency (FEMA) Public Assistance Grant provided from the Federal Government through the Commonwealth of Massachusetts. While the vast majority of new coronavirus or COVID-19 expenses were directed to those two grants, approximately \$2.8 million of COVID-19 expenses were absorbed into the fiscal 2020 budget.

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

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

Fiscal 2022 Actual Results

Revenues

Actual revenues for fiscal 2022 totaled \$3.8 billion, an increase from fiscal 2021 actual revenues of \$256.8 million or 7.1%. Selected fiscal 2022 actual revenues compared with fiscal 2021 actual revenues as follows: The Gross Property Tax Levy (including new growth of \$81.8 million) increased \$146.9 million or 5.5%; Excises increased \$96.7 million or 101.8%; Department Revenue increased \$16.1 million or 23.8%; Licenses and Permits increased by \$16.7 million or 24.8%; Fines increased by \$9.6 million or 18.4%; voluntary Payment In Lieu of Taxes ("PILOT") revenues decreased \$6.5 million or -10.3%; Chapter 121A revenues increased \$7.3 million or 15.6%; and State Revenue increased \$1.2 million or 0.2%.

Excises, Department Revenue, Licenses and Permits, and Fines increased due to the eased restrictions imposed in response to the COVID-19 pandemic. These restrictions greatly impacted tourism dependent excises like Meals Excise, Aircraft Fuel, and Room Occupancy Excise. Combined these three excises increased \$89.5 million from fiscal 2021. Departmental, licenses and permit revenues were buoyed by strong demand in the construction sector. Building permits increased \$15.3 million, 31%, in fiscal 2022. Compared to fiscal 2021 PILOT revenue did not benefit from prior year deferred payments and therefore decreased year on year. Urban Redevelopment Chapter 121A revenues were boosted by improving economic conditions and new agreements, while the increase in State Revenue is attributable to the higher charter school assessment reimbursements and Chapter 70 education aid payments.

In fiscal 2022, 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 2022 ended with a \$29.3 million general fund budget surplus. In fiscal 2022, the City's expenditures totaled \$3.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$242.9 million or 6.8% from fiscal 2021 expenditures. Budgeted fiscal 2022 departmental expenditures compared with fiscal 2021 expenditures are as follows: City Departments increased \$104.2 million or 7.4%; the Public Health Commission increased \$8.3 million or 7.8%; the School Department increased \$34.2 million or 2.7%. In fiscal 2022, cost controls measures related to the pandemic were eased. Budgetary increases were supported by improved economic conditions which spurred increases in local receipts and Non-Recurring Revenue in the form of federal American

Rescue Plan Act (ARPA) funds to replace lost revenue. Actual fixed costs for fiscal 2022 compared with actual fiscal 2021 fixed costs are as follows: Pensions increased \$31.6 million or 10.8%; Debt Service increased \$12.0 million or 6.9%; and State Assessments increased \$13.3 million or 4.2%.

Fiscal 2022 ended with \$67.3 million in appropriations deficits. These deficits were largely driven by public safety and Execution of Courts (judgments and settled claims against the City). The Police Department had a \$20.0 million deficit and Fire Department had a \$13.7 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 \$29.5 million resulting from judgments and claims exceeding the budgeted amount.

Fiscal 2023 Budget

The following is a summary of expectations regarding the City's fiscal 2023 budget on a budgetary accounting basis. The figures cited below are comparisons to fiscal 2022 actual figures. All financial information presented in this Information Statement for fiscal year 2023 is unaudited, preliminary and subject to change. Federal funds from ARPA have been designated for general fund revenue replacement and are not directly connected to specific expenditures; however, spending targeted for recovery efforts are generally made possible with the introduction of federal revenue replacement dollars.

Revenues

Budgeted revenues for fiscal 2023 are expected to total \$4.0 billion, an increase of \$135.1 million or 3.5% from fiscal 2022 actual revenues.

Selected fiscal 2023 budgeted revenues compared with fiscal 2022 actual revenues as follows: The budgeted Gross Property Tax Levy (including new growth of \$97.7 million) is expected to increase \$166.2 million or 5.9%; in fiscal 2022, the City reserved 1.0% of the gross levy for abatements; Excises are expected to decrease \$40.3 million or -21.1%; Fines are expected to decrease \$7.6 million or -12.3%; Payments in Lieu of Taxes are expected to decrease \$5.5 million or -9.7%; Chapter 121A revenues are expected to decrease \$28.9 million or -53.2%; Misc. Department Revenues are expected to decrease by \$22.3 million or -26.7%; Licenses and Permits are expected to decrease by \$19.1 million or -22.7%; Penalties and Interest are expected to decrease by \$3.9 million or -30.2%; State Aid is expected to increase by \$38.7 million or 8.2% and Non-Recurring Revenue is expected to increase by \$25 million in anticipation of the use of federal American Rescue Plan Act (ARPA) funds to replace lost revenue.

The growth in budgeted Property Tax is due to the allowable increase of the City's levy by 2.5% and strong new growth that is excluded from the levy limit. New growth, as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$97.7 million in fiscal 2023, as compared to \$81.8 million in fiscal 2022. This figure represents a \$15.9 million increase from fiscal 2022 and is the third highest growth number in the City's history. Property Tax, the City's largest source of revenue, has become increasingly important to the City's revenue growth given recent fluctuations in state aid from the Commonwealth—the City's second largest single source of revenue, see "City Revenues—State Aid." The City has always increased the Property Tax levy annually by the maximum amount allowed under statutory limits.

The decreases in budgeted Excises, Fines, Interest on Investments, PILOTs, Misc. Department Revenue, Licenses and Permits, Fines, and Penalties are based on conservative assumptions regarding the City's gradual recovery from the COVID-19 pandemic and the economic uncertainty stemming from high inflation and interest rates. These revenues are more economically sensitive than Property Tax, and are more likely to decline in a recession. Chapter 121A revenue is expected to decline as agreements related to certain 121A projects expire. State Aid is budgeted based on the final fiscal 2023 State Aid budget.

Based on revenue collections year-to-date through January 2023, the City appears likely to meet or exceed budgeted revenues across all revenue categories. For more detailed information regarding State Aid, see "City Revenues—State Aid."

Expenditures

In fiscal 2023, the City's currently budgeted expenditures total approximately \$4.0 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$164.4 million or 4.3% from fiscal 2022 actual expenditures. The majority of this increase comes from the School Department and fixed costs. In fiscal 2023, City Department expenditures are budgeted to decrease \$8.1 million, or -0.5% from fiscal 2022 actual expenditures. In fiscal 2022, City departments experienced higher than average public safety overtime costs. Higher overtime costs are anticipated to subside as departments

work to fill existing vacancies. School Department budgeted expenditures increased \$79.3 million or 6.1%. The School Department continues to experience expenditure pressure particularly in the area of student transportation and the increasing costs related to a high needs student population but will continue to explore identifying efficiencies to reduce costs. The School Department much like City Departments made targeted investments to recover from the COVID-19 pandemic with additional supports for families and additional social worker and counselors focused on the students. Other notable budget increases in the School Department stem from collective bargaining contracts. The School Department is not currently anticipating a budget deficit in fiscal 2023.

The Collective Bargaining Reserve decreased by \$12.5 million or -24.0% which reflects the drawdown of reserves built up in fiscal 2022 for fiscal 2023 contract settlements.

The appropriation to the OPEB Trust Fund is level-funded at \$40.0 million. Budgeted fixed expenses for fiscal 2023 compared with fiscal 2022 actual expenditures as follows: Pensions increased \$30.2 million or 9.3%; Debt Service increased \$34.7 million or 18.8%; and State Assessments increased \$34.7 million or 10.5%.

Pension expenses are mandated by the City's pension funding schedule and are a legal obligation of the City. For more on Pensions, see "Employee Benefits—Retirement Systems." State assessments are also mandatory; the amounts are determined by the Commonwealth. Most of the increase in State Assessments is for charter school tuition, \$34.7 million.

Federal Sequestration

Certain federal funding received by the City with respect to certain outstanding bonds has been and is expected to be adversely affected by continued implementation of sequestration, which began on March 1, 2013.

The City does not currently believe that any reduction of cash subsidy payments will have a material adverse effect on its financial condition or its ability to pay debt service on its Tax Benefited Bonds. All subsidy payments are expected to be subject to sequestration reductions through federal fiscal 2030, the rates to be set from time to time.

Fiscal 2024 and 2025 Forecasts

At the time of publishing of the fiscal 2023 adopted budget, the City conservatively projected budget deficits in fiscal 2024 and fiscal 2025 of \$27.9 million in fiscal 2024 and \$48.2 million in fiscal 2025. These projected shortfalls are driven in large part by fixed costs, which are expected to increase by approximately \$82.7 million or 8.8% in fiscal 2024, and by expected increases in City Departments and the School Department totaling \$116.2 million or 3.8% in fiscal 2024. The largest components of fixed cost increases include Pensions, \$31.3 million, Debt Service, \$29.3 million, and Charter School Tuition, \$19.7 million. The forecast projected conservative property tax growth in fiscal 2024 and 2025, with additional expected increases in State Aid, Excises, Fines, and Licenses and Permits. Non-recurring revenue is anticipated to decrease as ARPA revenue replacement funds are drawn down.

As the City examines projected expenditures for fiscal 2024 and fiscal 2025, 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 2022 audited financial statements, see Note 2 to such

audited financial statements, which are attached hereto as Exhibit I. The City’s fiscal 2022 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 2022 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, 2022, 2021, 2020, 2019, and 2018, 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 2018-2022

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 2018 through 2022, which were prepared in accordance with the GAAP basis of accounting by the City and audited by KPMG LLP, as independent auditor.

Summary of General Fund Statements of Revenues, Expenditures, Other Financing Sources and Changes in Fund Equity Fiscal Years 2018-2022 (GAAP Basis)
(\$ in millions)*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total revenues	\$3,372.2	\$3,549.7	\$3,728.7	\$3,657.2	\$4,047.4
Total expenditures	<u>3,274.0</u>	<u>3,443.7</u>	<u>3,627.5</u>	<u>3,711.9</u>	<u>3,977.1</u>
Excess (deficiency) of revenues over expenditures.....	98.2	106.0	101.2	(54.7)	70.3
Total other financing (uses) sources	<u>(1.5)</u>	<u>(1.5)</u>	<u>(16.3)</u>	<u>(5.7)</u>	<u>33.8</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>96.8</u>	<u>104.6</u>	<u>84.9</u>	<u>(60.3)</u>	<u>104.1</u>
Fund balance, beginning of year.....	<u>985.3</u>	<u>1,082.1</u>	<u>1,186.6</u>	<u>1,271.5</u>	<u>1,211.1</u>
Fund balance, end of year ⁽¹⁾	<u>\$ 1,082.1</u>	<u>\$1,186.6</u>	<u>\$1,271.5</u>	<u>\$1,211.2</u>	<u>\$1,315.3</u>

* Columns may not add due to rounding.

(1) The unassigned fund balances for the General Fund for fiscal 2018, 2019, 2020, 2021 and 2022 were \$781.4 million, \$794.6 million, \$911.7 million, \$898.2 million, and \$994.5 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 2018 through fiscal 2022. 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 2018

General Fund revenue increased by \$206.7 million, or 6.5%, from fiscal 2017. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.55 billion or 75.6% of total revenue. Property taxes increased \$142.2 million, representing a positive change of 6.8% from fiscal 2017. Licenses and permits decreased by \$10.4 million or 12.3%. Departmental revenue increased \$10.3 million or 11.7% in fiscal 2018.

Fiscal 2018 expenditures increased \$154.3 million or 5.0% from fiscal 2017. The City’s largest expenditures were for schools (\$1.09 billion), public safety (\$689.9 million), retirement costs (\$356.3 million), state and district assessments (\$267.2 million), and other employee benefits (\$261.4 million).

School expenditures increased from fiscal year 2017 by \$38.2 million or 3.6%, public safety increased by \$46.8 million or 7.3%, retirement costs increased by \$8.9 million or 2.6%, state and district assessments by \$22.9 million or 9.37%, and other employee benefits increased by \$13.4 million or 5.4%.

The General Fund's equity balance as of June 30, 2018 was \$1,082.1 million, an increase of \$96.8 million from fiscal 2017.

Fiscal 2019

General Fund revenue increased by \$177.5 million, or 5.3%, from fiscal 2018. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.69 billion or 75.7% of total revenue. Property taxes increased \$122.8 million, representing a positive change of 5.5% from fiscal 2018. Licenses and permits increased by \$8.6 million or 11.6%. Departmental revenue decreased by \$0.9 million or 0.9% in fiscal 2019.

Fiscal 2019 expenditures increased \$169.7 million or 5.2% from fiscal 2018. The City's largest expenditures were for schools (\$1.12 billion), public safety (\$726.4 million), retirement costs (\$401.0 million), state and district assessments (\$283.4 million), and other employee benefits (\$264.8 million). School expenditures increased from fiscal year 2018 by \$31.1 million or 2.9%, public safety increased by \$36.5 million or 5.3%, retirement costs increased by \$44.7 million or 12.6%, state and district assessments increased by \$16.2 million or 6.1%, and other employee benefits increased by \$3.4 million or 1.3%.

The General Fund's equity balance as of June 30, 2019 was \$1,186.6 million, an increase of \$104.5 million from fiscal 2018.

Fiscal 2020

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

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

The General Fund's equity balance as of June 30, 2020 was \$1,271.4 million, an increase of \$84.9 million from fiscal 2019.

Fiscal 2021

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

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

The General Fund's equity balance as of June 30, 2021 was \$1,211.2 million, a decrease of \$60.3 million from fiscal 2020.

Fiscal 2022

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

Fiscal 2022 expenditures increased by \$265.2 million or 7.1% from fiscal 2021. The City's largest expenditures were for schools (\$1.3 billion), public safety (\$797.4 million), retirement costs (\$502.6

million), state and district assessments (\$332.6 million), and other employee benefits (\$258.1 million). School expenditures increased from fiscal year 2021 by \$90.1 million or 7.3%, public safety increased by \$62.1 million or 8.5%, retirement costs increased by \$29.1 million or 6.2%, state and district assessments increased by \$12.4 million or 3.9%, and other employee benefits decreased by \$2.9 million or 1.1%.

The General Fund’s equity balance as of June 30, 2022 was \$1,315.3 million, an increase of \$104.1 million from fiscal 2021.

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 2020 and ending with January of fiscal 2023, 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.

End-of-Month Cash Balances for Fiscal 2020-2023
(\$ in thousands)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
July.....	\$1,658,735	\$1,794,376	\$1,990,059	\$2,316,004
August.....	1,655,530	1,839,630	2,059,649	2,421,266
September.....	1,575,874	1,692,467	1,951,312	2,263,573
October.....	1,778,617	1,821,211	2,014,092	2,523,088
November.....	1,740,502	1,813,036	1,976,046	2,530,885
December.....	1,642,624	1,585,417	1,807,610	2,313,322
January.....	1,925,867	1,765,309	1,998,273	2,655,306
February.....	1,938,678	2,030,316	2,127,002	2,700,135
March.....	1,766,409	1,767,692	1,936,171	
April.....	1,937,975	1,979,650	2,040,689	
May.....	1,958,843	2,252,956	2,191,372	
June.....	1,976,378	2,172,617	2,608,483	

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.

Financial Management

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

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

Investment Policy

The City has adopted and annually reviews, and updates as needed, its investment policy statement that dictates the types of investments made by the City Treasury of City funds, trust funds and other special funds for which the City Treasury is responsible. In February 2019, the City adopted an updated policy governing its investment of operating and reserve cash. The adopted investment policy continues to focus on the balance of safety, liquidity, and yield determined most appropriate for the particular invested funds. Bond proceeds, in conformance with the City’s policy, are invested in liquid, high-quality fixed-income investments.

Performance Management and Program Evaluation

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

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

Risk Management

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

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

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

Building damages are managed by individual departments, assisted by the Public Facilities Department and Property Management Department. Large damages are insured through a catastrophic all risk property insurance policy, which provides \$100 million in all risk coverage and additional excess capacity depending on the type of hazard after a \$10 million deductible. The City's property exposure is further reduced through procurement of engineering and loss control services to further mitigate potential risk and increase resilience standards. Separate insurance policies provide \$300 million coverage for stand-alone terrorism, \$150 million coverage for fine arts, and \$50 million per incident for equipment breakdown.

For unexpected large costs in all categories just described, the City maintains a catastrophic risk reserve, which had an available balance of \$40.2 million at the end of fiscal 2022. The City has not had any insurance claim excess of the City's \$10 million property and stand-alone terrorism deductibles in the last 20 years and has never had a claim or settlement that exceeded any of its insurance policy limits. The catastrophic risk reserve has grown over the years when money remains from the annual budgeted amount for Risk Retention Reserves, which is intended to pay for insurance premiums, broker fees and additional insurance related costs.

[Remainder of this page intentionally left blank]

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 2023 equals \$2.99 billion, or 74.4% of expected General Fund revenues of \$4.02 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 2023, 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 2023 equals \$3.0 billion. In fiscal 2023, the allowable 2.5% increase is \$70.6 million, and "new growth," as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$97.7 million.

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

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

Proposition 2½ Property Tax Levy Limits, Fiscal 2019-2023 ⁽¹⁾
(\$ in thousands)

	2019	2020	2021	2022	2023
Total Assessed Valuation	\$164,514,121	\$176,198,905	\$190,652,930	\$197,826,916	\$212,217,474
Growth Levy Limit ⁽²⁾	2,350,783	2,509,115	2,675,124	2,823,729	2,993,144
Levy Ceiling ⁽³⁾	4,112,853	4,404,973	4,766,323	4,945,673	5,305,437
Tax Levy ⁽⁴⁾	2,349,909	2,508,767	2,674,860	2,823,323	2,993,144
Under Levy Ceiling	1,762,944	1,896,206	2,091,463	2,122,350	2,312,293

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

Source: City of Boston Assessing Department.

Revaluation

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

In November 2020, the City concluded work on its last scheduled revaluation for fiscal 2021, with an assessment date of January 1, 2020. The next revaluation is scheduled for fiscal 2025. For fiscal 2023, assessments are based on market activity leading up to the assessment date of January 1, 2022. Fiscal 2023 assessments reflected the local real estate market as impacted by the ongoing Covid-19 pandemic. Properties across all classes experienced valuation growth due to stable market activity and new construction.

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, 2022. The fiscal 2023 tax rates were applied to the January 1, 2022 valuation to determine levy and tax liability for fiscal 2023.

**Assessed Valuation of Taxable Real Property by
Real Estate Classes, Assessment Dated January 1, 2022**

Real Estate Classes	Parcel Count	Residential Valuation	Commercial Valuation	Industrial Valuation	Total Valuation
1-Family (101)	30,442	\$24,304,797,374	-	-	\$24,304,797,374
Residential Condominium (102)	70,557	57,129,915,409	-	-	57,129,915,409
Misc. (103, 108, 109, 110)	8,167	675,796,900	-	-	675,796,900
2-Family (104)	16,903	14,432,938,956	-	-	14,432,938,956
3-Family (105)	13,346	14,238,726,930	-	-	14,238,726,930
4-Family & Apartments (111-125)	5,449	16,480,409,985	-	-	16,480,409,985
Residential Land (130-132, 106)	6,135	360,844,800	-	-	360,844,800
Commercial (300-393)	7,410	-	\$56,832,789,459	-	56,832,789,459
Industrial (400-452)	699	-	-	\$1,427,978,501	1,427,978,501
Agricultural	3	-	426,200	-	426,200
Mixed Use (012-043)	2,930	13,918,149,549	3,945,868,430	-	17,864,017,979
Total	162,041	\$141,541,579,903	\$60,779,084,089	\$1,427,978,501	\$203,748,642,493

Source: City of Boston Assessing Department.

**Tax Rates, Fiscal 2019-2023
(per \$1,000 of assessed value)**

<u>Fiscal Year</u>	<u>Commercial, Industrial and Personal Property</u>	<u>Residential Property</u>
2023	\$24.68	\$10.74
2022	24.98	10.88
2021	24.55	10.67
2020	24.92	10.56
2019	25.00	10.54

Source: City of Boston Assessing Department.

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

The City may also exempt a portion of the assessed valuation of residential real property when used as the taxpayer’s principal residence. For fiscal 2023, 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 2023, each qualifying resident who receives the maximum residential exemption has their taxable assessed value reduced by \$321,834. 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.

**Assessed Valuations—Fiscal Years 2019-2023⁽¹⁾
(\$ in thousands)***

<u>Fiscal Year</u>	<u>Residential Valuation</u>	<u>Commercial Valuation</u>	<u>Industrial Valuation</u>	<u>Personal Property Valuation</u>	<u>Total Valuation</u>
2023	\$141,541,580	\$60,779,084	\$1,427,979	\$8,468,832	\$212,217,474
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916
2021	127,136,167	54,632,352	1,251,386	7,633,025	190,652,930
2020	115,818,107	51,958,597	1,153,869	7,268,332	176,198,905
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,121

* 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 2023 assessed values are as of January 1, 2022.

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 2020-2023.

The following table is a list of all of the taxpayers in the City that had an aggregate tax liability in excess of \$15.0 million for fiscal 2023. Assessed valuations and fiscal 2023 taxes reflect the valuation of property as of January 1, 2022 and the tax liability using applicable tax rates.

Largest Taxpayers: City of Boston, Fiscal 2023⁽¹⁾⁽²⁾

Owner	Personal Property Value	Real Property Value	Total Assessed Value	Fiscal 2023 Tax Liability
Boston Properties	\$11,036,150	\$4,348,512,001	\$4,359,548,151	\$107,042,992
Eversource	2,979,136,290	168,424,800	3,147,561,090	77,681,808
Oxford Properties	60,350	2,243,799,900	2,243,860,250	54,476,284
Rockpoint Group	6,697,530	1,901,513,200	1,908,210,730	47,094,641
Nuveen	143,210	1,731,073,200	1,731,216,410	42,726,421
Tishman	989,080	1,864,626,126	1,865,615,206	39,681,074
PGIM Real Estate	-	1,396,495,100	1,396,495,100	33,067,903
METLIFE	520,560	1,234,170,200	1,234,690,760	30,472,168
National Grid	1,120,976,450	40,897,400	1,161,873,850	28,675,047
Blackstone Real Estate	195,640	1,159,157,700	1,159,353,340	28,612,840
Diversified Healthcare Trust	-	1,104,558,900	1,104,558,900	27,191,299
Synergy	283,660	1,026,786,963	1,027,070,623	25,340,747
Morgan Stanley	6,520,210	844,618,300	851,138,510	21,006,098
John Hancock	1,102,140	885,347,500	886,449,640	19,838,553
Equity Residential	2,259,080	1,586,278,200	1,588,537,280	19,674,902
Fortis Property	44,700	780,933,100	780,977,800	18,409,768
Beacon Capital	455,120	744,441,500	744,896,620	18,384,049
Verizon	552,858,950	138,443,800	691,302,750	17,056,324
Clarion	-	760,499,700	760,499,700	16,194,979
Total	\$ 4,683,279,120	\$ 23,960,577,590	\$ 28,643,856,710	\$ 672,627,895

- (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, 2022 and the total amount (net of refunds) of taxes (current and all prior levies) collected during fiscal 2018 through 2022. Excluded from the following table are receipts from PILOTs and receipts on account of Chapter 121A corporations.

**Tax Collections In Relation To Property Tax Levies Fiscal 2018-2022
(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
2022	\$2,826.2	\$2,793.0	99.8%	\$2,809.3	99.4%	100.6%	\$2,801.0	99.1%	100.3%
2021	2,678.1	2,674.4	99.9	2,665.8	99.5	99.7	2,647.5	98.9	99.0
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7
2018	2,223.2	2,192.6	98.6	2,216.2	99.7	101.1	2,207.1	99.3	100.7

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

Source: City of Boston Auditing Department.

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

Delinquent Taxes and Tax Titles

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

Tax title receipts were \$9.8 million, \$12.6 million and \$24.6 million in fiscal 2020, fiscal 2021, and 2022, respectively.

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

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

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

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

[Remainder of this page intentionally left blank]

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⁾⁽²⁾	Total*
2022	\$19,083	\$35,227	\$54,310
2021	21,410	25,561	46,971
2020	13,923	27,592	41,516
2019	19,709	34,697	54,406
2018	41,576	30,939	72,515

* 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.

(2) 2018 Contractual Payments adjusted by additional \$50,000 for 121C payment not previously included.

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 \$20.3 million in revenues in fiscal year 2018, \$23.3 million in fiscal 2019, \$27.0 million in fiscal 2020, \$29.5 million in fiscal 2021, and \$34.8 million in fiscal 2022. For fiscal 2023, the City initially estimated that it would receive approximately \$24.0 million attributable to this surcharge with state matching funds in the amount of \$4.5 million. In fiscal 2022, the City appropriated \$27.1 million to 51 projects including: 25 Historic Preservation projects, 10 Affordable Housing projects and 16 Recreational Use and Open Space projects. In fiscal 2023 the City plans to appropriate \$40.7 million to additional projects.

State Revenue

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

The largest component of state revenues in fiscal 2023 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 2023, Boston is scheduled to receive \$227.2 million, up from \$220 million in fiscal 2019.

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 2023, Boston's charter school tuition reimbursement increased by 77.6% to \$58.7 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 2023, Boston is scheduled to receive \$219.5 million. Together UGGA, Chapter 70 aid, and charter school tuition reimbursements account for 98.4% 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. In fiscal 2019 net state aid was \$153.4 million, decreasing to \$151.0 million in fiscal 2020, \$140.9 million in fiscal 2021, and \$129.2 million in fiscal 2022. The City is budgeting net state aid to increase by \$17.1 million, or 13.2% to \$146.3 million in fiscal 2023. In fiscal 2018, state revenue increased by \$14.8 million, though it decreased by \$5.3 million in fiscal 2019 due to missing payments for the last month of the fiscal year. The missing payments were received in fiscal 2020, causing state revenue to increase by \$24.5 million in that year.

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

Assessments also include smaller charges for various state-provided services, which may include debt service paid by the Commonwealth on "qualified bonds" and any sums allocable to the Boston Water and Sewer Commission or the City that are due and unpaid on debt issued to the Massachusetts Clean Water

Trust (“MCWT”). The City has no “qualified bonds” outstanding and has never had an unpaid amount due to the MCWT.

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

State School Building Assistance

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

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

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

Currently, the City has three school projects in the Core Program. The Boston Arts Academy project, completed in the spring of 2022, has a grant covering expenses up to \$48.9 million of eligible project costs. The City expects to receive up to \$54.0 million in grant reimbursements for the Josiah Quincy Upper School project and up to \$26.2 million in grant reimbursements for the Carter School project. These two projects are expected to be completed in 2024.

Since 2015, the MSBA Board has invited 36 City of Boston projects into the ARP program (excluding two projects that were withdrawn). Twenty-seven projects are complete. Design is underway on four projects with construction anticipated in 2023 and 2024. Five projects were recently invited by the MSBA into the program. Construction for these new projects is not expected before 2024. Altogether, the ARP project budgets total \$94.5 million of which up to \$53.3 million may be eligible for reimbursement by the MSBA. The City’s share of total project costs is approximately \$41.2 million.

Excise Revenues

In addition to the major sources of revenue described above, the City receives various other types of revenues. See “COVID-19 STATUS” and “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2019 to 2022 Actual Results and Fiscal 2023 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 \$100.6 million, \$99.3 million, \$15.6 million, and \$75.5 million in fiscal 2019, 2020, 2021, and 2022, respectively. Based on distributions received from the

Commonwealth through January 2023, the \$54 million budgeted for Room Occupancy Excise revenue in fiscal 2023 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 \$34.5 million, \$32.5 million, \$8.5 million, and \$22.8 million in fiscal 2019, 2020, 2021, and 2022, respectively. Based on distributions received from the Commonwealth through January 2023, the \$19 million budgeted for Aircraft Fuel Excise revenue in fiscal 2023 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 \$66.0 million, \$62.8 million, \$54.2 million, and \$60.8 million in fiscal 2019, 2020, 2021 and 2022, respectively. Budgeted Motor Vehicle Excise revenue in fiscal 2023 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 \$33.0 million, \$28.9 million, \$14.2 million, and \$29.4 million in fiscal 2019, 2020, 2021, and 2022, respectively. Based on distributions received from the Commonwealth through January 2023, the \$22.0 million budgeted for Meals Excise revenue in fiscal 2023 appears achievable.

Vehicular Rental Surcharge

The Commonwealth imposes a \$10 surcharge on each vehicular rental transaction contract in the City. The City's annual share of vehicular rental surcharges totaled \$1.6 million, \$1.6 million, \$0.6 million, and \$0.9 million in fiscal 2019, 2020, 2021, and 2022, respectively.

Departmental Revenues

Several City departments generate significant revenues from fines, fees, charges and reimbursements. While fiscal 2023 projections are not included below, the City expects to meet or exceed budgeted targets.

Parking Fines

The City's annual parking fine receipts totaled \$70.1 million, \$62.7 million, \$48.5 million, and \$57.4 million in fiscal 2019, 2020, 2021, and 2022, respectively. The decreases seen in fiscal 2020 and 2021 are due to reduced economic activity caused by the COVID-19 pandemic.

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 \$61.8 million, \$69.6 million, \$48.7 million, and \$64.1 million in fiscal 2019, 2020, 2021, and 2022 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 \$7.5 million, \$6.8 million, \$6.0 million, and \$10.9 million in fiscal 2019, 2020, 2021, and 2022 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.

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, 2022, there was \$36.6 million remaining in the Surplus Property Disposition Fund.

Grants

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

Federal Grants

Some major sources of federal grant funds in fiscal 2022 included: a Community Development Block Grant ("CDBG") Entitlement Program award of \$17.4 million; a Home Investment Partnership Program ("HOME") award of \$6.0 million; a HOME-ARP award of \$21.6 million under the American Rescue Plan Act of 2021, a Housing Opportunities for Persons with AIDS Program ("HOPWA") award of \$3.2 million; and an Emergency Services Grant award of \$1.5 million. The Mayor's Office of Housing received an additional \$76.6 million in federal competitive grants, mainly related to the Continuum of Care Program.

Major sources of federal grant funds for programs of the Boston Public Schools included: an Elementary and Secondary Emergency Relief Fund II (ESSER II) award of \$123.0 million, and Elementary and Secondary Emergency Relief Fund III (ESSER III) award of \$276.0 million a Title I Elementary & Secondary Education Act of 1965 award of \$ 43.0 million; Special Education Entitlement Grant awards of \$18.4 million; School Lunch Program and Summer Food Program awards of \$42.0 million; and a Title II teacher quality award of \$3.5 million. The Boston Public Schools were also awarded \$32.6 million from a variety of other federal grant sources during the 2022 fiscal year. Total federal aid to Boston Public Schools in fiscal 2022 was \$538.5 million compared to \$125.8 million in fiscal 2021. The increase in federal aid to Boston Public Schools from fiscal 2021 to fiscal 2022 is due the timing of awards for the Elementary and Secondary Emergency Relief (ESSER) Fund I II and III. ESSER I funding was awarded to the City during fiscal 2020 and ESSER II and III funding was awarded to the City in fiscal 2022. All funding must be obligated by December 31, 2024 and expended by December 31, 2026.

State Grants

In addition to State Revenue, the City also receives state grants. In fiscal 2022, the Boston Police Department received Community Services grant awards that totaled \$6.9 million from the Massachusetts Executive Office of Public Safety and Security.

Boston Public Schools was awarded approximately \$7.7 million for early childhood, elementary and secondary, and adult education which included additional funding related to COVID-19 relief. In addition, the State paid \$22.5 million in Special Education Reimbursement to the Boston School Department which amount is consistent with prior fiscal years.

[Remainder of this page intentionally left blank]

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

On June 30, 2022, the City had outstanding approximately \$1.44 billion of general obligation long-term bonds, all of which bear fixed rates of interest. On March 1, 2023, the City had approximately \$1.37 billion of general obligation long-term bonds outstanding.

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

Debt Limits

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

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

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, 2022, the City had outstanding debt of \$1.05 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$1.61 billion. As of March 1, 2023, the City had outstanding debt of \$997 million subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.26 billion. Based on the City's current debt limit of \$10.19 billion, the City had the statutory capacity to authorize an additional \$7.76 billion of debt as of March 1, 2023.

In addition to statutory constraints, the City has imposed certain policy constraints on its issuance of general obligation debt. Reviewed annually and subject to change, the City's debt management policies currently require the repayment of 40% of principal within five years and 70% of principal within 10 years. Additionally, annual debt service may not exceed 7% of general fund expenditures and variable rate debt outstanding may not comprise more than 20% of the City's total debt portfolio. As of March 1, 2023, the City has no variable rate debt outstanding.

**Debt Incurring Capacity
As of March 1, 2023**

	Debt Limit
Normal Debt Limit as of June 30, 2022	\$ 10,194,726,305
Debt Outstanding as of June 30, 2022	(1,369,613,419)
Debt Authorized but Unissued as of June 30, 2022	<u>(1,614,477,528)</u>
Available Debt Incurring Capacity under the Debt Limit as of June 30, 2022.....	<u>\$ 7,210,635,358</u>
New Authorizations approved through March 1, 2023	(643,038,728)
Authorization Adjustments approved through March 1, 2023	-
Net Change in debt limit due to new EQV as of January 31, 2023	-
Principal paid through March 1,2023	1,123,656,520
	<u>68,497,216</u>
Available Debt Incurring Capacity under the Debt Limit as of March 1, 2023.....	<u>\$ 7,759,750,366</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, 2023, the City had a total of \$1.21 billion in long-term debt outstanding, of which \$89.1 million was exempt from the debt limit. As of that date the City also had \$151 million of long-term debt that was authorized but unissued and exempt from the debt limit.

**Summary of Authorized but Unissued Debt – Within and Outside Debt Limit
As of June 30, 2022 and March 1, 2023***

	Authorized/ Unissued 6/30/22	New Authorizations and Adjustments 7/1/22 to 3/1/23	Authorized/ Unissued 3/1/23
“Within” Debt Limit	\$1,614,477,528	\$643,038,728	\$2,257,516,256
“Outside” Debt Limit	<u>74,647,296</u>	<u>76,759,972</u>	<u>151,407,268</u>
Total:	\$1,689,124,823	\$719,798,700	\$2,408,923,523

* 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, 2023.

**Debt Statement as of March 1, 2023
General Obligation Debt ***

Purpose for Which Issued	Principal Outstanding as of 6/30/2022	Issued in Fiscal 2023 as of 3/1/2023	Retired in Fiscal 2023 as of 3/1/2023	Principal Outstanding as of 3/1/2023	Deemed Payable from Related Revenues ⁽¹⁾	Net Principal Amount
General Purpose	\$1,101,587,590	--	\$(43,990,911)	\$1,057,596,679	-	\$1,057,596,679
MCWT	11,116,256	-	(687,869)	10,428,387	-	10,428,387
Economic Development	7,960,434	--	(255,906)	7,704,528	-	7,704,528
State Urban Development						
Relocation	36,783,548	--	(1,751,986)	35,031,563	-	35,031,563
Schools.....	637,170	--	(104,872)	532,298	(11,025)	521,273
Public Buildings.....	172,389,869	--	(11,257,532)	161,132,337	-	161,132,337
Public Works.....	112,210,555	--	(10,733,104)	101,477,450	-	101,477,450
Cemeteries	36,314	-	(1,058)	35,257	-	35,257
Total	<u>\$1,442,721,736</u>	<u>\$0</u>	<u>\$(68,783,237)</u>	<u>\$1,373,938,498</u>	<u>\$(11,025)</u>	<u>\$1,373,927,473</u>

* Columns may not add due to rounding.

(1) Includes revenues related to, or derived from facilities for which the debt was incurred. Such revenues include:

- a. Receipts from the Boston Public Health Commission for debt attributable to projects undertaken on behalf of the former Department of Health and Hospitals, and rental income from a City-owned building at 1010 Massachusetts Ave.; and
- b. Grants from the MSBA for school construction projects.

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 2020 through 2023. The debt service requirements table shows the gross Debt Service Requirements, offset by revenues received from related sources.

Debt Service Requirements—Fiscal 2020-2023 *

Gross Debt Service Requirements Bonded Debt:	2020	2021	2022	2023 (Projected)
Principal	\$125,914,890	\$124,513,912	\$138,878,237	\$139,767,869
Interest.....	<u>57,032,466</u>	<u>51,494,709</u>	<u>49,582,832</u>	<u>60,954,735</u>
Total	<u>182,947,356</u>	<u>176,008,621</u>	<u>\$188,461,069</u>	<u>\$200,722,604</u>
<u>Less Revenue Deemed Available From Related Sources: ⁽¹⁾</u>				
Boston Medical Center and Public Health Commission.....	-	-	-	-
Fund for Parks & Recreation/Irrigation Project.....	-	-	-	-
1010 Massachusetts Ave Project.....	1,924,363	2,409,288	2,644,951	2,089,269
Interest on Loans to BOA Fund and BOA Dudley Fund	-	-	-	-
Pension Management System.....	1,967,481	-	764,640	640,475
Room Occupancy Excise Fund	-	-	-	-
Renew Boston Trust Energy Savings	-	-	-	973,003
Accrued Interest	-	-	-	-
Premium and Subsidies	3,353,734	3,082,788	2,413,041	2,410,035
<u>Plus Interest On Temporary Loan Notes and Additional Items:</u>				
Revenue Anticipation.....	-	-	-	3,000,000
Anticipated Bond Issuance – G.O.	-	-	-	19,392,731
Cost of Issuance	109,318	333,123	178,940	500,000
QSCB of 11/09 Sinking Fund	1,454,545	1,454,545	1,454,545	1,454,545
2010C Sinking Fund Redemption	-	-	-	-
Dudley Square Site/Sec. 108	-	-	-	-
COB Lease Payment – Bolling Municipal Building.....	638,000	-	-	-
 Total Debt Service/Budget Summary	 <u>\$177,903,641</u>	 <u>\$172,304,213</u>	 <u>\$184,271,922</u>	 <u>\$218,957,098</u>
<u>Additional Adjustments:</u>				
Less:				
School Construction Assistance ⁽¹⁾	<u>2,461,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Net Debt Service Requirements.....	 <u>\$175,442,311</u>	 <u>\$172,304,213</u>	 <u>\$184,271,922</u>	 <u>\$218,957,098</u>

* Columns may not add due to rounding.

(1) Includes revenues related to, or derived from facilities for which the debt was incurred. Such revenues include: receipts from the Boston Public Health Commission for debt attributable to projects undertaken on behalf of the former Department of Health and Hospitals; the Fund for Parks and Recreation; rental income from a City-owned building at 1010 Massachusetts Avenue; the Retirement Board; Debt Service Subsidies relative to prior City issuances; and grants from the MSBA for school construction projects.

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.

[Remainder of this page intentionally left blank]

Certain Debt Ratios

The following table sets forth information as March 1, 2023 with respect to the approximate ratio of the City’s long-term general obligation debt to certain economic factors.

**Debt Ratios
As of March 1, 2023**

	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	\$1,137,533,405	\$1,737.29	0.60%	1.92%
Net General Obligation Long-Term Debt ⁽⁴⁾	1,137,522,380	1,737.27	0.60	1.92

- (1) Estimated Population as of fiscal 2021: 654,776– Source: U.S. Census Bureau, Population Estimates Program, Vintage 2021 Population Estimates: BPDA Research Analysis Division.
- (2) Assessed Property Value equaled \$197.83 billion as of January 1, 2022. State law requires that property be assessed at fair cash value. See “City Revenues—Property Taxes—Revaluation.”
- (3) U.S. Department of Commerce, Bureau of Economic Analysis, November 2021, Suffolk County’s 2021 Per Capita Personal Income = \$50,337.
- (4) As represented in “Debt Statement as of March 1, 2023.”

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.

**Debt Summary, Fiscal 2020 - 2022
(\$ in thousands)**

	2020	2021	2022
Outstanding General Obligation Debt.....	\$1,220,808	\$1,278,765	\$1,442,722
Authorized But Unissued Debt, Budgetary Basis	1,390,625	1,730,987	1,689,125
Debt Service, Budgetary Basis	177,794	171,791	184,093
Debt Service as a % of Total General Fund Revenues, and Other Available Funds, Budgetary Basis	5.1%	4.8%	4.8%
Debt Service as a % of Total General Fund Expenditures, Budgetary Basis.....	5.1%	4.8%	4.8%
Debt Service as a % of Total Net Tax Levy, Budgetary Basis	7.2%	6.4%	6.6%
Bonds Issued:			
General Obligation – New Bonds.....	–	180,545	\$335,215
General Obligation – Refunding Bonds.....	82,590	90,575	–
Total Bonds Issued.....	\$82,590	\$271,120	\$335,215

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, 2023, the City has no special obligation debt.

Debt of Agencies Related to the City

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

Boston Water and Sewer Commission

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

Economic Development and Industrial Corporation of Boston

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

Boston Planning and Development Agency

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

Boston Public Health Commission

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

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

Other Agencies and Corporations

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

In addition, two nonprofit corporations, the Dudley Square Realty Corporation (“DSRC”) and the Ferdinand Building Development Corporation (“FBDC”), were formed by the City in October 2011 in

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

Major Contractual Obligations

In addition to its debt obligations, the City has substantial contractual obligations. Included in this category are the City’s obligation for pension benefit payments to its contributory retirement system for City employees and other post-employment benefits which are included in the annual tax levy (see “Employee Benefits”); and agreements for the provision of sanitation, solid waste collection and disposal services (see “The City—Principal Government Services—Public Works”). The City has also executed several equipment lease agreements in order to finance the acquisition of departmental equipment. As of March 1, 2023, the amount outstanding under the lease agreements equals \$89.7 million. Lease payments are subject to annual appropriation and are not included in the City’s debt statement and other related debt tables shown above.

The City has also entered into transactions for four development programs under the Commonwealth’s Infrastructure Investment Incentive (“I-Cubed”) program. See Note 17 to the City’s audited financial statements for the fiscal year ended June 30, 2022, 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 13, 2022, the Mayor submitted the fiscal 2023 budget to the City Council and filed \$688.9 million in new capital authorizations which were subsequently approved by the City Council. The next capital plan is expected to be released in April 2023.

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 2023-2027 plan assumes \$1.625 billion in new general obligation borrowings over the next five years. The capital plan in development for fiscal 2024-2028 is likely to propose an increased borrowing plan of approximately \$2.07 billion for that period. That plan is expected to be released in April 2023, 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 2023-2027 capital plan makes critical investments in the City’s infrastructure in every neighborhood. Construction is underway on two new school facilities: a \$223 million project for the Josiah Quincy Upper Pilot School (open in September, 2024) and a \$92 million project for the Carter School. Construction was completed on the new \$137 million Boston Arts Academy facility and opened for students in September, 2022. In May 2022, the Mayor announced a \$2 billion Green New Deal for Boston

Public Schools, a reimagining of schools as full-service community hubs and engines of climate resilience. Early actions include a comprehensive facilities condition assessment by Boston Public Schools of all their buildings. In addition, a school design study is underway that will develop a set of programming and design recommendations for PreK-6 and 7-12 schools to guide future renovation and construction projects. The assessments and design standards will be completed by the end of 2023. Other early actions include programming studies for the City's technical vocational high school, a re-use of a closed former city high school building, and the construction of a new school building in Allston. The total cost estimate for this initiative represents an initial estimate of the overall scope of projects expected to be undertaken but is preliminary and subject to change. The actual cost and timing of individual projects is not yet known and will be developed during the planning process for these and all other capital projects of the City.

Major investments are underway in the City's parks system including a \$9.9 million renovation of Malcolm X Park, \$23 million that will be invested in Boston Common, and \$23 million in Franklin Park. Design and facility programming is currently underway for renovating or replacing branch libraries.

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

The City is making progress in advancing its climate resilience strategy to reduce the City's risk to short and long-term climate change impacts including sea level rise, increased precipitation, and more extreme temperatures and storms. The challenges from climate change are substantial and complex but can be addressed through actions that support the City's vitality and livability. Leveraging outside funding, the capital plan supported the development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, such as Charlestown, East Boston, South Boston, and Dorchester. These plans are essential for protecting the safety of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. The reports identify climate resilience projects that the City will need to fund in the coming years, although no decisions have yet been made on the scope, cost or timing of these projects, which will likely include federal, state and City funds. Already, planning is underway to enhance the resilience of waterfront parks and advance designs for coastal flood protection in areas with near-term flood pathways such as Lewis Street and Carlton Wharf in East Boston. Plans related to urban forestry and heat resilience plans were recently completed and will inform future capital investments. See also "OTHER MATTERS – "Climate Action, Energy Management and Resilience" below.

In addition to the initiatives described above, the capital plan supports the Boston Housing Authority (the "BHA") in projects that will preserve, replace, and create affordable housing units in Charlestown, East Boston, Jamaica Plain, and other neighborhoods. Through fiscal 2023, the City has authorized \$131 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.

[Remainder of this page intentionally left blank]

EMPLOYEE BENEFITS

Retirement Systems

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

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

The City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB No. 68*, which extends the financial reporting requirements to pension benefits provided outside a trust or equivalent agreement. The Accounting Valuation Report for the City’s Non-contributory and Special Legislation Retirees as of June 30, 2022 reports that the City is providing such benefits to 40 pensioners as of July 1, 2021. These benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$3.9 million. Since the benefits of these pensioners and beneficiaries are not pre-funded, the Plan’s fiduciary net position is \$0, and therefore the net pension liability is equal to the total pension liability. The City’s net pension liability for the noncontributory retirees and beneficiaries is \$82.4 million, as of June 30, 2022. As of January 1, 2022, the City is providing such benefits to 32 pensioners; these benefits are funded on a pay as you go basis with monthly pension payments of \$278,114.

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 2019 through fiscal 2023. These numbers include contributions for both contributory and non-contributory members. The contributory numbers are primarily driven by amortization of the BRS unfunded liability, which is on a schedule that targets reducing this liability to zero by fiscal 2027, 13 years earlier than the statutory deadline at the end of fiscal 2040.

**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
2023 (Budgeted)	\$353.9	\$3.9	\$357.8	8.9%
2022	323.6	3.3	327.0	8.5
2021	292.1	3.4	295.5	8.2
2020	280.6	3.5	284.1	8.2
2019	263.1	3.7	266.8	8.0

Source: City of Boston Office of Budget Management

The City’s fiscal 2023 budgeted contribution of \$353.9 million includes \$339.4 million allocable to City employees, other than teachers, \$14.1 million allocable to the Boston Water and Sewer Commission (BWSC) of which approximately \$8.0 million will be reimbursed to the City for employee service accrued after BWSC became an independent commission, and \$0.4 million allocable to the Boston Public Health Commission (BPHC). BPHC’s contribution towards their pension obligation in fiscal 2023 totals \$26.5 million. BPHC’s fiscal 2023 pension obligation is paid in large part from BPHC’s fiscal 2023 general fund appropriation in the amount of \$21.2 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 in subsequent years. A 3% COLA is assumed in the most current funding schedule.

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

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

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

Source: Boston Retirement System.

The most recent actuarial valuation is as of January 1, 2022 (the “2022 Valuation”) and is available at <https://www.boston.gov/departments/retirement>. The January 1, 2022 valuation assumes a long-term rate of return of 6.90% for BRS—Excluding Teachers assets. The long-term rate of return assumption was lowered from 7.05% to 6.90% beginning with the 2022 Valuation. The actuarial valuation of assets is determined annually by recognizing 20% of gains or losses, and to the extent necessary, by also recognizing any additional portion of gains or losses, which keeps the actuarial valuation of assets between 80% and 120% of market value. The net effect is a smoother trend of annual pension funding during volatile short-term periods of asset gains or losses. The following table shows the market and actuarial value of the plan’s non-teacher assets.

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

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

Source: Boston Retirement System.

As of January 1, 2023, the estimated market value of assets not held for teacher benefit payments was \$6.5 billion. This amount is an estimate based upon then current market values of certain assets held by the BRS and prior period values for certain other assets for which the current market value is not readily ascertainable. This amount is unaudited and subject to change. It should be noted that the annual required contribution of the City is based, in part, upon the actuarial value of assets, not market values. This is commonly done in computing annual funding requirements in order to prevent extreme fluctuations that might otherwise arise from temporary or cyclical economic and market conditions.

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

For additional information concerning a comparison of the market value of assets and investment return to the actuarial value of assets and investment return for the period 2006 through 2021, see Exhibit G in Section 4 of the 2022 Valuation referenced above. The City is currently committed to a funding schedule for fiscal 2023 and 2024 that is based on the most recent actuarial valuation, incorporating asset and liability data as of January 1, 2022. The funding schedule is calculated in accordance with the entry age actuarial cost method and includes paying the current year’s present value of benefits earned during the year (“normal cost”) and an annual contribution toward eliminating the unfunded liability of the BRS by 2027, 13 years ahead of the statutory deadline at the end of fiscal 2040.

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

The City currently expects to fully amortize the unfunded actuarial accrued liability by June 30, 2027. In connection with lowering its long-term rate of return assumption to 6.90%, the City extended the end date for full amortization from 2025 to 2027. The 2022 Valuation sets forth the aggregate funding schedule from 2023 through 2027 for the BRS, excluding teachers. The City’s contributions for the amortization of the unfunded liability are estimated to increase from the \$370.8 million budgeted amount in fiscal 2022 to \$520.6 million in fiscal 2026 and then would decrease to \$354.0 million in fiscal 2027. The City’s total employer contributions each year will also include the normal costs for each year and will also reflect certain annual savings from prior year additional payments. This schedule is illustrative only. The actual annual contributions will differ due to the actual circumstances that will occur in the future and that will likely vary from the assumptions used in the 2022 Valuation. For example, the estimated rate of return on assets for the year ended December 31, 2022, -9.5%, was below the assumed rate of return of 6.9%. The City believes that its current pension funding schedule, with its conservative salary growth assumptions, is sufficient to absorb the long term impacts of collective bargaining awards. The funding schedule assumes a 4.0% salary growth assumption for general service employees, a 4.25% salary growth assumption for certain employees with hazardous occupations, and a 4.50% salary growth assumption for public safety officers. The City’s pension liability is reevaluated every two years and adjustments are made to the funding schedule, as needed. The next valuation will be as of January 1, 2024.

In June 2012, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which sets forth new standards that modify the accounting and financial reporting of the City’s pension obligations. The new standard for governments that provide employee pension benefits requires the City to report in its statement of net position a net pension liability (“NPL”), defined as the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the fiduciary net position of the Plan determined based on U.S. Generally Accepted Accounting Principles set aside in a trust and restricted to paying benefits to current employees, retirees and their beneficiaries. The rate used to discount projected benefit payments to their present value is based on a single rate that reflects (a) the long-term expected rate

of return on plan investments as long as the plan net position is projected under specified conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate based on tax-exempt 20-year AA or higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met. The date after which a yield or index rate on tax-exempt 20-year AA-or-higher rated municipal bonds is required to be used is referred to as a “crossover date.”

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* standard was effective commencing with the City’s fiscal 2015. The Total Pension Liability (“TPL”) and plan’s fiduciary net position as of December 31, 2021 for the BRS, including teachers were approximately \$12.9 billion and \$9.5 billion, respectively, which results in a Net Pension Liability (“NPL”) of approximately \$3.5 billion as of December 31, 2021, equivalent to an NPL of \$4.0 billion as of December 31, 2020. The portion of the BRS NPL allocable to the City reported at June 30, 2022 is approximately \$1.0 billion, which amount includes the NPL associated with City employees, excluding teachers. The BRS did not experience a “crossover date” in connection with determination of the NPL and accordingly, the measurement of the City’s NPL for fiscal 2022 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, 2021 was 14.6%. The comparable rate of return as of December 31, 2022 is currently estimated at -10.2%.

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 \$1.8 billion and a 1% increase would decrease it to approximately \$314.7 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, 2027.

In connection with the implementation of GASB Statement No. 68, the BRS prepared a document called “Schedules of Employer Allocations and Pension Amounts by Employers,” which was audited by Ernst & Young LLP, independent auditors for the BRS. These schedules are based on financial information pertaining to the BRS as of December 31, 2021.

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 2022 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, 2022 for the City were approximately \$3.1 billion and \$824.2 million, respectively, which results in a Net OPEB Liability (“NOL”) for the City of approximately \$2.31 billion as of June 30, 2022 compared to an NOL of \$2.20 billion as of June 30, 2021. The measurement of the City’s NOL for fiscal 2022 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, 2022 was approximately -8.49%.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2022 for BPHC were approximately \$113.9 million and \$35.5 million, respectively, which results in a Net OPEB Liability (“NOL”) for BPHC of approximately \$78.4 million as of June 30, 2022 compared to an NOL of \$81.6 million as of June 30, 2021. The measurement of the BPHC’s NOL for fiscal 2022 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, 2022 was -8.49%.

Implementation of GASB Statement No. 75 requires setting forth the sensitivity of the NOL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City's NOL to approximately \$2.75 billion and a 1% increase would lower it to approximately \$1.95 billion. A 1% decrease would increase the BPHC's NOL to approximately \$95.8 million and a 1% increase would decrease it to approximately \$64.1 million.

In addition, implementation of GASB Statement No. 75 also requires setting forth the sensitivity of the NOL using an assumed health care cost trend rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would decrease the City's NOL to approximately \$1.89 billion and a 1% increase would increase it to approximately \$2.84 billion. A 1% decrease would decrease the BPHC's NOL to approximately \$61.6 million and a 1% increase would increase it to approximately \$99.7 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, 2022 was \$860.0 million.

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

If the City and the BPHC were to fund the actuarially determined contribution, the required funding for fiscal 2022 would have been \$211.7 million, of which \$87.6 million represents the normal cost and \$124.1 million represents amortization of the unfunded actuarial determined liability. The City's actual appropriation for fiscal 2022 was \$169.2 million, which amount included \$42.25 million deposited into the City's OPEB Trust Funds.

The June 30, 2021 valuation projected that the City and the BPHC (the funding for which is appropriated by the City to the BPHC as part of its overall departmental budget) will pay benefits (net of retiree contributions) on behalf of current retired employees of approximately \$127.0 million in fiscal 2022, on a pay-as-you-go basis (as compared to \$134.8 million in fiscal 2021). Along with the previously mentioned additional appropriation to the trust funds from both the City and the BPHC totaling \$42.25 million in fiscal 2022, the City and the BPHC funded approximately 80.0% of the actuarially determined contribution in fiscal 2022.

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

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

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

The Trust Fund Financial Statements for the OPEB plan for the fiscal year ended June 30, 2022 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, 2022 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 2022 audited financial statements attached hereto as Exhibit I.

[Remainder of this page intentionally left blank]

OTHER MATTERS

COVID-19 Status

In January 2023, President Biden announced that the federal state of emergency for the COVID-19 pandemic will end on May 11, 2023, and on March 15, 2023, Governor Healey announced that the remaining public health emergency in Massachusetts will also end on that date. The federal government has provided multiple sources of direct funding to the City in response to the pandemic. The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, became law on March 27, 2020 in response to the pandemic. Boston, with a population in excess of 500,000, received a direct payment under the CARES Act totaling \$120.8 million. These funds were appropriated in the Boston City Council on May 6, 2020.

The three requirements for CARES-CRF fund expenditures were:

- Necessary expenditures incurred due to the public health emergency of COVID-19
- Budget costs not accounted for in the most recent adopted budget, and
- Costs incurred March 1, 2020, through December 31, 2021.

The City has reported \$97 million in CARES-CRF expenditures fully expended by June 30, 2022. The City fully expended all CARES-CRF funds and completed the final report on June 30, 2022.

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

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

The American Rescue Plan Act of 2021 (ARPA), which became law in March 2021, has provided another significant federal resource to the City. ARPA is the latest federal stimulus bill to aid public health and economic recovery from the COVID-19 pandemic. The City is a recipient of a direct payment totaling \$558.7 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding, a program within ARPA.

Eligible uses of ARPA-SLFRF funding are broader than CARES-CRF funding and include:

- Revenue replacement to strengthen support for vital public services and help retain jobs;
- Urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control;
- Assistance to small businesses, households, and hard-hit industries, and economic recovery;
- Addressing systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations; and
- Investments in water, sewer and broadband infrastructure.

Ineligible uses of this funding include:

- Using the money for federal matching funds;
- Premium pay for employees who were able to telework during the public health emergency; and
- Funding pension accounts, paying off outstanding debt, or making deposits to reserve accounts or rainy-day funds or to offset tax cuts.

In partnership with the Boston City Council, the City has already appropriated \$551.7 million to continue the response to the COVID-19 pandemic and to help drive an equitable recovery for all Boston residents. The City has set aside \$7 million in reserve for future use.

- \$362.2 million appropriated for Transformative Investments (July 2022)
- \$81.5 million appropriated for Emergency Relief Package (July 2021)

- \$55 million appropriated for FY22 Revenue Replacement (June 2021)
- \$40 million Revenue Replacement appropriated for FY23 (June 2022)
- \$8 million appropriated for expansion of Fare Free Bus Pilot (Nov. 2021)
- \$5 million appropriated for expansion of Small Business Fund 2.0 (Jan. 2022)

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

The City of Boston has seen consistent revenue growth for the past decade driven by a strong local economy. Certain revenues, such as local excise taxes related to hotel/motel occupancy and meals taxes, have been adversely affected during the pandemic. See “City Revenues—Excise Revenues.” However, the City relies on revenue from a variety of sources, and its track record of stable revenue collection, strong fiscal management and reserves and federal support has allowed and is expected to continue to allow the City to manage through the current circumstances caused by the COVID-19 outbreak without a significant adverse impact on the services it provides or its financial condition.

Climate Action, Energy Management and Resilience

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

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

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

The City’s efforts to address these changes include:

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

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

The Environment, Energy and Open Space Cabinet works with departments across the City to implement the Boston Climate Action Plan and develop policies, design standards and operational guidelines which will reduce carbon emissions from the City’s operations and increase resilience. In October 2021, with the adoption of a citywide carbon under the Building Emissions Reduction and Disclosure Ordinance, all buildings in Boston 20,000 square feet and larger, will be subject to declining emissions standards that put them on the path to achieve net zero by 2050. This policy is expected to eliminate 37 million metric tons of Greenhouse Gas emissions by 2050. All buildings under jurisdiction also need to report their emissions, energy and water use data to the City annually enabling it to track progress. The Chief of Environment, Energy and Open Space supports other initiatives that will improve

the energy performance of all buildings in Boston, including municipal buildings, including a new Zero Net Carbon Zoning Initiative underway at the Boston Planning and Development Agency and the advanced energy technologies policies included in the Boston Smart Utilities Policy required by the development review process required by the Boston Zoning Code. Other Green New Deal initiatives include increased access to public transportation and mode shift, municipal fleet electrification, and citywide electric vehicle (EV) charging infrastructure. Boston has hired a Green New Deal Senior Advisor who works closely with the Chief of Environment, Energy and Open Space to support expansion of the City's cross-departmental approach to climate and equity-led governance.

The Municipal Energy Unit is housed within the Environment, Energy and Open Space Cabinet, and works with City operating departments, the Public Facilities Department and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's buildings and other fixed assets. A significant Green New Deal initiative that will be led by the Municipal Energy Unit will be to develop and implement a strategy to procure 100% renewable energy for municipal needs. This work will build on the City's record of cost-effective purchasing of its electricity requirements from third-party suppliers, which it has undertaken since March, 2005 and has savings of year cumulative savings of \$31.6 million over the past 10 years compared to the amount it would have paid to its local electric utility to supply identical quantities of electricity. Similarly, it has accrued \$3.5 million in savings on natural gas purchases over the past 3 years compared to what it would have paid to the local gas utility.

Among other things, the Municipal Energy Unit is responsible for an initiative entitled "Renew Boston Trust." The Renew Boston Trust 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. In fiscal 2019, the City implemented energy conservation improvements in 14 buildings. The second phase of RBT is underway for 31 buildings and is expected to be completed in 2023. Work has begun on the third phase which is working in 11 buildings and is expected to be complete in 2025. The ESCO has guaranteed an annual utility cost savings of approximately \$2 million for the first three phases of Renew Boston Trust. It is expected to reduce approximately 4,000 metric tons of carbon equivalent each year.

In addition, the Municipal Energy Unit is implementing a similar program for its more than 70,000 street lights and other exterior lights. The City has nearly completed the IGA, which will provide a comprehensive assessment and mapping of all municipally-owned exterior lighting. Smart city technologies and digital equity strategies will be integrated with the self-funding energy improvements to municipal exterior lighting under the second Renew Boston Trust performance contract. The Municipal Energy Unit expects to execute the contract mid-2023 and begin work on the first phase which is expected to be complete in 2024.

The Municipal Energy Unit is responsible for tracking the City's energy consumption and expenditures. To accomplish this, the Municipal Energy Unit uses an Enterprise Energy Management System ("EEMS") capable of monitoring and reporting on the energy consumed by the City's 388 buildings and other fixed assets, and its vehicle fleet. 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 98.5% of the customers are on the default rate which has 10% more renewable content than utility basic service. This program has reduced Community Choice Electricity customers' carbon emissions by more than 35,000 metric tons carbon equivalent compared to use of Eversource basic service for the period from February to December 2021. Actual results for 2022 are not yet available.

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

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

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

Cyber Threats

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

When focusing on process, the City works to create the appropriate governance and policy structures to ensure that the implementation of security controls and policy requirements remain strong, appropriate and in alignment with the City's mission. When focusing on technology, the City works towards implementing robust, resilient and scalable security architecture and solutions. One example is the enforcement of multi-factor authentication to help ensure users accessing City technology and services are who they say they are. With an ever-changing cyber risk landscape, the City continually adopts best practices such as Zero Trust Architecture, the National Institute of Standards and Technology Cyber Security Framework and the Center for Internet Security Critical Controls. In the event of an attack, the City has an incident response policy in place. Further, the City maintains an incident response retainer with

cyber security third parties and remains in contact with federal, state and local agencies to provide best practices and support in the case of a serious cyber-attack. Nonetheless, the City cannot assure that future incidents or possible unknown prior events will not have a material impact on the City's operations or financial condition.

Home Rule Petitions

Mayor Wu recently transmitted two "home rule petitions" to the City Council for its approval and subsequent transmission to the Massachusetts legislature for its consideration. 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, in the case of the petitions recently proposed by the Mayor, 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.

Boston Planning & Development Agency

The first petition calls for enactment of an act entitled "An Act to Improve and Modernize Planning and Community Development in the City of Boston." If approved, the act would formally abolish the existing Boston Redevelopment Authority (often referred to as the "BRA" and currently doing business as the "Boston Planning & Development Agency" and referenced in this Information Statement as the "BPDA") and the Economic Development and Industrial Corporation ("EDIC") of Boston and transfer the powers and duties of these entities to a new agency created under the act and to be formally known as the Boston Planning and Development Agency (the "New BPDA"). The purpose of this proposal is to modernize the planning and development process in the City by ending the BRA's original focus on urban renewal and the eradication of "blight and urban decay" and instead focusing on resiliency, affordability and equity as the guiding principles for planning and development decisions in the City. The New BPDA would have all of the original powers of the BRA and EDIC, including, in particular, the powers of a redevelopment authority under Massachusetts law.

In addition, the proposed act directs the New BPDA, among other matters, to:

- To prepare and implement plans to address issues pertaining to affordability in the entire City or in such areas of the City as it determines to be necessary, including the creation of new affordable housing and retention of existing affordable housing, and the development of methods to address business incubation and affordability in the City;
- To prepare and implement plans to provide for resiliency and to combat the impacts of climate change in the entire City or in such areas of the City as it determines to be necessary;
- To prepare and implement community development plans in the entire City or in such areas of the City as it determines to be necessary;
- To take necessary action and create policies and programs as needed to ensure the equitable distribution across the City of benefits from development; and
- To create and implement programs to address any historically inequitable distribution of BRA resources or historically inequitable policies that may have led to inequities in the growth of the City.

The proposed act requires that all plans of the New BPDA be approved by the Mayor, subject to the requirements of the act. The proposed act also authorizes the New BPDA to act as a public economic development agency, to fund worthy projects, to make confirmatory eminent domain takings, and to manage related property matters so long as they are in accordance with these new overarching principles. Current employees of the BRA and EDIC will become employees of the City, as part of the New BPDA and the City intends that personnel costs, including retirement benefits and OPEB costs, of these employees will be covered by revenues currently received by the BRA and EDIC.

Rent Stabilization

The second petition is entitled "Petition for a Special Law Authorizing the City of Boston to Implement Rent Stabilization and Tenant Eviction Protections." It is to permit the City to implement rent stabilization to protect families from displacement caused by unaffordable rent increases in the City. If enacted as proposed, the City, on an annual basis, would set an annual maximum percentage rent increase

for rental units covered by law, based on the change in the consumer price index, plus six percent, or a maximum percentage increase of ten percent, whichever is lower. For purposes of this proposal the “consumer price index” refers to the annual 12-month average change in the Consumer Price Index for All Urban Consumers, Boston-Cambridge-Newton (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor in September of the prior calendar year. The measure would exempt owner-occupied homes with six units or fewer and certain other dwelling units, such as transient units, dormitories, newly constructed dwellings (less than 15 years old) or qualifying subsidized housing units. The proposal also provides that the City may provide for “fair return standards” and allow changes to permissible rental rates based upon certain maintenance and capital costs and rapid increases in property taxes.

The petition also includes tenant eviction protections, including just cause eviction protections. Under this proposed law, tenants could only be evicted for cause, such as failure to pay rent, substantial violations of the lease, or use of the unit for illegal purposes. Moreover, tenants who are subject to a “no fault” just cause eviction would be entitled to receive relocation fees.

The City Council approved both petitions on March 8, 2023 and they have been sent to the legislature for its consideration.

Transfer Fee

A third home rule petition is also currently pending in the legislature, which is intended to address the inadequate supply of affordable housing in the City. If enacted into law, it would impose a fee of up to 2% of the purchase price upon the transfer of any real property interest in any real property in the City or the transfer of a controlling interest in a trust, limited liability company or other entity that directly or indirectly holds an interest in real property in the City. The fee would be paid by the seller. The pending bill exempts the first \$2 million of the purchase price of a transaction subject to the fee. The exemption amount may be adjusted upward, but not downward, every three years by the City Council with the approval of the Mayor based on the percentage increase in median citywide sales prices of all property. The City will administer the collection of the fees, which are to be deposited into the City’s neighborhood housing trust established pursuant to chapter 665 of the acts of 1956, provided that the City may, in an ordinance accepting the act, appropriate in its annual budget a portion of the fees for programs designed to further housing acquisition, affordability, creation, preservation, senior homeowner stability, low-income renter stability, or related housing purposes. This petition has been previously introduced in the legislature and not enacted into law.

The City cannot predict the timeline for the legislature to deal with these petitions or whether any will be enacted into law or what form the final versions may take, if enacted into law.

Climate-friendly building code issues.

The Massachusetts Department of Energy Resources has proposed regulations providing for a pilot program where up to ten communities may participate in which new construction and major renovations will be fossil-fuel free. The City passed a home rule petition last year and has applied to participate in the program. The regulations are expected to be finalized in the summer of 2023, after which Boston’s application will be considered. In addition, and separate from the pilot program, Mayor Wu recently announced that the City would seek to adopt a new state building code that will limit, but not eliminate, the use of fossil fuel-based heating and appliances in new construction. Adoption of the new code will need approval of the City Council before it goes into effect.

PFAS

On March 14, 2023, the federal Environmental Protection Agency (the “EPA”) released draft new drinking water regulations for six compounds involving per- and polyfluoroalkyl substances (“PFAS”). The City’s water supply comes from the Massachusetts Water Resources Authority (the “MWRA”) and the MWRA has advised all of its member communities that based on current and historic sampling results, the MWRA system will meet the proposed standards. Current Massachusetts regulations require the MWRA to test for PFAS compounds and to date, the results are either non-detectable or at trace levels that cannot be quantified. Accordingly, based on current information, the City’s water supply is expected to meet the proposed standards and current Massachusetts standards. The MWRA will be responsible for monitoring and reporting under the proposed regulations.

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, 2022, which is available from the City. A copy of the ACFR has been filed with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") and is also posted at the City's internet site at <https://www.boston.gov/departments/auditing>.

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

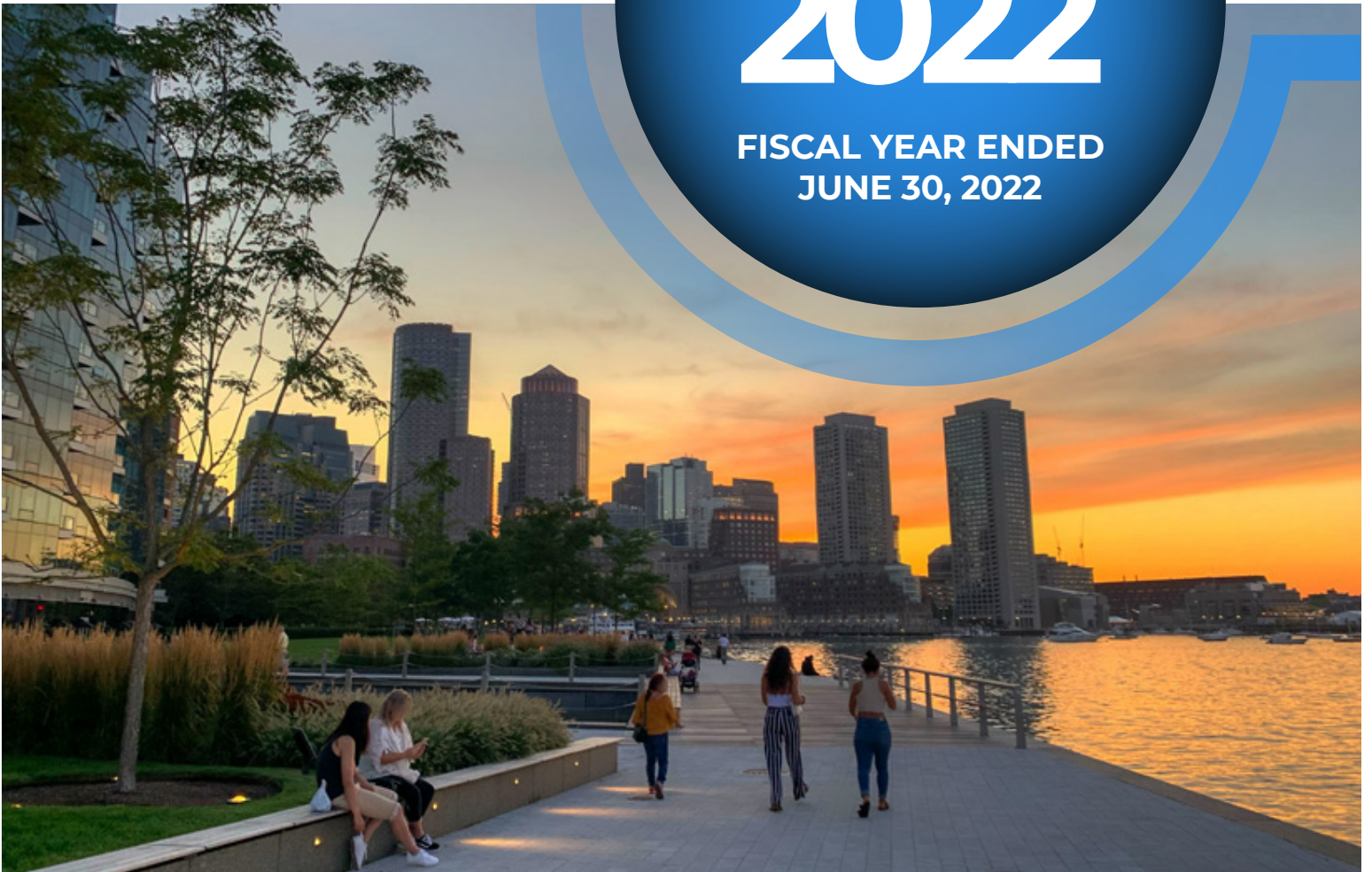
[Remainder of this page intentionally left blank]

CITY *of* BOSTON

*Annual
Comprehensive
Financial Report*

2022

**FISCAL YEAR ENDED
JUNE 30, 2022**



MICHELLE WU
Mayor

ASHLEY GROFFENBERGER
*Chief Financial Officer
& Collector Treasurer*

MAUREEN JOYCE
City Auditor

Prepared by the City of Boston Auditing Department



City of Boston
Massachusetts



*Annual Comprehensive
Financial Report*

Fiscal Year Ended June 30, 2022

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer & Collector Treasurer

Maureen Joyce, City Auditor

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

- i Transmittal Letter
- xii List of Elected and Appointed Officials
- xiii Organizational Chart of Auditing Department
- xiv List of Auditing Department Personnel

FINANCIAL SECTION

- 1 Independent Auditors' Report
- 5 Management's Discussion and Analysis (Unaudited)

Basic Financial Statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

- 19 Statement of Net Position
- 21 Statement of Activities

FUND FINANCIAL STATEMENTS

- 23 Balance Sheet – Governmental Funds
- 24 Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- 25 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- 26 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
- 27 Statement of Revenues and Expenditures – Budgetary Basis, General Fund – Budget and Actual
- 28 Statement of Net Position – Proprietary Fund
- 29 Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
- 30 Statement of Cash Flows – Proprietary Fund
- 31 Statement of Fiduciary Net Position – Fiduciary Funds
- 32 Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- 33 Notes to the Basic Financial Statements

Required Supplementary Information (Unaudited):

- 78 Schedules of OPEB Contributions
- 79 Schedules of Changes in Net OPEB Liability and Related Ratios
- 80 Schedule of City's Proportionate Share of the Net Pension Liability – Boston Retirement System
- 80 Schedule of City's Contributions – Boston Retirement System

TABLE OF CONTENTS

Combining, Individual Fund Statements and Schedules:

GENERAL FUND

- 82 Fund Description
- 83 Balance Sheet
- 84 Statement of Revenues, Expenditures and Changes in Fund Balance
- 85 Schedule of Revenues and Other Financing Sources Compared to Budget
- 88 Schedule of Expenditures Compared to Budget

SPECIAL REVENUE FUND

- 92 Fund Description
- 93 Combining Balance Sheet
- 94 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

CAPITAL PROJECTS FUND

- 96 Fund Description
- 97 Balance Sheet
- 98 Statements of Revenues, Expenditures, and Changes in Fund Balance

OTHER GOVERNMENTAL FUNDS

- 100 Fund Description
- 101 Combining Balance Sheet
- 102 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

INTERNAL SERVICE FUND

- 104 Fund Description
- 105 Statement of Net Position
- 106 Statement of Revenues, Expenses, and Changes in Net Position
- 107 Statement of Cash Flows

FIDUCIARY FUNDS

- 108 Fund Description
- 110 Combining Statement of Plan Net Position - Pension and OPEB
- 111 Statement of Plan Net Position - Boston Retirement System
- 112 Statement of Plan Net Position - OPEB Trust Fund
- 113 Combining Statement of Net Position - Private Purpose Trust Funds
- 115 Combining Statement of Net Position - Custodial Funds
- 116 Combining Statement of Changes in Plan Net Position - Pension and OPEB
- 117 Statement of Changes in Plan Net Position - Boston Retirement System
- 118 Statement of Changes in Plan Net Position - OPEB Trust Fund

TABLE OF CONTENTS

- 119 Combining Statement of Changes in Net Position - Private Purpose Trust Funds
- 121 Statement of Changes in Net Position - Custodial Funds

DISCRETELY PRESENTED COMPONENT UNITS

- 122 Discretely Presented Component Units Description
- 123 Combining Statements of Net Position
- 125 Combining Statements of Activities

STATISTICAL SECTION (Unaudited)

- 130 Statistical Section Overview
- 131 General Government Expenditures by Function (GAAP Basis)
- 133 General Government Revenues by Source (GAAP Basis)
- 135 Net Position by Component
- 137 Changes in Net Position
- 141 Fund Balances of Governmental Funds
- 143 Changes in Fund Balances of Governmental Funds
- 145 Assessed and Estimated Actual Value of All Taxable Property
- 146 Property Tax Rates – Direct and Overlapping Governments
- 147 Largest Principal Taxpayers
- 148 Property Tax Levies and Collections
- 149 Ratios of Outstanding Debt by Type
- 151 Ratios of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt per Capita
- 153 Legal Debt Margin Information
- 155 Demographic and Economic Statistics
- 156 Principal Employers
- 157 Full-Time Equivalent City Government Employees by Department
- 159 Operating Indicators by Function
- 161 Capital Asset Statistics by Department



Introductory
SECTION



(This page intentionally left blank)





Auditing Department

Michelle Wu, Mayor

March 10, 2023

**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, 2022. 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.

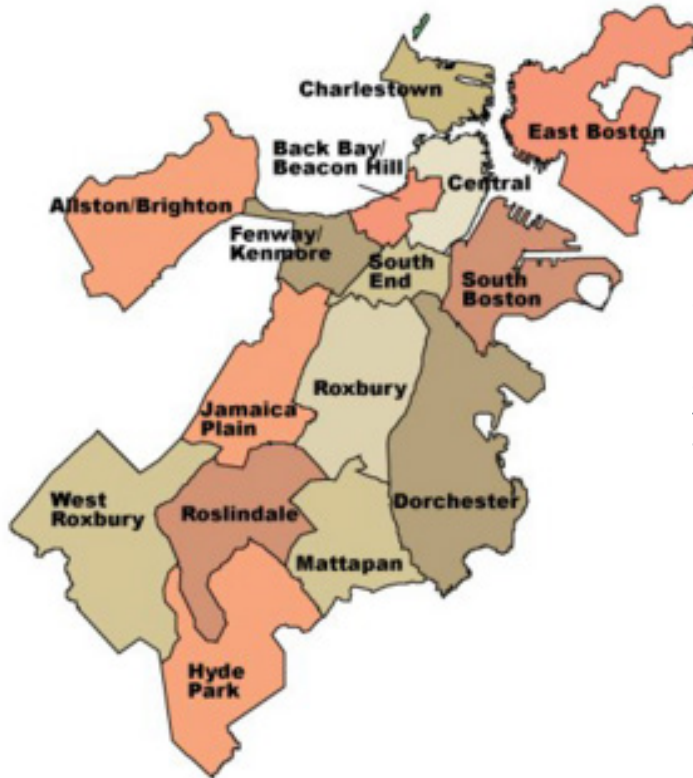
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations 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, 2022 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 organization has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations. The 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 75,051 in 2021. Large state government offices, federal regional offices, U.S. Postal Service facilities, state-chartered authorities and commissions such as the Massachusetts Port Authority and the Boston Water and Sewer Commission, and the City's local government agencies and departments are all located within the City.

Higher education, health care, and financial services play a major role in Boston's economy. Boston's job growth was positive across most industries since the recession, but was mostly concentrated in health care and social assistance, professional and technical services, and education. The health care and social assistance industry employs the largest number of people in Boston, 18.6% of total jobs. Educational services is an area of specialization for Boston (8.2% of total jobs), with an employment share three times the national average. Boston hosts 35 universities, colleges, and community colleges, with a combined enrollment of approximately 140,000 students annually. Included among the City's colleges and universities are some of the finest educational institutions in the country, including Boston College, Boston University, Northeastern University and Harvard University. These institutions of higher education have a major effect on Boston's economy. Because many of these students remain in Boston after graduation, the City's educational institutions are a major source of highly-skilled professionals for Boston's workforce. As the COVID-19 pandemic surged throughout the country, and with many institutions continuing remote and hybrid learning, enrollment figures declined. Nationally, undergraduate and graduate enrollment was down 3.1% and 0.4%, respectively.

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 2021, there were over 130,676 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 fell from 851,468 in 2019 to 792,419 in 2020, or a loss of approximately 59,000 payroll jobs (6.9%). This decrease is much greater than the 15,000 average annual jobs lost in Boston between 2001 and 2004 or the 17,500 jobs lost in 2009. Job losses were not felt evenly across industries. Industries that rely on physical proximity suffered significant job losses. Accommodation and Food Services suffered the highest number of jobs lost as well as the highest percentage, dropping from 65,645 jobs in 2019 to 38,055 in 2020 – more than 27,000 jobs lost, or 42%. Arts, Entertainment and Recreation lost 5,716 jobs, or 30%.

Financial Overview

The City is required to have a balanced budget in accordance with Massachusetts General Laws (M.G.L.), Chapter 59, Section 23. 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 FY22, the net property tax levy (levy less a reserve for abatements) totals \$2.79 billion, providing 74.0% of recurring revenue. In FY23, the net property tax levy is estimated to total \$2.94 billion and account for 73.7% 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 FY02, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$290.0 million or 67.7%. In FY23, net state aid is budgeted to increase by \$10.7 million or 8.4% compared to FY22, based on the FY23 Governor's Budget for assessments and the FY22 State Aid budget. Please see the Management's Discussion and Analysis section for additional information on financial trends.

In fiscal year 2022, 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 was realized in FY22, due to lower administrative fees and anticipated medical claims and prescription drug savings. The City continues to benefit from health care cost reforms achieved in the FY21-25 Public Employee Committee (PEC) agreement, which continues to provide over 30,000 active and retired employees with quality healthcare coverage while saving the City \$59.7 million over five years. Funding of health care costs has progressively moved to self-insurance since FY13. In FY22, roughly 98% of total claims costs are now self-insured, for an estimated annual City savings of \$13.7 million. Actuarially determined reserves are maintained in the Fund to stabilize rate increases and protect against large claims or cost increases.

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

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

In fiscal year 2022, the GAAP General Fund equity increased to \$1.72 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 fiscal year 2022 was \$994.5 million and \$320.7 million was assigned. The unassigned fund balance represents approximately 25.0% of GAAP General Fund operating expenditures.

The FY23 Budget totals \$3.99 billion and represents an increase of \$222.5 million or 5.9% over FY22. 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 \$3.6 billion FY23-27 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 2.8% 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 FY23-27 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 Upkeep, New/Major Renovation, Upgrade, and Planning or Matching Funds. 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 fiscal year 2023 are 25.0% for New/Major Renovations, 45.0% for Upgrades, 26.0% for Upkeep and 3.0% for Matching fund requirements and Planning.

Financing for the fiscal year 2023-2027 Capital Plan comes from General Obligation (G.O.) bonds, state and federal funds, trust funds, and other funds. G.O. bonds represent 72.9% of all project funding. The capital plan assumes \$1.6 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 \$306.9 million and \$403.5 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 MSBA has approved a maximum project grant totaling \$48.9 million for the Boston Arts Academy project, which covers 35.6% of the current \$137.4 million project budget.

Construction work is underway for the new Josiah Quincy Upper School project. The MSBA has approved a maximum project grant totaling \$54.1 million which covers 27.9% of the \$193.6 million project budget. The Carter School project is currently in final design. Initial construction phase work will begin in the summer of 2023. The City received a project grant from the MSBA totaling \$26.2 million. The current estimated cost of the project is \$92.0 million. The MSBA recently selected four projects from Boston for their Accelerated Repair Program. The design phase has started at these schools. Construction is expected to begin in summer 2023.

Administered by the Massachusetts Highway Department, Chapter 90 funds are allocated by formula through State bond authorizations and through the State budget to all cities and towns in the Commonwealth. The City uses Chapter 90 funds to support its roadway resurfacing and reconstruction programs as well as its sidewalk reconstruction programs. The City anticipates an allocation of approximately \$14.7 million in FY23. 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 FY23-27 Capital Plan includes \$15.2 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, 2021. 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, 2021. The City's budget document was judged to be proficient in several categories including policy documentation and financial planning.

Acknowledgements

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

The Annual Report for fiscal year 2016 through fiscal year 2021 are featured on the City's web page www.cityofboston.gov/auditing.

Respectfully submitted,



Maureen Joyce
City Auditor



Ashley Groffenberger
Chief Financial Officer & Collector Treasurer



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, 2021

Christopher P. Morill

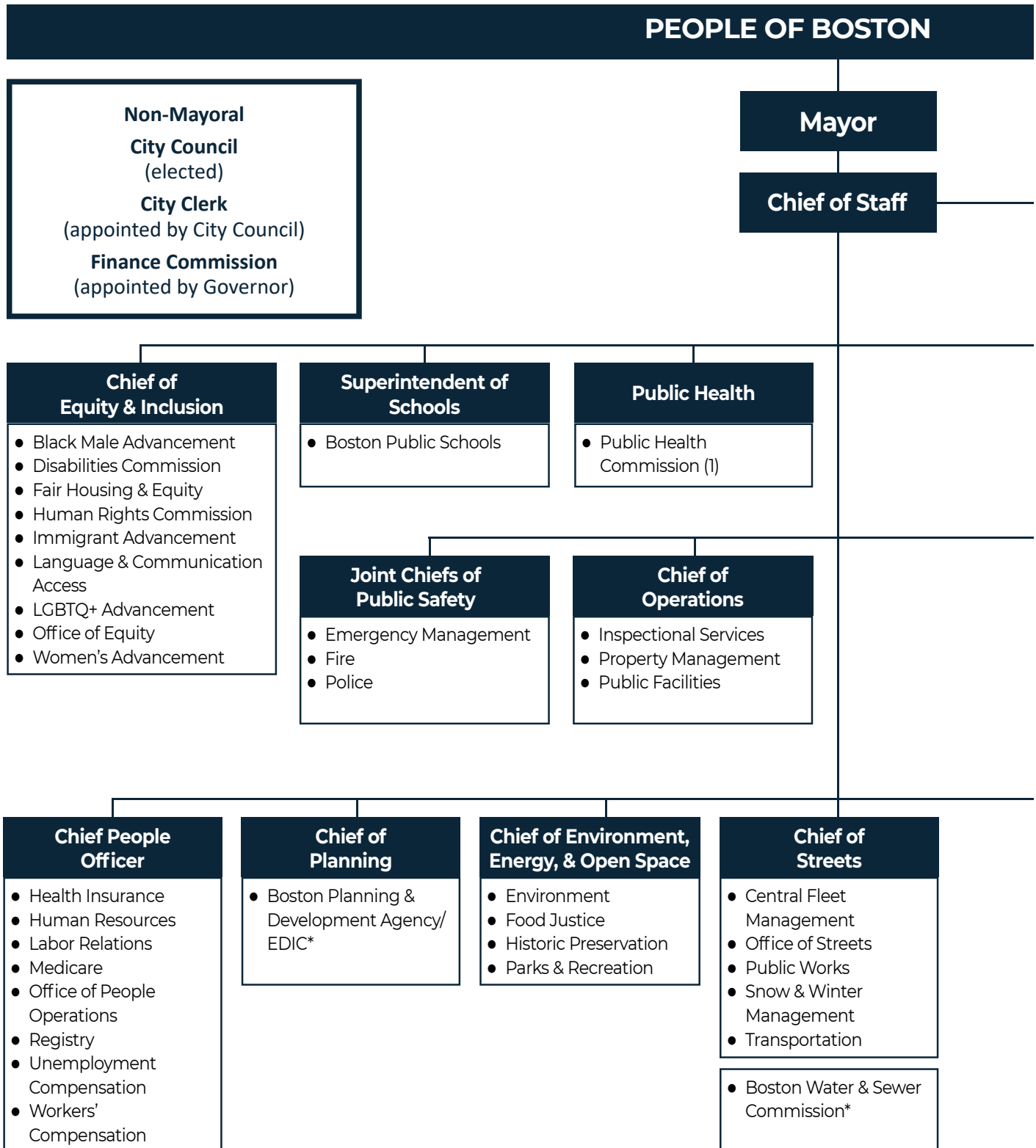
Executive Director/CEO

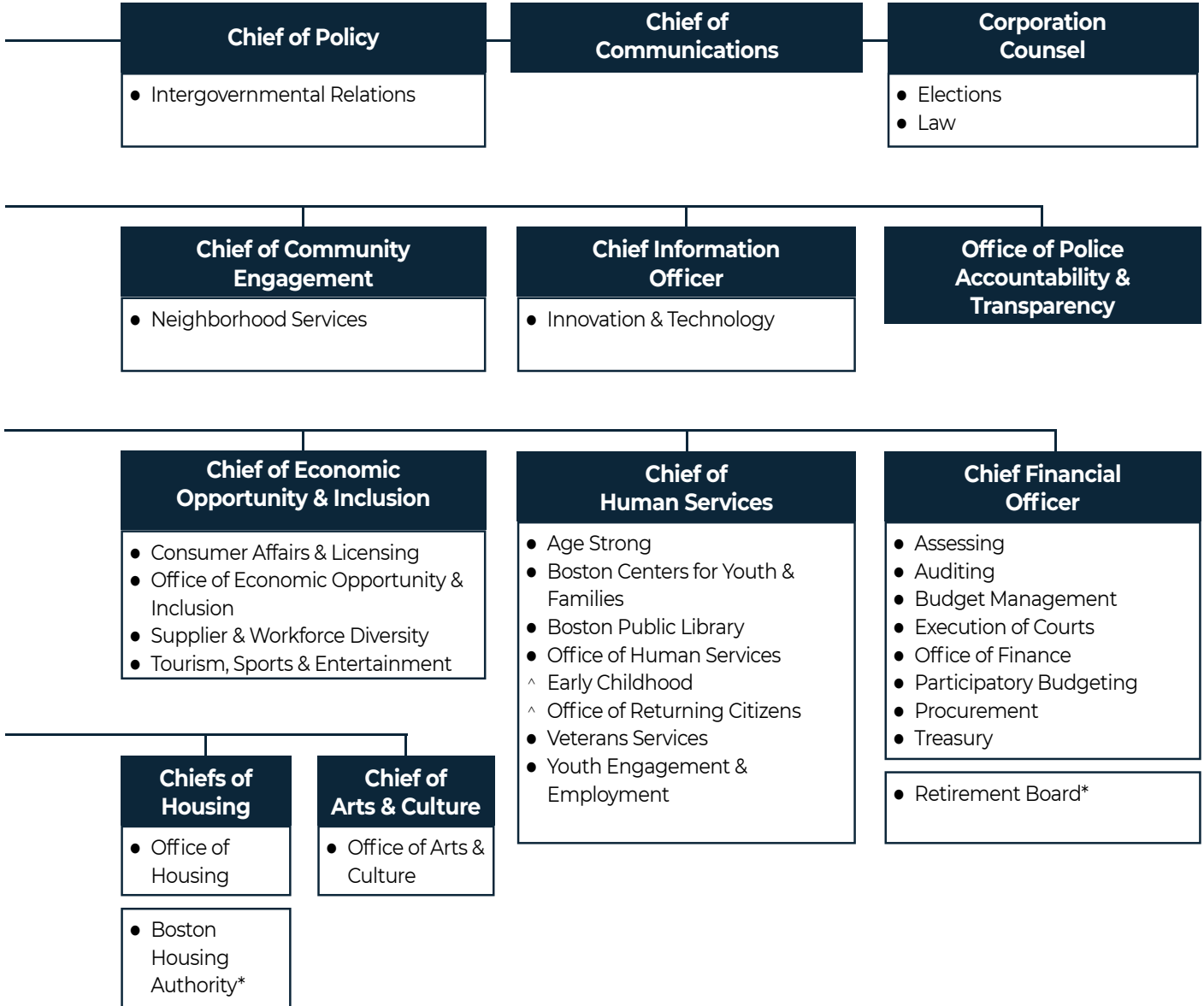


(This page intentionally left blank)



ORGANIZATION OF A CITY GOVERNMENT





* Not in Operating Budget
 ^ Budget embedded in Office of Human Services
 (1) The Public Health Commission is an independent authority created in June 1996



LIST OF ELECTED and APPOINTED OFFICIALS

(as of June 30, 2022)

**Mayor
Michelle Wu**

City Council Members

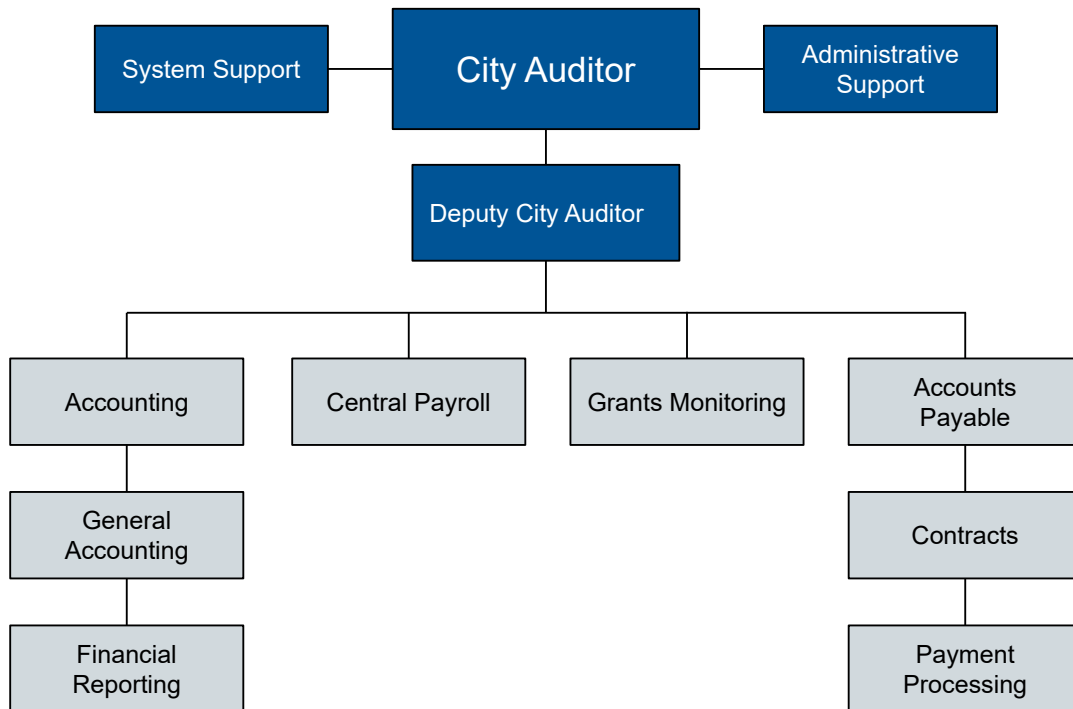
Ed Flynn (President)	District 2
Ruthzee Louijeune	At-Large
Michael Flaherty	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Frank Baker	District 3
Brian Worrell	District 4
Ricardo Arroyo	District 5
Kendra Lara	District 6
Tania Fernandes Anderson	District 7
Kenzie Bok	District 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 and Administration
Adam Cederbaum	Corporation Counselor
Jessicah Pierre	Chief Communication Officer
Santiago Garces	Chief Information Officer
Ashley Groffenberger	Chief Financial Officer & Collector Treasurer
Segun Idowu	Chief of Economic Opportunity and Inclusion
Mary Skipper	Superintendent of Boston Public Schools
Michael Cox	Chief of Public Safety and Police Commissioner
Paul F. Burke	Chief of Public Safety and Fire Commissioner
Shumeane L. Benford	Chief of the Office of Emergency Management
Rev. Mariama White-Hammond	Chief of Environment and Open Space
Sheila Dillon	Chief of Housing and Neighborhood Development
Jose Masso	Chief of Human Services
Kate Bennett	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

Auditing Department

Organizational Chart



Auditing Department Personnel*Maureen Joyce, City Auditor*

Allen J. Hurley	Michael J. Imbaro
Anthony Buchanan	Michael O’Keefe
Azmera Habtu	Michelle E. Castillo-Reid
Carrie He	Ming C. Su
Colin D. Musto	Nadia D. Williams
Domenica Cabral	Natoya Castillo
Elliott Heroux	Nicole Peeples
Erica Pleitez	Prema L. Andrew
Jake Rosato	Robert E. Sweeney
James P. Kelley	Rui Santos
Linda Ogiemwonyi	Scott Finn
Lisa A. Stone	Sinthia Johnson
Magnolia Rojas	Sheila Fay
Marie Murray	Teki M. Way
Mark J. MacDonnell	Tyesha T. Rogers
Matthew T. Lindmark	Vanessa Nguyen
Mattie L. Crouse	Veronica L. Imbaro
Medina C. Lucien	



(This page intentionally left blank)





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, 2022, 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, 2022, 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 1.0% and 0.5% of the total assets and revenues, respectively, of the aggregate remaining fund information as of June 30, 2022 and for the year then ended.

These entities and funds collectively represent 3.4% and 0.2%, respectively, of the total assets and revenues of the governmental activities as of June 30, 2022 and the year then ended.
- *Fiduciary Activities*
 - Boston Retirement System, the OPEB Trust Fund, and Private-Purpose Trust Funds that collectively represent 97.9% and 86.9%, respectively, of the total assets and revenues of the aggregate remaining fund information as of June 30, 2022 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 81.6% and 89.0%, respectively, of the total assets and revenues of the aggregate discretely presented component units as of June 30, 2022 and for the year then ended.

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

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



Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2(t) to the basic financial statements, in 2022, the City adopted Governmental Accounting Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Partial Comparative Information

We have previously audited the City's 2021 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 January 31, 2022. In our opinion, the partial comparative actual information presented herein for the budgetary comparison of the General Fund for the year ended June 30, 2021, 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 March 10, 2023 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
March 10, 2023

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, 2022. 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 basically 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 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 flow of 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 Internal Service Fund provides health insurance services predominantly to other funds, departments or agencies of the City. Therefore, its activities are included in the Government-wide financial statements within governmental activities.

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

CURRENT YEAR FINANCIAL IMPACTS

- The City of Boston's OPEB obligation significantly impacts the Government-wide financial results. The most recent valuation of the City's OPEB obligation as of June 30, 2021, estimated that the total OPEB liability of the City increased by \$113.5 million to \$2.3 billion. This increase was largely a result of changes in assumptions.
- In fiscal year 2022, the City's contribution to the OPEB Trust Fund (\$179.2) million for retiree health benefits includes \$40 million in advance funding toward reducing the OPEB liability. In 2022 and 2021, the OPEB Trust Fund earned investment income/loss, net of fees in the amount of (\$81.0) million and \$173.6 million, respectively. This decrease is attributed to decreased portfolio performance and market declines.
- 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, 2021, the City's proportionate share of that net pension liability decreased by \$305.4 million and the net pension liability for the City's non contributory plan as of June 30, 2022 decreased by \$20.7 million resulting in a total net pension liability of \$1.08 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, 2022 in a net deficit of \$0.82 billion (presented as net position). At year end, the City had a deficit in governmental activities unrestricted net position in the amount of \$2.04 billion.

Changes in Net Position – Primary Government – The City's total net position increased by \$260.9 million from the amount reported in fiscal year 2021.

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 (\$815.7) million at the end of 2022, compared to a net deficit of (\$1.08) billion 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 \$1.10 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, \$118.3 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 \$0.2 billion from the 2021 amount.

Net Position – Primary Government

(In thousands)

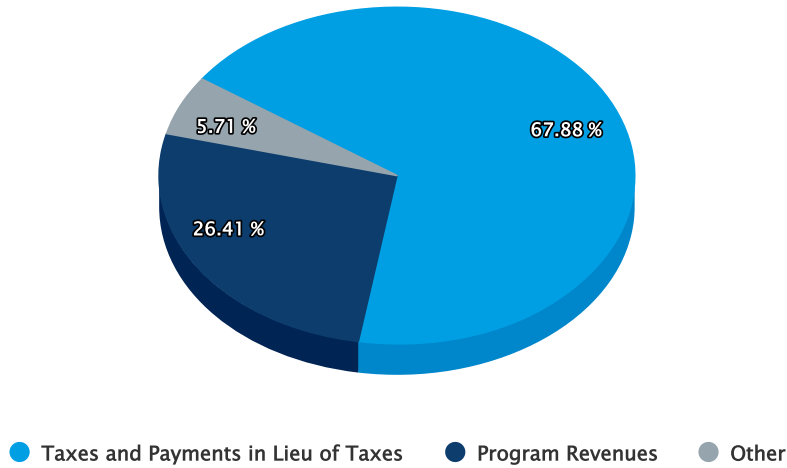
	Governmental Activities	
	Total Primary Government	
	2022	2021
ASSETS:		
Current assets	\$ 2,934,153	\$ 2,455,874
Capital assets	2,730,596	2,500,911
Other assets	225,000	216,534
Total assets	5,889,749	5,173,319
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	660,114	560,215
Liabilities:		
Current liabilities	1,424,496	1,142,531
Noncurrent liabilities	5,332,769	5,283,856
Total liabilities	6,757,265	6,426,387
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	608,262	383,698
NET POSITION:		
Net investment in capital assets	1,101,116	1,058,576
Restricted	118,324	113,881
Unrestricted	(2,035,104)	(2,249,008)
Total net position	\$ (815,664)	\$ (1,076,551)

Changes in Net Position – Primary Government

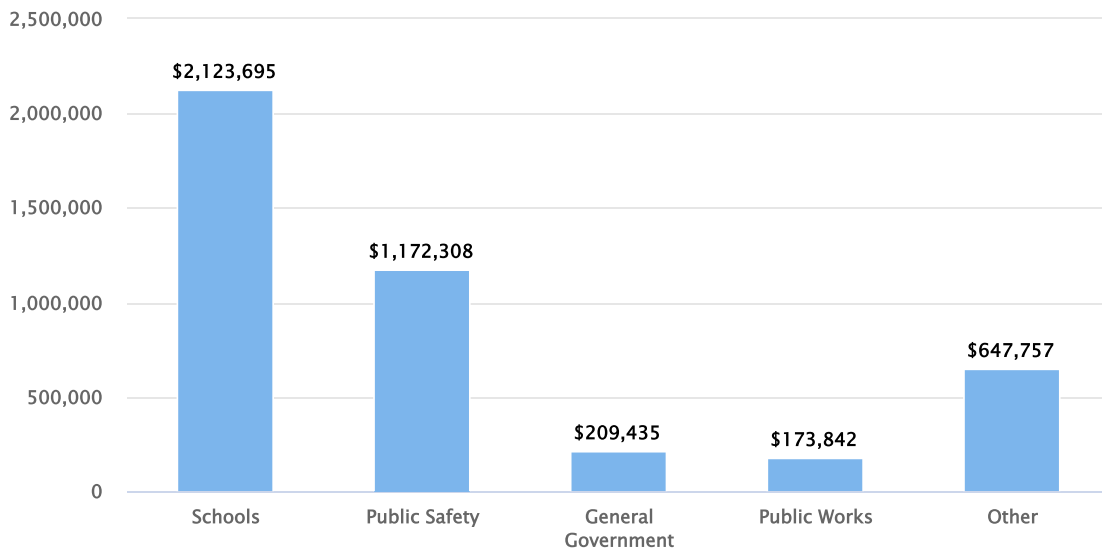
(In thousands)

	Governmental Activities	
	Total Primary Government	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 304,876	\$ 226,977
Operating grants and contributions	864,380	770,430
Capital grants and contributions	42,584	54,589
General revenues:		
Taxes	3,114,334	2,823,116
Grants and contributions not restricted	245,625	233,771
Investment income	11,264	32,659
Miscellaneous	4,861	3,867
Total revenues	4,587,924	4,145,409
Program expenses:		
General government	209,435	217,654
Human services	65,555	56,814
Public safety	1,172,308	1,112,320
Public works	173,842	158,722
Property and development	291,461	186,903
Parks and recreation	54,430	53,824
Library	57,149	58,717
Schools	2,123,695	2,083,935
Public health programs	142,341	123,473
Interest on long-term debt	36,821	36,213
Total program expenses	4,327,037	4,088,575
Change in net position	260,887	56,834
Net position - beginning of year	(1,076,551)	(1,133,385)
Net position-end of year	\$ (815,664)	\$ (1,076,551)

Revenues – Governmental Activities
Fiscal Year 2022



Expenses – Governmental Activities FY 2022
(in thousands)



Governmental Activities

The City's governmental activities net position increased by \$260.9 million over the prior fiscal year. The following net changes occurred during the course of operations in fiscal year 2022. In the assets accounts, cash and investments increased by \$478.3 million, receivables increased by \$6.42 million, and capital assets increased by \$229.7 million. In the liability accounts, there was a decrease in warrants and accounts payable of \$0.3 million and an increase in accrued liabilities by \$107.1 million. Additionally, an increase of \$113.5 million was recorded relative to the City's other postemployment benefit obligation and a decrease of \$326.2 million was recorded relative to the City's net pension liability in 2022.

During fiscal year 2022, the City's revenues increased by 10.8%. The City's largest sources of revenues were property taxes, excise taxes, and payment in lieu of taxes of \$3.11 billion (67.9% of total revenues) and \$1.21 billion of program revenues (26.4% of total revenues). Taxes increased by \$291.2 million from the previous year. Program revenues increased by \$0.16 billion for fiscal year 2022. This is largely due to increases in operating grants and contributions and charges for services. The City's expenses cover a range of services. The largest expenses were for schools (\$2.12 billion), public safety (\$1.2 billion), general government (\$209.4 million), public works (\$173.8 million), and property and development (\$291.5 million). In 2022, governmental activities expenses exceeded program revenues (i.e., user charges, operating grants, and capital grants) by \$3.12 billion. This shortfall was covered primarily through taxes (\$3.11 billion) and unrestricted grants and contributions (\$245.6 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 2022, the City's governmental funds reported a combined ending fund balance of \$1.96 billion, an increase of \$231.4 million from the prior year. Of this total amount, \$994.5 million 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 2022 was \$994.5 million, which represents approximately 25.0% of GAAP General Fund operating expenditures. The General Fund - fund balance decreased due to a decrease in excise taxes, investment income, fines, licenses and permits and department and other revenue mainly as a result of the impacts of the COVID-19 pandemic.

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 2022 Special Revenue Fund balance is reported at \$332.6 million, an \$18.0 million increase from fiscal year 2021. This increase was mainly driven by the increase in new federal programs related to COVID-19 relief.

Capital Projects Fund – Fund Balance – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and pooled funds. The fiscal year 2022 Capital Projects Fund balance is \$192.4 million, a \$106.1 million increase from fiscal year 2021.

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 2022 Other Governmental Funds fund balance is \$123.6 million, a \$3.2 million increase from fiscal year 2021.

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 Allways, 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 2022 with a \$29.3 million surplus. There were no material variances between the original budget and final budget amounts. Unfavorable variances from the final budget to actual results occurred in public safety, judgments and claims, and public works.

Favorable results were reported for General Fund revenue sources, including \$24.5 million in payments in lieu of taxes, \$21.7 million of licenses and permits, \$30.6 million in departmental and other revenue, \$3.6 million of property tax and \$1.6 million in investment income. Other available funds shows a revenue deficit of \$71.0 million, however, this is primarily a result of not transferring other available funds such as \$30.0 million of parking meter funds, \$1.0 million of cemetery funds and \$40 million in appropriated funds from the general fund.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The City's investment in capital assets for its governmental activities, as of June 30, 2022, has a net book value of \$2.73 billion, made up of costs totaling \$5.33 billion less accumulated depreciation of \$2.62 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and have value only to the City, such as roads, bridges, streets, sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the City's investment in capital assets for the current fiscal year was approximately \$229.7 million in terms of net book value. However, actual expenditures to purchase or construct capital assets and contributions of capital assets were \$357.2 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 \$143.8 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 \$1.46 billion in General Obligations Bonds principal outstanding – an increase of \$197.0 million over last year.

On April 13th, 2022, the City issued \$335.2 million of general obligation bonds for various municipal capital projects. In conjunction with the City's annual bond offering, the rating service bureau Moody's Investors Service reaffirmed the City's bond ratings at Aaa and the rating service bureau Standard & Poor's reaffirmed the bond rating to AAA. General Obligation Bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of debt. Accordingly, all general obligation debt currently outstanding has been approved by a vote of the City Council.

Notes and Equipment Financing Payable and Other Long Term Obligations – The City's general long term notes and equipment financing payable and other long term obligations decreased by \$209.5 million, or 5.0%, during the current fiscal year. Key factors for this decrease are a decrease in the net pension liability of \$326.2 million.

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

NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 87 "*Leases*." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022. This Statement was implemented in fiscal 2022.

The GASB has issued Statement No. 89 "*Accounting for Interest Cost Incurred before the End of a Construction Period*". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021. This Statement was implemented in fiscal 2022 without any material impact.

The GASB has issued Statement No. 92 "*OMNIBUS 2020*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

Effective Date

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
 - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
 - The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
 - The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.
- Earlier application is encouraged and is permitted by topic.

The GASB has issued Statement No. 93 “Replacement of Interbank Offered Rates.” The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. This Statement was implemented in fiscal 2022 without any material impact.

The GASB has issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. This Statement was implemented in fiscal 2022 without any material impact.

FUTURE PRONOUNCEMENTS

The GASB has issued Statement No. 91 “*Conduit Debt Obligations*”. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended, the requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

The GASB has issued Statement No. 94 *“Public-Private and Public-Public Partnerships and availability payment arrangements”*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The GASB has issued Statement No. 96 *“Subscription-Based information technology arrangements”*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The GASB has issued Statement No. 99 *“OMNIBUS 2022.”* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government

- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

Effective Date

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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.

The GASB has issued Statement No. 100 *"Accounting Changes and Error Corrections-An Amendment of GASB Statement NO.62"*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

Effective Date and Transition

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. Earlier application is encouraged.

The GASB has issued Statement No. 101 "*Compensated absences*". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition and Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes to the Financial Statements

This Statement amends the existing requirement 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 (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Effective Date

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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, 2022

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,795,910	\$ 175,272
Cash and investments held by trustees	138,243	23,027
Receivables, net		
Property and other taxes	34,156	-
Intergovernmental	125,906	-
Other	18,237	10,659
Other assets	11,848	64,436
Due from primary government	-	1,039
Due from component units	7,168	-
Total current assets	<u>3,131,468</u>	<u>274,433</u>
Noncurrent Assets:		
Cash and investments held by trustee	-	65,248
Notes and other receivables	27,685	1,938,322
Capital assets:		
Nondepreciable assets	447,405	27,731
Depreciable, net	2,283,191	69,262
Total noncurrent assets	<u>2,758,281</u>	<u>2,100,563</u>
Total assets	<u>5,889,749</u>	<u>2,374,996</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount for pension costs	335,469	29,815
Deferred amount from OPEB	322,852	8,177
Deferred amount from debt refunding	1,793	-
Total deferred outflows of resources	<u>660,114</u>	<u>37,992</u>

See accompanying notes to the basic financial statements

Statement of Net Position

June 30, 2022

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Component Units
LIABILITIES:		
Current Liabilities:		
Warrants and accounts payable	178,850	48,887
Accrued liabilities - current:		
Compensated absences	68,613	212
Judgments and claims	118,115	-
Payroll and related costs	265,394	-
Deposits and other	154,165	7,125
Unearned revenue	472,272	8,883
Current portion of long-term bonds, notes and equipment financing payable	166,048	-
Due to component units	1,039	-
Due to primary government	-	7,168
Total current liabilities	1,424,496	72,275
Noncurrent Liabilities:		
Bonds due in more than one year	1,522,876	4,094
Notes and equipment financing payable due in more than one year	61,181	8,796
Other noncurrent liabilities	358,279	142,118
Net pension liability	1,080,235	90,151
Other postemployment benefits obligation	2,310,198	78,366
Unearned revenue	-	79,179
Total noncurrent liabilities	5,332,769	402,704
Total liabilities	6,757,265	474,979
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount for pension costs	404,267	47,685
Deferred amount for OPEB	182,741	54,819
Deferred amount for leases	12,593	1,730,668
Deferred amount from debt refunding	8,661	-
Total deferred inflows of resources	608,262	1,833,172
NET POSITION:		
Net investment in capital assets	1,101,116	81,316
Restricted for:		
Other Purposes	105,974	83,253
Capital projects	12,350	-
Unrestricted deficit	(2,035,104)	(61,722)
Total net position	\$ (815,664)	\$ 102,847

See accompanying notes to the basic financial statements

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

(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	209,435	77,460	147,771	17,747
Human services	65,555	579	14,197	-
Public safety	1,172,308	178,866	25,590	744
Public works	173,842	23,003	376	7,139
Property and development	291,461	8,170	99,414	-
Parks and recreation	54,430	1,109	397	1,404
Library	57,149	524	3,292	2,448
Schools	2,123,695	15,165	573,343	13,102
Public health programs	142,341	-	-	-
Interest on long-term debt	36,821	-	-	-
Total primary government	\$ 4,327,037	\$ 304,876	\$ 864,380	\$ 42,584
Aggregate Discretely Presented Component Units:				
Boston Public Health Commission	\$ 230,180	\$ 41,478	\$ 76,654	\$ -
Boston Planning & Development Agency	25,063	20,680	15,835	-
Trustees of the Public Library of the City of Boston	18,239	4,239	8,859	-
Economic Development and Industrial Corporation of Boston	48,866	37,630	13,651	658
Total component units	\$ 322,348	\$ 104,027	\$ 114,999	\$ 658

General Revenues:
Taxes:
Property taxes, levied for general purposes
Excises
Payments in lieu of taxes
Grants and contributions not restricted
Investment income
City appropriation
Miscellaneous
Special item - gain on sale of property
Total general revenues
Change in net position
Net position - beginning of year, as restated
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
33,543	\$ -
(50,779)	-
(967,108)	-
(143,324)	-
(183,877)	-
(51,520)	-
(50,885)	-
(1,522,085)	-
(142,341)	-
(36,821)	-
\$ (3,115,197)	\$ -
\$ -	\$ (112,048)
-	11,452
-	(5,141)
-	3,073
\$ -	\$ (102,664)
\$ 2,810,807	\$ -
211,520	-
92,007	-
245,625	-
11,264	13,953
-	114,679
4,861	4,202
-	2,430
3,376,084	135,264
260,887	32,600
(1,076,551)	70,247
\$ (815,664)	\$ 102,847

See accompanying notes to the basic financial statements

Balance Sheet
Governmental Funds
June 30, 2022
(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,642,411	\$ 824,523	\$ 226,377	\$ 17,579	\$ 2,710,890
Cash and investments held by trustees	205	-	31,643	106,395	138,243
Receivables, net:					
Property and other taxes	34,156	-	-	-	34,156
Intergovernmental	12,912	100,644	12,350	-	125,906
Departmental and other	23,660	21,679	-	583	45,922
Total receivables	70,728	122,323	12,350	583	205,984
Due from other funds	1,131	2,370	-	-	3,501
Due from component units	5,667	-	-	-	5,667
Total assets	\$ 1,720,142	\$ 949,216	\$ 270,370	\$ 124,557	\$ 3,064,285
LIABILITIES					
Warrants and accounts payable	\$ 64,618	\$ 37,420	\$ 75,972	\$ 649	\$ 178,659
Accrued liabilities:					
Payroll and related costs	260,631	4,626	55	82	265,394
Deposits and other	37,770	96,720	-	26	134,516
Unearned Revenue	-	472,272	-	-	472,272
Due to other funds	168	3,100	171	62	3,501
Due to component unit	1,039	-	-	-	1,039
Total liabilities	\$ 364,226	\$ 614,138	\$ 76,198	\$ 819	\$ 1,055,381
DEFERRED INFLOWS OF RESOURCES					
Revenue not considered available and leases	40,648	2,527	1,739	185	45,099
Total deferred inflows of resources	\$ 40,648	\$ 2,527	\$ 1,739	\$ 185	\$ 45,099
FUND BALANCES					
Nonspendable	-	-	-	21,504	21,504
Restricted	-	36,650	192,433	102,049	331,132
Assigned	320,733	295,901	-	-	616,634
Unassigned	994,535	-	-	-	994,535
Total fund balances	1,315,268	332,551	192,433	123,553	1,963,805
Total liabilities, deferred inflows of resources and fund balances	\$ 1,720,142	\$ 949,216	\$ 270,370	\$ 124,557	\$ 3,064,285

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2022
(Amounts in thousands)

Total fund balance - governmental funds	\$ 1,963,805
--	---------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements	2,730,596
Certain revenues of the government-wide financial statements are earned but not considered available in the governmental fund financial statements	32,506
Internal service funds are included in the government-wide financial statements	67,807
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	(1,484,271)
Equipment financing payable	(67,863)
Leases	(16,372)
Bond issue premiums/discounts, net	(197,971)
Deferred bond refunding losses/gain, net	(6,868)
Accrued interest on bonds	(15,024)
Compensated absences	(247,599)
Landfill	(5,668)
Judgments and claims	(249,122)
Other postemployment benefits, net of deferred amounts	(2,170,087)
Net pension liability, net of deferred amounts	(1,149,033)
Pollution remediation	(500)
Net position of governmental activities	\$ (815,664)

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Real and personal property taxes	\$ 2,819,651	\$ 122	\$ -	\$ -	\$ 2,819,773
Excises	210,808	-	-	-	210,808
Payments in lieu of taxes	92,008	-	-	-	92,008
Fines	61,591	-	-	-	61,591
Investment income	4,482	171	-	33	4,686
Licenses and permits	84,825	34	-	-	84,859
Departmental and other	124,563	56,240	1,145	11,632	193,580
Intergovernmental	649,471	526,551	32,685	-	1,208,707
Total revenues	4,047,399	583,118	33,830	11,665	4,676,012
EXPENDITURES:					
Current:					
General government	123,041	59,311	-	9,939	192,291
Human services	36,961	16,540	-	-	53,501
Public safety	797,386	28,735	-	-	826,121
Public works	130,807	5,840	-	-	136,647
Property and development	37,327	204,922	-	-	242,249
Parks and recreation	33,019	2,098	-	-	35,117
Library	41,098	3,321	-	-	44,419
Schools	1,324,486	185,036	-	-	1,509,522
Public health programs	116,705	19,488	-	-	136,193
Judgments and claims	30,239	-	-	-	30,239
Retirement costs	502,585	-	-	-	502,585
Other employee benefits	258,112	-	-	-	258,112
State and district assessments	332,586	-	-	-	332,586
Capital outlays	24,269	726	369,485	-	394,480
Debt service	188,461	-	-	-	188,461
Total expenditures	3,977,082	526,017	369,485	9,939	4,882,523
Excess (deficiency) of revenues over (under) expenditures	70,317	57,101	(335,655)	1,726	(206,511)
OTHER FINANCING SOURCES (USES):					
Long term debt and leases issued	9,784	-	365,891	-	375,675
Premiums on long-term debt issued	-	574	61,636	-	62,210
Transfers in	55,000	29,540	14,192	1,455	100,187
Transfers out	(30,995)	(69,192)	-	-	(100,187)
Total other financing sources (uses)	33,789	(39,078)	441,719	1,455	437,885
Net change in fund balances	104,106	18,023	106,064	3,181	231,374
Fund balance - beginning of year	1,211,162	314,528	86,369	120,372	1,732,431
Fund balance - end of year	\$ 1,315,268	\$ 332,551	\$ 192,433	\$ 123,553	\$ 1,963,805

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
Governmental Funds to the Statement of Activities
Year Ended June 30, 2022**

(Amounts in thousands)

Net change in fund balances - total governmental funds 231,374

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 exceeded depreciation expense and loss of disposals. 213,312

Certain revenues in the statement of activities that are not reported as revenues in the governmental funds as they are not considered available (8,310)

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	(365,891)
Repayment of bonds, notes and equipment financing payable	164,065
Bond premiums (net)	(46,890)
Deferred loss on refunding	322
Workers compensation	(1,722)
Net pension liability, net of deferred amounts	181,805
Compensated absences	9,683
Net other postemployment benefits liability, net of deferred amounts	(81,506)
Judgements and claims	(4,507)
Landfill closure and post closure costs	243
Interest payable	(1,883)
	(146,281)

Net operating loss from the internal service fund, which is presented in the statement of activities, but not in the governmental funds (29,208)

Change in net position of governmental activities \$ 260,887

See accompanying notes to the basic financial statements

Statement of Revenues and Expenditures

Budgetary Basis

General Fund – Budget and Actual

Year Ended June 30, 2022 (with comparative actual amounts for 2021)

(Amounts in thousands)

	2022					2021 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance		
REVENUES AND OTHER AVAILABLE FUNDS:						
Real and personal property taxes, net	\$ 2,790,149	2,790,149	\$ 2,793,795	\$ 3,646	\$ 2,676,286	
Excises	126,140	126,140	210,697	84,557	116,340	
Commonwealth of Massachusetts	478,914	478,914	469,990	(8,924)	468,819	
Departmental and other revenue	65,536	65,536	96,108	30,572	77,569	
Fines	51,800	51,800	61,754	9,954	52,153	
Payments in lieu of taxes	67,350	67,350	91,837	24,487	88,674	
Investment income	2,800	2,800	4,429	1,629	3,615	
Licenses and permits	62,370	62,370	84,032	21,662	67,332	
Miscellaneous	267	267	267	-	267	
Other available funds	125,950	125,950	55,000	(70,950)	60,000	
Total revenues and other available funds	3,771,276	3,771,276	3,867,909	96,633	3,611,055	
EXPENDITURES:						
General government	141,868	187,172	186,040	1,132	128,508	
Human services	45,809	37,095	37,088	7	36,027	
Public safety	751,882	751,129	784,791	(33,662)	757,279	
Public works	128,743	126,392	133,199	(6,807)	118,229	
Property and development	63,105	70,967	70,966	1	59,441	
Parks and recreation	33,141	39,283	39,135	148	31,245	
Library	42,243	42,243	40,924	1,319	39,841	
Schools	1,294,719	1,294,720	1,294,706	14	1,260,465	
Boston Public Health Commission	110,698	114,802	114,802	-	106,474	
Judgments and claims	5,000	5,000	34,509	(29,509)	5,791	
Other employee benefits	267,223	258,778	258,778	-	264,719	
Retirement costs	327,584	327,014	327,014	-	295,518	
Debt requirements	205,116	184,093	184,093	-	171,971	
State and district assessments	354,145	332,585	332,585	-	320,221	
Total expenditures	3,771,276	3,771,273	3,838,630	(67,357)	3,595,729	
Excess of revenues and other available funds over expenditures	\$ -	\$ 3	\$ 29,279	\$ 29,276	\$ 15,326	

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Net Position

Proprietary Fund

June 30, 2022

(Amounts in thousands)

	<u>Internal Service</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 85,020
Due from component unit	1,501
Total current assets	<u>86,521</u>
Noncurrent assets:	
Other assets	11,848
Total noncurrent assets	<u>11,848</u>
Total assets	\$ 98,369
LIABILITIES:	
Current liabilities:	
Accrued liabilities	30,562
Total current liabilities	\$ 30,562
NET POSITION:	
Unrestricted	67,807
Total net position	\$ 67,807

See accompanying notes to the basic financial statements

FISCAL YEAR ENDED JUNE 30, 2022

**Statement of Revenues, Expenses
and Changes in Net Position**

Proprietary Fund

Year Ended June 30, 2022

(Amounts in thousands)

	<u>Internal Service</u>
OPERATING REVENUES:	
Employee contributions	\$ 87,150
Employer contributions	200,565
Total operating revenues	<u>287,715</u>
OPERATING EXPENSES:	
Health benefits	316,923
Total operating expenses	<u>316,923</u>
Operating loss	<u>(29,208)</u>
Net position - beginning of year	<u>97,015</u>
Net position - end of year	<u><u>\$ 67,807</u></u>

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2022

(Amounts in thousands)

	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 287,715
Cash paid to vendors	(317,216)
Net cash used in operating activities	<u>(29,501)</u>
Cash and cash equivalents- beginning of year	114,521
Cash and cash equivalents- end of year	<u>\$ 85,020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	\$ (29,208)
Adjustments to reconcile operating loss to net provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	(1,394)
Due from component units/recievables	1,357
Accounts payable and accrued liabilities	(256)
Net cash used in operating activities	<u>\$ (29,501)</u>

See accompanying notes to the basic financial statements

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

(Except Employee Retirement Plan, which is as of December 31, 2021)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ASSETS:			
Cash and cash equivalents	\$ 491,557	\$ 143,428	\$ 11,686
Receivables:			
Interest and dividends	12,287	-	-
Securities sold	65,830	-	-
Employer contributions	15,796	-	-
Other	4,366	4,584	-
Total receivables	98,279	4,584	-
Prepaid Expenses	1,726	-	-
Other Assets	-	30	-
Investments, at fair value:			
Short term:			
Domestic	123,046	-	-
International	13,296	-	-
Equity:			
Domestic	2,018,045	-	-
International	1,914,944	-	-
Fixed-income:			
Domestic	1,488,417	-	-
International	404,480	-	-
PRIT Pooled Fund	2,187,775	-	-
Real estate	679,251	-	-
Alternative	1,021,099	-	-
Total investments	9,850,353	-	-
Securities lending short-term collateral investment pool	176,478	-	-
Total assets	10,618,393	148,042	11,686
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	24,092	1,784	-
Securities purchased	74,518	-	-
Collateral held on securities lending	176,437	-	-
Total liabilities	275,047	1,784	-
DEFERRED INFLOW OF RESOURCES:			
Deferred amount for leases	-	2,753	-
Total deferred inflow of resources	-	2,753	-
NET POSITION RESTRICTED FOR:			
Pension Benefits	9,483,630	-	-
OPEB Benefits	859,716	-	-
Other Purposes	-	143,505	11,686
Total Net Position Restricted	\$ 10,343,346	\$ 143,505	\$ 11,686

See accompanying notes to the basic financial statements

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended June 30, 2022

(Except Employee Retirement Plan, which is year ended December 31, 2021)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds
ADDITIONS:			
Contributions:			
Employers	\$ 550,079	\$ -	\$ -
Commonwealth of Massachusetts (nonemployer)	179,848	-	-
Employees	179,999	-	-
Donations and other	-	5,684	2,377
Total contributions	909,926	5,684	2,377
Investment earnings:			
Net appreciation in fair value of investments	951,922	-	-
Investment income	175,309	13,430	-
Less investment expenses	(56,070)	-	-
Net investment earnings	1,071,161	13,430	-
Securities lending activities:			
Securities lending income	972	-	-
Less borrower rebates and fees	(272)	-	-
Net income from securities lending activities	700	-	-
Total net investment income (loss)	1,071,861	13,430	-
Intergovernmental	9,311	-	-
Miscellaneous income	4	-	1,329
Total additions	1,991,102	19,114	3,706
DEDUCTIONS:			
Benefits	815,851	-	-
Reimbursements	8,971	-	-
Refunds of contributions	16,274	-	-
Administrative expenses and other	10,004	18,119	3,505
Total deductions	851,100	18,119	3,505
Change in net position	1,140,002	995	201
Net position - beginning of year	9,203,344	142,510	11,485
Net position - end of year	\$ 10,343,346	\$ 143,505	\$ 11,686

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

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, 2021.
- 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, 2022.

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, 2022.

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

d. Related Organizations

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

2. Summary of Significant Accounting Policies

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

a. Government-wide and Fund Financial Statements

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

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

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

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

i. Government-wide Financial Statements

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

ii. Governmental Fund Financial Statements

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

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

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

iii. **Proprietary Financial Statements**

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

iv. **Description of Major Funds**

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

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

Proprietary fund – The City reports the following proprietary fund:

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

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

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

c. **Cash Equivalents**

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

d. Basis of Investment Valuation

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

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

e. Interfund Receivables and Payables

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

f. Uncollectible Tax and Other Receivables

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

g. Capital Assets (excluding leases)

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

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

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

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

h. Unearned Revenue

Resources received in advance are reported as unearned revenues until the period of the exchange. Intergovernmental revenues representing grants and assistance from other governmental units are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred inflows of resources, except CPA, Universal Pre-K and American Rescue Plan (ARP) Act funds, which are reported as unearned revenue. The City received a total amount of \$279.4 million of ARP Act funds during the fiscal year 2022. The City met eligibility requirements for \$152.0 million as of June 30, 2022.

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, 2022 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)

The City is a lessee for various noncancellable leases of buildings and equipment. For leases with a maximum possible term of 12 months or less at commencement, the City recognizes expenses 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 liability and an intangible right-to-use lease asset 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.

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 made, (2) lease term and (3) lease 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. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease asset.

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

p. Net Position and Fund Balance

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

Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted: Net position the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.

Unrestricted: Remaining net position not considered net investment in capital assets or restricted.

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

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

Nonspendable: Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.

Restricted: Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.

Assigned: Amounts that are constrained by the City's intent for use for specific purposes, but are considered neither restricted or committed. Under M.G.L. Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.

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

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

q. Tax Abatement Refunds

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

r. Landfill Closure and Postclosure Care Costs

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2022, 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 2022 were \$243 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

During fiscal year 2022, the City implemented GASB Statement No. 87. The statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The result of this accounting principle adoption had no effect on the City's net position in governmental activities as of July 1, 2021.

The City's discretely presented component units BPDA, TPL and EDIC also adopted GASB Statement No. 87 which resulted in corresponding adjustments of \$518 thousand, \$695 thousand, and \$21.0 million to the previously reported financial statements, respectively. The adoption of GASB Statement No. 87 had no impact on the previously reported financial statements of the City's other discretely presented component unit (BPHC).

During fiscal year 2022, the City implemented GASB Statement No. 89. "Accounting for Interest Cost Incurred before the End of a Construction Period". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021. This statement was implemented in fiscal year 2022 without any material impact.

The GASB has issued Statement No. 92 "OMNIBUS 2020." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature

- Terminology used to refer to derivative instruments.

Effective Date

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic.

The GASB has issued Statement No. 93 “Replacement of Interbank Offered Rates.” The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. This statement was implemented in fiscal year 2022 without any material impact.

The GASB has issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. This statement was implemented in fiscal year 2022 without any material impact.

3. Short Term Debt

During fiscal year 2022, 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, 2022 (in thousands):

	Revenue	Expenditures	Other financing uses, net	Excess of revenue and other financing sources
As reported on a budgetary basis	\$ 3,867,909	\$ 3,838,630	\$ -	\$ 29,279
Adjustments:				
Revenues to modified accrual basis	(23,884)	-	9,784	(14,100)
Expenditures, encumbrances, and accruals, net	-	(40,917)	-	40,917
On-behalf contribution for teachers pension	179,369	179,369	-	-
Other transfers	24,005	-	24,005	48,010
As reported on a GAAP basis	<u>\$ 4,047,399</u>	<u>\$ 3,977,082</u>	<u>\$ 33,789</u>	<u>\$ 104,106</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, 2022, the City and the City of Boston Pooled Funds had uninsured and uncollateralized deposits and investments of \$556.4 million and \$127.7 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, 2022:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	\$ 222,574	\$ 222,574	\$ -	\$ -	\$ -
Institutional and mutual funds	46,519	15,928	18,642	7,755	4,194
U.S. Treasury and agency securities	122,053	4,044	25,908	18,942	73,159
State and local municipal obligations	3,777	71	1,074	1,023	1,609
Corporate debt instruments	130,428	1,034	69,456	28,621	31,317
International Government Bonds	7,402	118	1,460	4,178	1,646
Commercial Paper	341,427	341,427	-	-	-
Corporate Note	34,318	34,318	-	-	-
Supranational	36,189	36,189	-	-	-
Certificate of deposits	140,693	140,693	-	-	-
	<u>\$ 1,085,380</u>	<u>\$ 796,396</u>	<u>\$ 116,540</u>	<u>\$ 60,519</u>	<u>\$ 111,925</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, 2022 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	\$ 222,574	Unrated
Institutional and mutual funds	46,519	AAA to A3
U.S. Treasury and agency securities	122,053	AAA to A3
State and local municipal obligations	2,420	AAA to A3
State and local municipal obligations	333	Baa1 to B3
State and local municipal obligations	1,024	Unrated
Corporate debt instruments	81,984	AAA to A3
Corporate debt instruments	34,101	Baa1 to B3
Corporate debt instruments	70	Caa1 to C
Corporate debt instruments	14,273	Unrated
Commercial Paper	341,427	A1 to A1+
Corporate Note	34,318	A to AA+
Supranational	36,189	AAA
International Government Bonds	1,701	AAA to A3
International Government Bonds	5,163	Baa1 to B3
International Government Bonds	43	Caa1 to C
International Government Bonds	495	Unrated
Certificate of deposits	140,693	A1 to A1+
	<u>\$ 1,085,380</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, 2022, the City of Boston Pooled Funds held international equity mutual funds valued at \$92.6 million and international government bonds valued at \$7.4 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. Market quotations are not available for these funds, which are valued using significant unobservable inputs.

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

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

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

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, 2022 (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	\$ 222,574	\$ -	\$ -	\$ 222,574
Institutional and mutual funds	46,519	-	-	46,519
Equity securities	590,414	494	-	590,908
Real estate funds	-	-	57,271	57,271
Commercial Paper	341,427	-	-	341,427
Corporate Note	34,318	-	-	34,318
Supranational	36,189	-	-	36,189
US Treasury & agency securities	55,207	66,846	-	122,053
State and Local municipal obligations	32	3,745	-	3,777
Corporate debt instruments	25,325	105,090	13	130,428
International Government Bonds	1,921	5,481	-	7,402
Total Investments:	\$ 1,353,926	\$ 181,656	\$ 57,284	\$ 1,592,866

Boston Retirement System

h. 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, 2021, all of the System’s deposits were insured or collateralized.

i. 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.

j. 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, 2021:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasury notes and bonds	\$ 291,733	\$ 14,964	\$ 143,529	\$ 80,572	\$ 52,668
U.S. agencies	129,643	-	7,024	5,689	116,931
Domestic corporate	1,155,693	3,499	116,355	187,076	848,763
Municipal	4,871	-	230	1,384	3,257
International corporate	12,438	331	5,558	4,940	1,609
International government	32,274	821	12,953	11,299	7,201
Asset-backed:					
CMOs	48,315	-	44	416	47,854
Other	59,087	805	5,723	8,206	44,353
	\$ 1,734,054	\$ 20,420	\$ 291,416	\$ 299,582	\$ 1,122,636

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, 2021 are highly sensitive to changes in interest rates.

k. 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, 2021 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	Not rated
U.S. agencies	\$ 129,643	\$ 9,695	\$ 354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,593
Domestic corporate	1,155,693	215	6,382	42,090	88,608	44,288	39,729	37,346	897,034
Municipal	4,871	94	3,179	1,413	-	-	-	-	186
International corporate	12,438	-	-	649	2,639	1,039	7,269	842	-
International government	32,274	-	1,643	6,339	16,339	2,183	4,133	203	1,434
Asset-backed:									
CMOs	48,315	29,117	287	-	-	-	-	-	18,911
Other	59,087	30,306	3,721	4,015	3,545	4,996	753	1,513	10,239
	<u>\$ 1,442,321</u>	<u>\$ 69,427</u>	<u>\$ 15,566</u>	<u>\$ 54,506</u>	<u>\$ 111,131</u>	<u>\$ 52,506</u>	<u>\$ 51,884</u>	<u>\$ 39,904</u>	<u>\$ 1,047,397</u>

In addition to the above schedule, the System has approximately \$291.7 million invested in U.S. government securities, which are not rated as they are explicitly guaranteed by the U.S. government.

l. Concentration Risk

Other than the Pension Reserves Investment Trust (PRIT) fund, the System has no investments, at fair value, that exceed 5% of the System’s total investments as of December 31, 2021. 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.

m. Foreign Currency Risk

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

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

Currency	Cash and short-term investments	Fixed income	Equity	Alternative	Total
Australian dollar	\$ 37	\$ -	\$ 32,073	\$ -	\$ 32,110
Austria	-	-	740	-	740
Canadian dollar	-	-	15,262	-	15,262
Danish krone	6	-	42,060	-	42,066
Euro currency	663	-	-	2,206	2,869
Finland	-	-	13,003	-	13,003
France	-	-	74,344	-	74,344
Germany	-	-	48,632	-	48,632
Hong Kong dollar	1	-	20,059	-	20,060
Ireland	-	-	2,702	-	2,702
Israel	3	-	3,160	-	3,163
Italy	-	-	14,094	-	14,094
Japanese yen	8	-	138,632	-	138,640
Korea	49	-	-	-	49
Luxembourg	-	-	31	-	31
Malta	-	-	676	-	676
Netherlands	-	-	35,965	-	35,965
New Zealand dollar	-	-	615	-	615
Norwegian krone	1	-	497	-	498
Portugal	-	-	303	-	303
Pound sterling	97	-	74,419	10,809	85,325
Singapore dollar	2	-	8,058	-	8,060
Spain	-	-	15,065	-	15,065
Swedish krona	1	-	12,494	-	12,495
Swiss franc	88	-	90,961	-	91,049
Total securities subject to foreign currency risk	\$ 956	\$ -	\$ 643,845	\$ 13,015	\$ 657,816
U.S. dollars (securities held by international investment managers)	-	45,781	392,832	-	438,613
Total international investment securities	\$ 956	\$ 45,781	\$ 1,036,677	\$ 13,015	\$ 1,096,429

n. 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, 2021, the System had the following amounts invested in the PRIT fund (in thousands):

General allocation account	\$ 2,187,775
Cash fund	179,376
Total PRIT pooled funds	\$ 2,367,151

o. 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, 2021, there were no pending forward currency contracts.

p. 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 market 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 market 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, 2021. 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, 2021, the market value of securities loaned by the System amounted to \$251.3 million, against which was held collateral of \$259.1 million as follows (in thousands):

Short-term collateral investment pool	\$	176,437
Noncash collateral		82,704
Total	\$	<u>259,141</u>

Securities lending income earned by the System is recorded on the accrual basis and was approximately \$972.0 thousand for the year ended December 31, 2021.

q. Commitments

At December 31, 2021, the System had contractual commitments to provide \$432.4 million of additional funding to private equity funds, and \$230 million to real estate funds.

r. *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, 2021 (in thousands):

	Fair Value Measurements Using:		
	Total at December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Short-term:			
Domestic	\$ 123,046	\$ 123,046	\$ -
International	13,296	13,296	-
Total short-term	136,342	136,342	-
U.S. equities:			
Large cap core	715,271	715,271	-
Large cap growth	156,898	156,898	-
Large cap value	361,602	361,602	-
Small cap core	198,661	198,661	-
Small cap growth	149,713	149,713	-
Small cap value	135,173	135,173	-
Total U.S. equities	1,717,318	1,717,318	-
International equities	1,642,302	1,642,302	-
Fixed income securities:			
U.S. treasury securities	291,733	291,733	-
Corporate debt securities	1,155,693	1,155,693	-
Global multi-sector fixed income	44,712	-	44,712
Municipal	4,871	-	4,871
Collateralized mortgage obligations	48,315	-	48,315
Other asset backed securities	59,087	-	59,087
U.S. Agencies	129,643	-	129,643
Total fixed income securities	1,734,054	1,447,426	286,628
Total investments by fair value level	5,230,016	4,943,388	286,628
Government external investment pool:			
PRIT fund	2,187,775		
Investments measured at the net asset value (NAV):			
Hedge fund of funds	347,370		
Private equity funds	637,748		
Private real estate funds	628,727		
Total investments measured at the NAV	1,613,845		
Total investments at fair value	\$ 9,031,636		

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	\$ 347,370	\$ -	Quarterly	60-90 days
Real estate funds ²	637,748	432,364	-	-
Private equity funds ³	628,727	229,934	-	-

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

6. Property Taxes

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

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

Based on the City’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On November 30, 2021, all properties with unpaid fiscal year 2021 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	\$ 25,241	\$ -	\$ -	\$ -	\$ 25,241
Motor vehicle/boat excise	32,749	-	-	-	32,749
Intergovernmental	12,912	100,644	12,350	-	125,906
Lease receivable	9,730	2,523	-	254	12,507
Departmental and other	13,930	19,156	-	329	33,415
Tax Title and possession	70,583	-	-	-	70,583
Gross receivables	165,145	122,323	12,350	583	300,401
Less allowance for uncollectibles	(94,417)	-	-	-	(94,417)
Net total receivables	\$ 70,728	\$ 122,323	\$ 12,350	\$ 583	\$ 205,984

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. The final scheduled paydown of \$2.5 million was paid in fiscal year 2020. As of June 30, 2022, under this program, the City was due funds of \$432 thousand.

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, 2022, under this program, the City determined that \$19.1 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, 2022 by tax abatement program (in thousands):

Tax Abatement Program (1)	Estimated Tax Amount	In Lieu of Tax Payments	Estimated Taxes Abated
121A Urban Redevelopment	\$ 47,769	\$ 32,980	\$ 14,789
121B Urban Redevelopment	15,801	13,108	2,693
Tax Increment Financing	16,512	14,567	1,945
Total	\$ 80,082	\$ 60,655	\$ 19,427

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

d. Lease Receivable

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

	Land	Buildings	Land Improvements	Infrastructure
No. of Leases	2	14	1	2
Terms	14 - 330 Months	12 - 152 months	51 Months	70 - 72 Months
Interest Rates	0.165% - 0.637%	0.165% - 01.868%	0.417%	0.165%

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, 2022 were valued as follows (in thousands):

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease receivable - current portion	\$ 3,181	\$ 622	\$ 138	\$ 3,941	\$ 205
Lease receivable - noncurrent portion	6,549	1,901	116	8,566	2,574
Total lease receivable	<u>\$ 9,730</u>	<u>\$ 2,523</u>	<u>\$ 254</u>	<u>\$ 12,507</u>	<u>\$ 2,779</u>
Deferred inflows of resources	<u>\$ 9,886</u>	<u>\$ 2,522</u>	<u>\$ 185</u>	<u>\$ 12,593</u>	<u>\$ 2,753</u>

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

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease revenue	\$3,303	\$623	\$129	\$4,055	\$224
Interest revenue	\$53	\$3	\$14	\$70	\$13

8. Capital Asset

Capital asset activity for the governmental activities for the year ended June 30, 2022 was as follows (in thousands):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 43,426	\$ -	\$ -	\$ 43,426
Construction in progress	390,374	340,255	(326,650)	403,979
Total capital assets not being depreciated	<u>433,800</u>	<u>340,255</u>	<u>(326,650)</u>	<u>447,405</u>
Capital assets being depreciated:				
Land improvements	364,305	30,020	-	394,325
Buildings and improvements	2,607,074	214,420	-	2,821,494
Furniture and equipment	542,973	46,903	(7,678)	582,198
Infrastructure	1,037,096	52,213	-	1,089,309
Total capital assets being depreciated	<u>4,551,448</u>	<u>343,556</u>	<u>(7,678)</u>	<u>4,887,326</u>
Less accumulated depreciation for:				
Land improvements	174,819	17,098	-	191,917
Buildings and improvements	1,444,096	60,893	-	1,504,989
Furniture and equipment	452,893	35,155	(7,678)	480,370
Infrastructure	412,528	30,621	-	443,149
Total accumulated depreciation	<u>2,484,336</u>	<u>143,767</u>	<u>(7,678)</u>	<u>2,620,425</u>
Total capital assets being depreciated, net	<u>2,067,112</u>	<u>199,789</u>	<u>-</u>	<u>2,266,901</u>
Governmental activities capital assets, net excluding lease assets	<u>\$ 2,500,912</u>	<u>\$ 540,044</u>	<u>\$ (326,650)</u>	<u>2,714,306</u>
Lease assets-net, note 11				<u>16,290</u>
Total capital assets reported in the statement of net position				<u>\$ 2,730,596</u>

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

General government	\$ 10,471
Human services	3,439
Public safety	24,298
Public works, including depreciation of general infrastructure assets	30,623
Property and development	9,869
Parks and recreation	16,405
Library	7,070
Schools	41,338
Public health	254
Total depreciation expense - governmental activities	<u>\$ 143,767</u>

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

Individual fund receivable and payable balances at June 30, 2022 are as follows (in thousands):

Interfund balances	Receivable	Payable
General	1,131	\$ 168
Capital	-	171
Special revenue	2,370	3,100
Non-major governmental funds	-	62
Balances at June 30, 2022	\$ 3,501	\$ 3,501

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, 2022 are as follows (in thousands):

Discrete component unit balances	Receivable	Payable
Primary government:		
General	\$ 5,667	\$ 1,039
Internal Service	1,501	-
Balances at June 30, 2022	7,168	1,039
Discretely presented component units:		
TPL	-	744
BPHC	1,039	3,810
BPDA	-	2,614
Balances at June 30, 2022	\$ 8,207	\$ 8,207

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, 2022 (in thousands):

	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Bonds, Notes, Leases and Other long-term obligations:						
General obligation bonds	0.13-6.05%	\$ 1,266,975	\$ 335,215	\$ 138,205	\$ 1,463,985	\$ 139,080
Add (deduct):						
Unamortized bond premiums/discounts					197,971	
Current portion of long-term debt					(139,080)	
					<u>\$ 1,522,876</u>	
	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Notes payable	2.10-7.18%	\$ 21,725	\$ -	\$ 1,439	\$ 20,286	\$ 2,218
Equipment financing payable		61,608	30,676	24,421	67,863	24,750
Judgments and claims		20,066	27,346	30,239	17,173	3,383
Tax abatements		32,400	15,092	7,692	39,800	13,000
Workers' compensation		190,427	59,113	57,391	192,149	71,011
Health and life claims		28,329	318,964	316,922	30,371	30,371
Compensated absences		257,282	88,682	98,365	247,599	68,613
Landfill closure and postclosure care costs		5,911	-	243	5,668	350
Pollution remediation		500	-	-	500	-
Other postemployment benefits		2,196,724	285,623	172,149	2,310,198	-
Net pension liability		1,406,402	141,770	467,937	1,080,235	-
Total bonds, notes, and other long-term obligations, excluding lease liabilities		<u>\$ 4,221,374</u>	<u>\$ 967,266</u>	<u>\$ 1,176,798</u>	<u>4,011,842</u>	<u>213,696</u>
Lease liabilities, note 11					16,372	4,625
Total bonds, notes, leases, and other long-term obligations					<u>\$ 5,551,090</u>	<u>\$ 357,401</u>

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.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS**

The annual debt service requirements of the City’s general obligation bonds, notes and leases payable as of June 30, 2022, 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:				
2023	\$ 139,080	\$ 60,732	\$ (2,410)	\$ 197,402
2024	136,615	53,378	(1,897)	188,096
2025	151,615	47,015	(1,366)	197,264
2026	130,425	40,985	(814)	170,596
2027	110,085	35,229	(254)	145,060
2028-2032	389,940	124,434	(403)	513,971
2033-2037	268,990	58,803	-	327,793
2038-2042	137,235	14,361	-	151,596
	<u>\$ 1,463,985</u>	<u>\$ 434,937</u>	<u>\$ (7,144)</u>	<u>\$ 1,891,778</u>
Notes Payable:				
Year(s) ending June 30:				
2023	\$ 2,218	\$ 506	\$ -	\$ 2,724
2024	958	470	-	1,428
2025	993	447	-	1,440
2026	1,053	423	-	1,476
2027	1,135	397	-	1,532
2028-2032	8,315	1,514	-	9,829
2033-2037	5,614	275	-	5,889
	<u>\$ 20,286</u>	<u>\$ 4,032</u>	<u>\$ -</u>	<u>\$ 24,318</u>
Equipment financing payable:				
Year(s) ending June 30:				
2023	\$ 24,750	\$ 700	\$ -	\$ 25,450
2024	20,456	413	-	20,869
2025	12,865	208	-	13,073
2026	5,210	96	-	5,306
2027	2,598	40	-	2,638
2028-2029	1,984	19	-	2,003
	<u>\$ 67,863</u>	<u>\$ 1,476</u>	<u>\$ -</u>	<u>\$ 69,339</u>

On April 13, 2022, the City issued \$335.2 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, 2022 was approximately \$55.6 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, 2022, the City may issue \$7.12 billion of additional general obligation debt under the debt limit. General obligation debt of \$1.61 billion, subject to the debt limit, and \$74.6 million, exempt from the debt limit, are authorized but unissued as of June 30, 2022.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS

11. Lease Liability

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

	<u>Buildings</u>	<u>Equipment</u>
No. of Leases	11	493
Terms	24 - 116 Months	12 - 60 months
Interest Rates	0.198% - 1.977%	0.165% - 0.528%

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

Lease asset activity for the governmental activities for the year ended June 30, 2022 was as follows (in thousands):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Lease assets:				
Buildings	\$ 5,024	\$ 7,355	\$ -	\$ 12,379
Equipment	5,389	2,429	-	7,818
Total	<u>10,413</u>	<u>9,784</u>	-	<u>20,197</u>
Less accumulated amortization for lease assets:				
Buildings	-	2,028	-	2,028
Equipment	-	1,879	-	1,879
Total	-	<u>3,907</u>	-	<u>3,907</u>
Total lease assets - net	<u>\$ 10,413</u>	<u>\$ 5,877</u>	<u>\$ -</u>	<u>\$ 16,290</u>

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

General government	\$ 571
Public safety	481
Property and development	45
Schools	2,810
Total	<u>\$ 3,907</u>

The following is a summary of changes in lease liabilities for the year ended June 30, 2022 (in thousands):

	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Government activities:					
Lease liabilities	\$ 10,413	\$ 9,784	\$ 3,825	\$ 16,372	\$ 4,625

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

The annual debt service requirements of the City's lease liabilities as of June 30, 2022 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2023	\$ 4,625	\$ 116	\$ 4,741
2024	3,911	93	4,004
2025	3,037	70	3,107
2026	1,409	51	1,460
2027	1,004	36	1,040
2028 - 2032	2,386	58	2,444
Total	<u>\$ 16,372</u>	<u>\$ 424</u>	<u>\$ 16,796</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, 2021 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, 2021).

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, 2021:

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

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, 2021, the System was due \$550.2 million from all employers and the Commonwealth and received \$550.2 million in these contributions. For the year ended June 30, 2022, inclusive of contributions related to SCSD, and exclusive of contributions related to the City’s teachers, the City’s required contribution was \$312.8 million. The actual contribution was \$312.8 million, which includes a \$0 million contribution subsequent to the measurement date. For the year ended June 30, 2022, the Commonwealth’s required and actual contribution related to City Teachers was \$179.4 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, 2021 is as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 2,041,839	Active members’ contribution balance
Annuity reserve fund	443,893	Retired members’ contribution account
Military service fund	50	Members’ contribution account while on military leave
Pension reserve fund	6,402,879	Amounts appropriated to fund future retirement benefits
Pension fund	594,969	Remaining net position
	<u>\$ 9,483,630</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, 2022, the City reported a liability of \$997.8 million for its proportionate share of the BRS net pension liability measured as of December 31, 2021. 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, 2021 were as follows (in thousands):

City’s proportionate share of net pension liability	\$ 997,843
Commonwealth’s proportionate share of net pension liability associated with the City	<u>2,276,688</u>
Total	<u>\$ 3,274,531</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, 2021, the City was allocated 100% of the net pension liability for SCSD retirees and 84.23% of the remaining non-teacher group based on its proportion of 2021 required employer contributions related to this group. The City’s proportion of the collective BRS net pension liability at December 31, 2021 was 28.28% compared to 32.80% at December 31, 2020.

For the year ended June 30, 2022, in the Government-wide financial statements, the City recognized pension expense of \$266.6 million and revenue of \$114.9 million related to the Commonwealth special funding situations. At June 30, 2022, the City reported deferred outflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ -	\$ 26,928
Net difference between projected and actual investment earnings	-	375,853
Changes in assumptions	309,556	-
Changes in employer proportion	25,913	1,486
	<u>\$ 335,469</u>	<u>\$ 404,267</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2022 related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	
2023	\$ 54,279
2024	(90,117)
2025	(12,097)
2026	(36,204)
2027	15,341
	<u>\$ (68,798)</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, 2021 measurement date was determined by using an actuarial valuation as of January 1, 2020, with update procedures used to roll forward the total pension liability to December 31, 2021. The measurement of the total pension liability at December 31, 2021 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	3% 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, 2021 for BRS, excluding Teachers, are summarized below:

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	23%	6.11%
International developed markets equity	17	6.49
International emerging markets equity	8	8.12
Core fixed income	16	0.38
High yield fixed income	6	2.48
Emerging market debt	4	2.67
Real estate	10	3.72
Timber	0	3.44
Hedge fund, GTAA, risk parity	5	2.63
Private equity	11	9.93
	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, 2022	\$ 1,808,344	\$ 997,843	\$ 314,743

j. Non-contributory retirees and beneficiaries

In addition to appropriation payments to cover current and future benefit payments of City employees covered by the BRS, the City funds noncontributory retirement benefits for pensioners whose employment predates the BRS, certain veterans who meet certain state law requirements, former employees retired under Massachusetts Special Acts and families receiving killed-in-the-line-of-duty benefits. These retirees and beneficiaries receive benefits for their lifetime. For the City’s Non-contributory and Special Legislation Retirees, the City is providing such benefits to 40 pensioners; these benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$3.7 million. The City’s net pension liability for the noncontributory retirees and beneficiaries is \$82.4 million, as of June 30, 2022.

The actuarial valuation as of June 30, 2021 was used to determine the City’s pension liability and pension expense as of June 30, 2022 (in thousands):

ANNUAL COMPREHENSIVE FINANCIAL REPORT
NOTES TO FINANCIAL STATEMENTS

Total Pension liability	\$ 82,392
Plan fiduciary net position	-
Plan net pension liability	<u>\$ 82,392</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>-%</u>
Interest	\$ 2,192
Recognized portion of current year assumption changes	(19,585)
Pension expense (income)	<u>\$ (17,393)</u>

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

There are no deferred outflows/inflows of resources related to these pensions. The discount rate used to determine the total pension liability was 3.54% as of June 30, 2022 and 2.16% as of June 30, 2021, 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 10(g).

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

k. Sensitivity of the City's Net Pension Liability

The following presents the net pension liability of the City's Non-Contributory and Special Legislation Retirees and Beneficiaries as of June 30, 2022, calculated using a discount rate of 3.54% as well as what the City's Non-Contributory and Special Legislation Retirees and Beneficiaries' net pension liability would be if the liability was calculated using a discount rate that is 1- percentage point lower (2.54%) or 1- percentage point higher (4.54%) than the current rate:

City of Boston Non-Contributory net pension liability				
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)	
June 30, 2022	\$ 94,918	\$ 82,392	\$ 72,359	

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, Harvard Pilgrim HealthCare, and Tufts Health Plan.

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

Employees Covered by the Benefit Terms

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

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

a. Contributions

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

b. Basis of Accounting

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

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

c. Investment Policy

The provisions of Massachusetts General Laws (M.G.L) c. 44 sec 54 allows investment in securities listed on the Commonwealth's approved securities listing. The OPEB investment portfolio is managed by the City's Investment committee consisting of the City Auditor, the Assistant City Manager of Fiscal Affairs, Assistant Finance Director, and City Assessor. The investment strategy is to reduce risk through the prudent diversification of the portfolio across the distinct allowable asset classes. The Committee 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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to the measurement date using the following actuarial assumptions during the measurement period:

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

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

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

Healthy (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Disabled (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Surviving Spouse (Non-Teachers): Pub-2010 General Contingent Survivor Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

Group 4

Pre-Retirement: Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Disabled: Pub-2010 Disabled Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2021

Surviving Spouse: Pub-2010 Safety Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Teachers

Pre-Retirement (Teachers): Pub-2010 Teacher Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Healthy (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Disabled (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

Surviving Spouse (Teachers): Pub-2010 Teacher Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2021

- Healthcare cost trend rates. Medical and Prescription Drug: 7.0% decreasing by 0.25% for 10 years to an ultimate rate of 4.5%. Medicare Part B Premium: 4.5%. Contributions: Retiree contributions are expected to increase with medical trends.
- Discount Rate. The discount rate used to measure the total OPEB liability is 6.25% per annum.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of return
Domestic equity	40%	6.11%
International developed markets equity	13	6.49
International emerging markets equity	10	8.12
Core Fixed Income	25	0.38
High Yield Fixed Income	7	2.48
Real Estate	5	3.72
Total	<u>100%</u>	

f. Net OPEB Liability

The components of the net OPEB liability for the City’s Plan as of June 30, 2022, presented below on the June 30, 2022 measurement date and the actuarial assumptions are outlined above (in thousands):

	City
Total OPEB Liability	\$ 3,134,364
Plan Fiduciary Net Position	(824,166)
Net OPEB Liability	<u>\$ 2,310,198</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>26.29%</u>

g. Change in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	\$ 3,058,538	\$ 861,814	\$ 2,196,724
Changes for the year:			
Service cost	79,852	-	79,852
Interest	192,082	-	192,082
Changes of benefit terms	-	-	-
Differences between expected and actual experience	148,512	-	148,512
Changes in assumptions	(212,471)	-	(212,471)
Contributions - employer	-	172,149	(172,149)
Net investment income	-	(77,643)	77,643
Benefit payments	(132,149)	(132,149)	-
Administrative expenses	-	(5)	5
Net changes	75,826	(37,648)	113,474
Balances at June 30, 2022	<u>\$ 3,134,364</u>	<u>\$ 824,166</u>	<u>\$ 2,310,198</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, 2022 (in thousands):

	5.25%	6.25%	7.25%
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 2,745,525	\$ 2,310,198	\$ 1,951,564

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

	5.25%	6.25%	7.25%
	1% Decrease	Current Trend Rates	1% Increase
Net OPEB liability	\$ 1,886,268	\$ 2,310,198	\$ 2,841,225

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$254 million.

At June 30, 2022, 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	\$ 149,324	\$ 182,119
Net difference between projected and actual earnings	40,347	-
Differences between expected and actual experience	133,181	622
Total	<u>\$ 322,852</u>	<u>\$ 182,741</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
2023	\$ 35,974
2024	35,645
2025	31,461
2026	55,381
2027	(9,212)
2028	(9,138)
Total	\$ 140,111

14. Transfers

Transfers and their purposes during the year ended June 30, 2022 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Housing 2030	\$ (28,963)	\$ 28,963	\$ -	\$ -
TNC Surcharge	-	(1,592)	1,592	-
Parking Meter Fees	-	(12,600)	12,600	-
American Rescue Plan	55,000	(55,000)	-	-
Local Cultural Council Program	(250)	250	-	-
Childcare Entrepreneur Fund	(327)	327	-	-
Debt Service	(1,455)	-	-	1,455
Total	\$ 24,005	\$ (39,652)	\$ 14,192	\$ 1,455

15. Excess of Expenditures over Budgets

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2022 in the following categories (in thousands):

Police Department	\$ 19,961
Fire Department	13,706
Snow & Winter Management	6,809
Execution of Courts	29,509
	<u>\$ 69,985</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, 2022 are as follows (in thousands):

Fund Balances:	General	Special Revenue	Capital Projects	Other governmental funds
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	27,026	-	-
General government	-	-	36,565	55,748
Fire	-	-	6,260	-
Public Works	-	-	85,866	-
Property and Development	-	9,624	5,797	3,292
Parks and recreation	-	-	57,945	24,740
Schools	-	-	-	18,269
Subtotal	-	36,650	192,433	102,049
Assigned to:				
Property and development	35,214	-	-	-
Catastrophic loss	40,240	-	-	-
Housing initiative	36,565	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	115,510	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	46,042	295,901	-	-
Subtotal	320,733	295,901	-	-
Unassigned	994,535	-	-	-
Total fund balances	\$ 1,315,268	\$ 332,551	\$ 192,433	\$ 123,553

17. Commitments and Contingencies

a. Encumbrances

The City has assigned \$46.0 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$209.7 million in the Special Revenue Fund, \$276.7 million in the Capital Projects Fund, and \$4.6 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, 2022. 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, 2022.

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, 2022.

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 2022, the City appropriated \$114.8 million to the BPHC. As described below, the BPHC uses the appropriation to pay debt service on certain general obligation bonds, for administrative purposes and to support the various public health programs run by the BPHC. The City has budgeted \$117.9 million for the BPHC for fiscal year 2023.

Due from BPHC/BMC

The BPHC is also responsible for reimbursing the City for health insurance, equipment lease payments, workers' compensation, and other miscellaneous expenses paid for by the City.

19. Risk Management

The Risk Management Program focuses on a planned strategy of self-insurance, supported by strong prevention and cost reduction efforts, financial reserves and catastrophic insurance. The City is self-insured in most areas of risk including general liability, property and casualty, workers' compensation, certain employee health care costs and unemployment compensation.

The City's legal liabilities are capped per M.G.L. Chapter 258, and Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. For workers' compensation, the City is exempt from state insurance requirements per M.G.L. Chapter 152 Section 25B. The City's Workers' Compensation Division as well as the Police and Fire Departments manage employee injury claims internally. The City budgets for and funds legal claims and employee injury costs through the General Fund, charging specific departments for their share of costs in order to promote awareness and prevention efforts.

The City provides health insurance coverage for employees and retirees through a variety of self-insured plans. The City budgets for and funds the premium costs for all plans through the General Fund. Self-insured plans are financially managed through the Internal Service Fund established in compliance with M.G.L. Chapter 32B, Section 3A. The guiding policy for the City of Boston Health Claims Trust Fund states that accounting for the fund will be in accordance with generally accepted accounting principles, and will ensure that all contributions and actual costs are shared between employers and their subscribers according to predetermined ratios.

For unexpected large losses, the City maintains a catastrophic risk reserve, which has an available balance of \$40.2 million at the end of fiscal 2022. 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 3 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, 2022 and 2021 are as follows (in thousands):

	Internal service fund	
	2022	2021
Health and life claims, beginning of year	\$ 28,329	\$ 22,843
Incurred claims	318,964	309,195
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	(316,922)	(303,709)
Health and life claims, end of year	<u>\$ 30,371</u>	<u>\$ 28,329</u>
	Government-wide statements	
	2022	2021
Judgments and claims, beginning of year	\$ 242,893	\$ 215,636
Incurred claims	101,551	107,966
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers’ compensation	(57,391)	(58,463)
Tax abatement liability	(7,692)	(10,737)
Court judgments	(30,239)	(11,509)
Judgments and claims, end of year	<u>\$ 249,122</u>	<u>\$ 242,893</u>

The liabilities above have not been discounted to their present value. Incurred claims represent the total of a provision for events of the current fiscal year and any change in the provision for events of the prior fiscal years. There are numerous pending matters and lawsuits in which the City is involved. The City attorneys’ estimate that the potential claims against the City not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

20. Dudley Square Realty Corporation (DSRC) and Ferdinand Building Development Corporation (FBDC)

As described in note 1, the DSRC is a Qualified Active Low-Income Community Business, and is the owner and developer of the Dudley Municipal Center property. FBDC is the leverage lender of the Dudley Municipal Center property. As the project sponsor during fiscal year 2013, the City authorized and issued \$28.9 million in general obligation bonds and transferred proceeds to FBDC. FBDC, utilizing these bond proceeds, made loans totaling \$29.3 million to two investment funds. The investment funds made these proceeds and funds from additional investments available to eight leverage lenders that made loans in the aggregate amount of \$40.8 million to DSRC to finance the Dudley Municipal Center project. With the completion of Dudley Municipal Center project, FBDC is master tenant and leases the project from DSRC.

Based on the ending compliance period of the New Market Tax Credit, the Board of Directors and the City of Boston came to an agreement with all involved financial institutions to unwind the leveraged loans in November of 2019. The leveraged loans were paid via assignment of the notes and cancellation of the indebtedness.

This prompted amendments to the Master Lease and City's sublease agreements, essentially canceling all future cash flows related to the initial leases. The amendments occurred subsequent yet retroactive to year ended June 30, 2021. These activities resulted in net revenues of \$11.5 million for the wind down of debt and expenses of \$5.3 million for the lease amendments. As the City sublease was amended as a result of the wind down, there was no rental income under the City sublease.

21. Discretely Presented Component Units

The following presents condensed financial statements for each of the discretely presented component units:

**Condensed Statements of Net Position
June 30, 2022
(In thousands)**

	BPHC	BPDA	TPL	EDIC	Total
Assets:					
Current assets:					
Cash and investments	\$ 32,107	\$ 67,465	\$ 4,283	\$ 71,417	\$ 175,272
Cash and investments held by trustee	-	-	23,027	-	23,027
Receivables, net:					
Leases receivable, current	-	6,121	-	4,538	10,659
Other	29,190	21,829	991	8,660	60,670
Other assets	1,936	211	1,007	612	3,766
Due from primary government	1,039	-	-	-	1,039
Total current assets	64,272	95,626	29,308	85,227	274,433
Noncurrent assets:					
Cash and investments held by trustee	-	-	64,544	704	65,248
Notes and other receivables:					
Notes receivable	46,984	90,825	115	-	137,924
Lease receivable, net	39,729	191,578	673	1,516,871	1,748,851
Interest receivable	-	-	-	17,270	17,270
Disposition receivable	-	32,563	-	-	32,563
Other	-	-	-	1,714	1,714
Capital assets:					
Nondepreciable	12,277	6,294	-	9,160	27,731
Depreciable	10,211	26,166	403	90,443	127,223
Accumulated depreciation	-	(11,961)	(41)	(55,394)	(67,396)
Right of use lease	2,012	6,036	-	2,164	10,212
Less accumulated amortization	-	(206)	-	(571)	(777)
Total noncurrent assets	111,213	341,295	65,694	1,582,361	2,100,563
Total assets	175,485	436,921	95,002	1,667,588	2,374,996
Deferred outflows of resources:					
Deferred amount for pension costs	26,017	3,798	-	-	29,815
Deferred amount for other postemployment benefits costs	6,794	1,383	-	-	8,177
Total deferred outflows of resources	\$ 32,811	\$ 5,181	\$ -	\$ -	\$ 37,992
Liabilities:					
Current liabilities:					
Warrants and accounts payable	28,160	3,882	1,455	15,390	48,887
Accrued liabilities:					
Other	(1,313)	-	-	400	(913)
Current portion of long-term debt	1,990	-	-	-	1,990
Compensated absences	-	126	-	86	212
Due to primary government	3,810	2,614	744	-	7,168
Pollution remediation	-	5,100	-	-	5,100
Unearned revenue	5,662	1,904	492	825	8,883
Leases obligations/payable	670	-	-	278	948
Total current liabilities	38,979	13,626	2,691	16,979	72,275
Noncurrent liabilities:					
Bonds notes and leases due in more than one year	2,619	1,475	-	-	4,094
Other noncurrent liabilities	1,725	137,590	-	2,803	142,118
Leases obligation/payables LT	1,398	6,029	-	1,369	8,796
Other postemployment benefits	78,366	-	-	-	78,366
Unearned revenue	46,616	32,563	-	-	79,179
Net pension liability	79,845	10,306	-	-	90,151
Total noncurrent liabilities	210,569	187,963	-	4,172	402,704
Total liabilities	249,548	201,589	2,691	21,151	474,979
Deferred inflows of resources:					
Deferred amount for pension costs	41,705	5,980	-	-	47,685
Deferred amount for other postemployment benefits costs	48,482	6,337	-	-	54,819
Leases	40,671	193,539	634	1,495,824	1,730,668
Total deferred inflows of resources	130,858	205,856	634	1,495,824	1,833,172
Net position:					
Net investment in capital assets	17,823	17,330	361	45,802	81,316
Restricted	-	-	82,549	704	83,253
Unrestricted	(191,923)	17,327	8,767	104,107	(61,722)
Total net position	\$ (174,100)	\$ 34,657	\$ 91,677	\$ 150,613	\$ 102,847

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2022
(in thousands)

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 230,180	\$ 25,063	\$ 18,239	\$ 48,866	\$ 322,348
Program revenues:					
Charges for services	41,478	20,680	4,239	37,630	104,027
Operating grants and contributions	76,654	15,835	8,859	13,651	114,999
Capital grants and contributions	-	-	-	658	658
Total program revenues	118,132	36,515	13,098	51,939	219,684
Net program revenues (expenses)	(112,048)	11,452	(5,141)	3,073	(102,664)
General revenues:					
Investment income	80	11	(10,847)	24,709	13,953
Sale of property	38	2,392	-	-	2,430
City appropriation	114,679	-	-	-	114,679
Miscellaneous income	1,606	-	2,596	-	4,202
Total general revenues	116,403	2,403	(8,251)	24,709	135,264
Change in net position	4,355	13,855	(13,392)	27,782	32,600
Net position, beginning of year, as restated	(178,455)	20,802	105,069	122,831	70,247
Net position - end of year	\$ (174,100)	\$ 34,657	\$ 91,677	\$ 150,613	\$ 102,847

ANNUAL COMPREHENSIVE FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
(Unaudited)

Schedule of OPEB Contributions - OPEB
(Amounts in thousands)

	2022	2021	2020	2019
Actuarially determined contribution	\$ 203,857	\$ 188,972	\$ 182,364	\$ 199,400
Contributions in relation to the actuarially determined contribution	172,149	170,560	164,503	176,018
Contribution surplus (deficiency)	<u>\$ (31,708)</u>	<u>\$ (18,412)</u>	<u>\$ (17,861)</u>	<u>\$ (23,382)</u>
Covered payroll	<u>\$ 1,862,730</u>	<u>\$ 1,811,408</u>	<u>\$ 1,776,886</u>	<u>\$ 1,696,838</u>
Contributions as a percentage of covered payroll	9.24%	9.42%	9.26%	10.37%

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, 2022 was determined with the June 30, 2021 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2022

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:	24 years as of July 1, 2021
Asset valuation method:	Market Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5%
	Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5%
	Medicare Part B premiums: 4.5%
Salary increases:	Non-teachers: 4% to 4.5%; Teachers: 4% to 7.5%
Investment return:	6.25%
Mortality:	Pub-2010 generational table using Scale MP-2021 for non-teachers and teachers applied on a gender-specific basis.

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2022

(Amounts in thousands)

Total OPEB Liability

	2022	2021	2020	2019
Service Cost	\$ 79,852	\$ 77,223	\$ 72,030	\$ 69,659
Interest	192,082	183,843	203,807	194,459
Changes of benefit terms	-	-	(498,655)	-
Differences between expected and actual experience	148,512	(528)	4,981	6,624
Changes of assumptions	(212,471)	-	261,316	-
Benefit payments, including refunds of employee contributions	(132,149)	(130,560)	(124,503)	(136,018)
Net Change in total OPEB liability	75,826	129,978	(81,024)	134,724
Total OPEB liability - beginning	3,058,538	2,928,560	3,009,584	2,874,860
Total OPEB liability - ending	3,134,364	3,058,538	2,928,560	3,009,584
Plan Fiduciary Net Position				
Contributions - employers	172,149	170,560	164,503	176,018
Net investment income, net	(77,643)	166,540	21,035	33,624
Benefit payments, including refunds of employee contributions	(132,149)	(130,560)	(124,503)	(136,018)
Administrative expenses	(5)	(5)	(5)	(4)
Net change in plan fiduciary net position	(37,648)	206,535	61,030	73,620
Plan fiduciary net position - beginning	861,814	655,279	594,249	520,629
Plan fiduciary net position - ending	824,166	861,814	655,279	594,249
Net OPEB liability	\$ 2,310,198	\$ 2,196,724	\$ 2,273,281	\$ 2,415,335
Plan fiduciary net position as a percentage of the total				
OPEB Liability	26.29%	28.19%	22.38%	19.75%
Net OPEB liability as a percentage of the total covered payroll	124.02%	121.27%	127.94%	142.34%
Covered payroll	1,862,730	1,811,408	1,776,886	1,696,838

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, 2022:

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

The mortality projection scale was updated.

Changes in Plan Provisions:

Changes as of June 30, 2022: (None)

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

(Amounts in millions)

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	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	\$ 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	2,277	2,429	2,587	2,451	2,451	2,345	2,426	2,092
Total	\$ 3,275	\$ 3,732	\$ 4,226	\$ 4,116	\$ 3,739	\$ 3,829	\$ 4,048	\$ 3,509
City's covered payroll (for the period ended on the measurement date December 31)	\$ 1,776	\$ 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	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	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)

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 313	\$ 284	\$ 257	\$ 234	\$ 193	\$ 193	\$ 179	\$ 165
Contributions in relation to the actuarially determined contribution	313	284	257	234	193	205	179	165
Contribution surplus (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -
Covered payroll (for the fiscal year ended June 30)	\$ 1,826	\$ 1,777	\$ 1,741	\$ 1,609	\$ 1,467	\$ 1,467	\$ 1,467	\$ 1,442
Contributions as a percentage of covered payroll	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.



(This page intentionally left blank)





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, 2022

(Amounts in thousands)

	<u>2022</u>
ASSETS:	
Cash and investments	\$ 1,642,616
Receivables:	
Property taxes	25,241
Motor vehicle / boat excise	32,749
Intergovernmental	12,912
Departmental and other	23,660
Tax title and possession	70,583
Total Receivables	<u>165,145</u>
Allowance:	
Motor vehicle / boat excise	(23,835)
Tax title and possession	(70,582)
Total Allowance	<u>(94,417)</u>
Net receivable	<u>70,728</u>
Due from other funds	1,131
Due from component units	5,667
Total assets	<u>\$ 1,720,142</u>
LIABILITIES:	
Warrants and accounts payable	\$ 64,618
Accrued liabilities:	
Payroll and related costs	260,631
Deposits and other	37,770
Due to other funds	168
Due to component units	1,039
Total liabilities	<u>\$ 364,226</u>
DEFERRED INFLOWS OF RESOURCES AND LEASES:	
Revenue not considered available	<u>40,648</u>
FUND BALANCE:	
Assigned	320,733
Unassigned	994,535
Total fund balance	<u>1,315,268</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,720,142</u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2022

(Amounts in thousands)

	<u>2022</u>
REVENUES:	
Real and personal property taxes	\$ 2,819,651
Excises	210,808
Payments in lieu of taxes	92,008
Fines	61,591
Investment income	4,482
Licenses and permits	84,825
Departmental and other	124,563
Intergovernmental	649,471
Total Revenues	<u>4,047,399</u>
EXPENDITURES:	
Current:	
General government	123,041
Human services	36,961
Public safety	797,386
Public works	130,807
Property and development	37,327
Parks and recreation	33,019
Library	41,098
Schools	1,324,486
Public health programs	116,705
Judgments and claims	30,239
Retirement costs	502,585
Other employee benefits	258,112
State and district assessments	332,586
Total current expenditures	<u>3,764,352</u>
Capital outlays	24,269
Debt service	188,461
Total Expenditures	<u>3,977,082</u>
Excess of revenues over expenditures	<u>70,317</u>
OTHER FINANCING USES:	
Transfers in	55,000
Transfers out	(30,995)
Leases issued	9,784
Total other financing uses	<u>33,789</u>
Net change in fund balances	104,106
Fund balance - beginning	1,211,162
Fund balance - ending	<u><u>\$ 1,315,268</u></u>

See accompanying independent auditors' report

GENERAL FUND

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

Year Ended June 30, 2022

(Amounts in thousands)

Classification	2022			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
PROPERTY TAXES				
Real Estate Taxes	\$ 2,594,694	\$ 2,594,694	\$ 2,597,295	\$ 2,601
Real and Personal Property Taxes	195,455	195,455	196,500	1,045
Revenue class total	2,790,149	2,790,149	2,793,795	3,646
MOTOR VEHICLE EXCISE				
Motor Vehicle Excise - Current	30,000	30,000	36,227	6,227
Motor Vehicle Excise - Prior Years	20,000	20,000	24,576	4,576
Boat Excise - Current and Prior Years	40	40	0	(40)
Revenue class total	50,040	50,040	60,803	10,763
OTHER EXCISE TAXES				
Hotel / Motel Room Excise	32,000	32,000	75,470	43,470
Aircraft Fuel Excise	12,000	12,000	22,849	10,849
Condominium Conversion Excise	500	500	645	145
Short-Term Rental	500	500	552	52
Meals Tax Excise	17,500	17,500	29,409	11,909
Marijuana Local Option Sales T	1,000	1,000	1,013	13
Urban Redevelopment Ch 121A	11,000	11,000	19,083	8,083
Vehicle Rental Surcharge	600	600	873	273
Community Host Agreements	1,000	1,000	-	(1,000)
Revenue class total	76,100	76,100	149,894	73,794
COMMONWEALTH OF MASSACHUSETTS				
State Owned Lands	483	483	483	-
Exemption - Elderly	888	888	1,094	206
Veterans Services - Local Aid	1,297	1,297	1,318	21
Unrestricted General Government Aid	208,223	208,223	208,335	112
Local Share of Racing Taxes	369	369	431	62
Charter School Reimbursement	43,918	43,918	34,705	(9,213)
Chapter 70 Education Aid	223,736	223,736	223,624	(112)
Revenue class total	478,914	478,914	469,990	(8,924)

See accompanying independent auditors' report

GENERAL FUND

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

Year Ended June 30, 2022

(Amounts in thousands)

Classification	2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
DEPARTMENTAL & OTHER				
Penalties & Interest - Property Taxes	\$ 2,300	\$ 2,300	\$ 3,775	\$ 1,475
Penalties & Interest - Motor Vehicle	2,200	2,200	3,199	999
Penalties & Interest - Tax Title	4,500	4,500	5,777	1,277
Sidewalk Paid in Advance	-	-	1	1
Unapportioned Assessments	-	-	11	11
Other Departmental Fees & Charges	845	845	2,736	1,891
Registry Division Fees	1,600	1,600	1,783	183
Liens	600	600	733	133
Other Departmental	2,640	2,640	3,990	1,350
City Clerk Fees	500	500	600	100
Muni Medicaid Reimbursement	5,400	5,400	10,910	5,510
Medicaid Part D	2,000	2,000	1,124	(876)
Police Services	500	500	904	404
Fire Services	6,000	6,000	6,910	910
Parking Facilities	750	750	2,456	1,706
Street Occupancy	9,500	9,500	14,395	4,895
Street and Sidewalk Permits	1,000	1,000	877	(123)
Property Mgmt - Building Rents	1,200	1,200	1,348	148
St Furniture Program Fixed Fees	1,500	1,500	2,500	1,000
St Furniture Program Adm Fees	500	500	944	444
DoIT/PWD Small Cell Revenue	850	850	722	(128)
DOIT E-Rate	1,400	1,400	1,619	219
Tuition and Transportation - Schools	1,900	1,900	2,477	577
McKinney-Vento reimbursement	800	800	1,064	264
Library Fees	5	5	13	8
Cobra / Self-pay	180	180	180	-
Affirmative Recovery Unit	200	200	2,827	2,627
Fringe-Retirement	5,500	5,500	6,325	825
Pensions and Annuities	5,500	5,500	6,593	1,093
Indirect Costs Reimbursement	400	400	743	343
3rd Party Fringe Reimbursement	200	200	195	(5)
Third-Party Payments	1,496	1,496	1,636	140
Prior Year Reimbursements	500	500	3,128	2,628
Police Detail Administration Fee	2,800	2,800	3,130	330
Administrative Fee 3rd Party Payments	270	270	483	213
Revenue class total	65,536	65,536	96,108	30,572

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis) Year Ended June 30, 2022

Classification	2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
FINES				
Parking Fines	\$ 48,500	\$ 48,500	\$ 57,381	\$ 8,881
60 Cents Surcharge	500	500	448	(52)
Boots & Tows Fees	650	650	1,496	846
Court Fines	10	10	5	(5)
Moving Violation Fines - Court	1,000	1,000	821	(179)
Fire Safety Fines	40	40	34	(6)
Code Enforcement	1,100	1,100	1,569	469
Revenue class total	51,800	51,800	61,754	9,954
PAYMENTS IN LIEU OF TAXES				
Massport	20,480	20,480	20,538	58
Miscellaneous PILOT's	29,170	29,170	36,071	6,901
Miscellaneous Ch 121B Section 16	6,000	6,000	11,748	5,748
Miscellaneous Ch 121A Section 6A	11,000	11,000	22,995	11,995
EDIC Chapter 121C PILOT	700	700	485	(215)
Revenue class total	67,350	67,350	91,837	24,487
INVESTMENT INCOME				
Interest on Investments	2,800	2,800	4,429	1,629
Revenue class total	2,800	2,800	4,429	1,629
LICENSES AND PERMITS				
Building Structures and Permits	45,000	45,000	64,075	19,075
Weights and Measures	290	290	259	(31)
Street and Curb Permits	2,800	2,800	2,788	(12)
Pre-rental Inspections	1,200	1,200	2,338	1,138
Other Departmental Licenses & Permits	430	430	390	(40)
Health Inspections	1,530	1,530	1,656	126
Alcoholic Beverages and Licenses	4,500	4,500	4,563	63
Marijuana License	10	10	29	19
Entertainment Licenses	1,000	1,000	1,777	777
Police Firearm Permits	30	30	61	31
Other Business Licenses and Permits	160	160	156	(4)
Cable Television	5,200	5,200	5,690	490
Dog Licenses	220	220	250	30
Revenue class total	62,370	62,370	84,032	21,662
MISCELLANEOUS				
Air Rights	267	267	267	-
Revenue class total	267	267	267	-
TRANSFERS AND OTHER AVAILABLE FUNDS				
Appropriated Cemetery Trustee	950	950	-	(950)
Appropriated Parking Meter Receipts	30,000	30,000	-	(30,000)
Appropriated Funds Balance	40,000	40,000	-	(40,000)
American Rescue Plan	55,000	55,000	55,000	-
Revenue class total	125,950	125,950	55,000	(70,950)
Total Revenues and Other financing Sources	\$ 3,771,276	\$ 3,771,276	\$ 3,867,909	\$ 96,633

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2022

(Amounts in thousands)

Classification	2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
GENERAL GOVERNMENT				
Costs of Issuance - RANS	\$ 500	\$ 179	\$ 179	\$ -
Annual Audit Costs	750	708	708	-
Mayor's Office	4,881	4,809	4,808	1
City Council	6,136	5,974	5,973	1
Office of New Bostonians	1,705	1,693	1,692	1
Consumer Affairs and Licensing	1,800	1,653	1,651	2
Election Department - Election Division	5,637	5,381	5,380	1
Election Department - Listing Board	639	573	572	1
Auditing Department	3,016	3,046	3,045	1
Assessing Department	7,947	7,281	7,281	-
Treasury Department - Collecting Division	3,515	3,407	3,308	99
Treasury Department - Treasury Division	1,941	1,851	1,850	1
Office of Budget Management	3,521	2,832	2,831	1
Human Resources	6,178	5,179	5,179	-
Purchasing Division	2,130	2,238	2,238	-
Office of Administration & Finance	1,246	2,390	2,390	-
Office of Labor Relations	1,605	1,326	1,324	2
Department of Innovation & Technology	39,893	46,600	46,600	-
Intergovernmental Relations	1,407	1,171	1,170	1
Law Department	8,234	8,228	8,227	1
Risk Retention Reserved	2,500	3,800	3,800	-
Housing Trust Fund	618	525	525	-
City Clerk	1,404	1,442	1,442	-
Registry Division	1,145	1,083	1,082	1
Finance Commission	304	305	305	-
Tregor Reserve Fund	1,132	2,250	2,250	-
Office of Equity	4,335	3,291	3,290	1
Office of Civil Rights	518	505	501	4
Commission for Persons with Disabilities	624	513	512	1
Office of Diversity	355	255	254	1
Office of Resiliency & Racial Equity	1,651	1,742	1,740	2
Language & Community Access	1,170	718	717	1
Police Accountability & Transparency	1,301	720	718	2
Neighborhood Services	4,129	4,223	4,222	1
Arts & Cultural Develop	3,629	3,497	3,495	2
Arts, Tourism & Special Events	2,503	2,034	2,032	2
Women's Commission	869	750	749	1
Participatory Budgeting	1,000	1,000	-	1,000
Reserve for Collective Bargaining	10,000	52,000	52,000	-
Function Total	141,868	187,172	186,040	1,132
HUMAN SERVICES				
Boston Centers for Youth & Families	29,494	26,063	26,063	-
Elderly Commission	5,205	4,224	4,223	1
Office of Health & Human Service	5,894	3,878	3,876	2
Human Right Commission	603	372	370	2
Veterans Services Department	4,613	2,558	2,556	2
Function total	45,809	37,095	37,088	7

(continued)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2022

(Amounts in thousands)

Classification	2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
PUBLIC SAFETY				
Police Department	\$ 399,871	\$ 400,451	\$ 420,412	\$ (19,961)
Fire Department	275,571	275,808	289,514	(13,706)
Mayor's Office - Emergency Preparedness	1,134	1,137	1,136	1
Transportation - Traffic Division	32,769	33,042	33,041	1
Transportation - Parking Clerk	8,091	7,814	7,813	1
Inspection Services Department	21,971	21,663	21,662	1
Youth Fund	12,475	11,214	11,213	1
Function total	751,882	751,129	784,791	(33,662)
PUBLIC WORKS				
Public Works Department	103,868	100,799	100,797	2
Central Maintenance Facility	3,167	3,885	3,885	-
Snow & Winter Management	21,708	21,708	28,517	(6,809)
Function total	128,743	126,392	133,199	(6,807)
PROPERTY AND DEVELOPMENT				
Property Management	27,732	35,678	35,678	-
Neighborhood Development	35,373	35,289	35,288	1
Function total	63,105	70,967	70,966	1
PARKS AND RECREATION				
Parks and Recreation Department	25,590	31,890	31,890	-
Environment Department	4,989	4,769	4,769	-
Cemetery Division	2,562	2,624	2,476	148
Function total	33,141	39,283	39,135	148
LIBRARY				
Library Department	42,243	42,243	40,924	1,319
Function total	42,243	42,243	40,924	1,319
SCHOOLS				
Boston Public Schools	1,294,719	1,294,720	1,294,706	14
Function total	1,294,719	1,294,720	1,294,706	14
PUBLIC HEALTH				
Public Health Commission	110,698	114,802	114,802	-
Function total	110,698	114,802	114,802	-

(continued)

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2022

(Amounts in thousands)

Classification	2022			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
JUDGMENTS AND CLAIMS				
Execution of Courts	\$ 5,000	\$ 5,000	\$ 34,509	\$ (29,509)
Function total	5,000	5,000	34,509	(29,509)
OTHER EMPLOYEE BENEFITS				
Medicare Payments	12,636	10,891	10,891	-
Health Benefits & Insurance	-	1,005	1,005	-
Health Insurance	212,237	205,207	205,207	-
Unemployment Compensation	350	190	190	-
Workers' Compensation Fund	2,000	1,485	1,485	-
OPEB Stabilization Fund	40,000	40,000	40,000	-
Function total	267,223	258,778	258,778	-
PENSION COSTS				
Boston Retirement System	323,684	323,684	323,684	-
Pensions and Annuities - City	3,900	3,330	3,330	-
Function total	327,584	327,014	327,014	-
DEBT REQUIREMENTS				
Redemption of City Loans	138,205	134,898	134,898	-
City Debt and Interest Payments	60,945	46,831	46,831	-
Temporary Notes	3,000	-	-	-
MWPAT Principal	637	673	673	-
MWPAT Interest	236	236	236	-
Debt Service Sinking Funds	1,455	1,455	1,455	-
Lease Payments	638	-	-	-
Function total	205,116	184,093	184,093	-
STATE & DISTRICT ASSESSMENTS				
Health Insurance/Retirement	26	26	26	-
Parking Surcharge	2,288	2,195	2,195	-
Mosquito Control Projects	291	291	291	-
Special Education Chapter 766	733	560	560	-
Metropolitan Air Pollution Center	302	302	302	-
Metropolitan Area Planning	380	380	380	-
MBTA Assessments	94,117	94,117	94,117	-
MDC Assessments	12	12	12	-
School Choice	1,477	1,962	1,962	-
Charter School Sending Tuition	251,621	229,842	229,842	-
Suffolk County Jail	2,898	2,898	2,898	-
Function total	354,145	332,585	332,585	-
Total Expenditures	\$ 3,771,276	\$ 3,771,273	\$ 3,838,630	\$ (67,357)

See accompanying independent auditors' report



(This page intentionally left blank)





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, 2022

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2022
ASSETS:			
Cash and investments	\$ 796,885	\$ 27,638	\$ 824,523
Receivables, net:			
Intergovernmental	100,644	-	100,644
Departmental and other	21,652	27	21,679
Total receivables	122,296	27	122,323
Due from other funds	2,370	-	2,370
Total Assets	\$ 921,551	\$ 27,665	\$ 949,216
LIABILITIES:			
Warrants and accounts payable	\$ 36,864	\$ 556	\$ 37,420
Accrued liabilities:			
Payroll and related costs	4,605	21	4,626
Deposits and other	96,720	-	96,720
Unearned Revenue	472,272	-	472,272
Due to other funds	3,044	56	3,100
Total liabilities	613,505	633	614,138
DEFERRED INFLOWS OF RESOURCES AND LEASES			
Revenue not considered available	2,521	6	2,527
Total deferred inflows of resources and leases	2,521	6	2,527
FUND BALANCE:			
Restricted	9,624	27,026	36,650
Assigned	295,901	-	295,901
Total fund balance	305,525	27,026	332,551
Total liabilities, deferred inflows of resources and fund balance	\$ 921,551	\$ 27,665	\$ 949,216

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUND

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2022

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2022
REVENUES:			
Real and Personal Taxes	\$ -	\$ 122	\$ 122
Investment income	60	111	171
Licenses and permits	34	-	34
Departmental and other	32,176	24,064	56,240
Intergovernmental	516,414	10,137	526,551
Total revenues	548,684	34,434	583,118
EXPENDITURES:			
Current:			
General government	14,711	44,600	59,311
Human services	16,540	-	16,540
Public safety	28,735	-	28,735
Public works	5,840	-	5,840
Property & development	204,922	-	204,922
Parks and recreation	2,098	-	2,098
Library	3,321	-	3,321
Schools	185,036	-	185,036
Public health programs	19,488	-	19,488
Total current expenditures	480,691	44,600	525,291
Capital outlays	726	-	726
Total Expenditures	481,417	44,600	526,017
Excess of revenues over expenditures	67,267	(10,166)	57,101
OTHER FINANCING SOURCES (USES):			
Premiums on long-term debt issued	574	-	574
Transfer in	29,540	-	29,540
Transfer out	(69,192)	-	(69,192)
Total other financing sources (uses)	(39,078)	-	(39,078)
Net change in fund balances	28,189	(10,166)	18,023
Fund balance - beginning	277,336	37,192	314,528
Fund balance - ending	\$ 305,525	\$ 27,026	\$ 332,551

See accompanying independent auditors' report



(This page intentionally left blank)





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, 2022

(Amounts in thousands)

	<u>2022</u>
ASSETS:	
Cash and investments	\$ 226,377
Cash and investment held by trustees	31,643
Intergovernmental receivables	12,350
Total Assets	\$ 270,370
LIABILITIES:	
Warrants and accounts payable	\$ 75,972
Due to other funds	171
Payroll and related costs	55
Total liabilities	76,198
DEFERRED INFLOWS OF RESOURCES AND LEASES:	
Revenue not considered available	1,739
FUND BALANCE:	
Restricted	192,433
Total fund balance	192,433
Total liabilities, deferred inflows of resources, and fund balance	\$ 270,370

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, 2022

(Amounts in thousands)

	<u>2022</u>
REVENUES:	
Intergovernmental	\$ 33,830
Total revenues	<u>33,830</u>
EXPENDITURES:	
Capital outlays	369,485
Total expenses	<u>369,485</u>
Deficiency of revenues under expenditures	<u>(335,655)</u>
OTHER FINANCING SOURCES (USES):	
Long-term debt and leases issued	365,891
Premiums on long-term debt issued	61,636
Operating transfers, net	14,192
Total other financing sources (uses)	<u>441,719</u>
Net change in fund balances	<u>106,064</u>
Fund balance - beginning	<u>86,369</u>
Fund balance - ending	<u>\$ 192,433</u>



(This page intentionally left blank)





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, 2022

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2022
ASSETS:							
Cash and investments	\$ -	\$ -	\$ -	\$ 17,579	\$ -	\$ -	\$ 17,579
Cash and investments held by trustees	77,315	837	24,973	-	1,155	2,115	106,395
Receivables, net	52	2	269	-	-	260	583
Total assets	\$ 77,367	\$ 839	\$ 25,242	\$ 17,579	\$ 1,155	\$ 2,375	\$ 124,557
LIABILITIES:							
Warrants and accounts payable	\$ 259	\$ 4	\$ 359	\$ -	\$ 21	\$ 6	\$ 649
Accrued liabilities	-	-	82	-	-	26	108
Due to other funds	-	-	62	-	-	-	62
Total liabilities	259	4	503	-	21	32	819
DEFERRED INFLOWS OF RESOURCES AND LEASES							
Revenue not considered available	-	-	-	-	-	185	185
Total deferred inflows of resources and leases	-	-	-	-	-	185	185
FUND BALANCE:							
Nonexpendable	21,360	144	-	-	-	-	21,504
Restricted	55,748	691	24,739	17,579	1,134	2,158	102,049
Total fund balance	77,108	835	24,739	17,579	1,134	2,158	123,553
Total liabilities, deferred inflows of resources and leases, and fund balance	\$ 77,367	\$ 839	\$ 25,242	\$ 17,579	\$ 1,155	\$ 2,375	\$ 124,557

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2022

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2022
REVENUES:							
Investment income (loss)	\$ (3,553)	\$ (50)	\$ 3,619	\$ 9	\$ -	\$ 8	\$ 33
Departmental and other	364	-	10,667	363	-	238	11,632
Total revenues	\$ (3,189)	\$ (50)	\$ 14,286	\$ 372	\$ -	\$ 246	\$ 11,665
EXPENDITURES:							
General government	4,104	13	5,473	-	(19)	368	9,939
Total expenditures	4,104	13	5,473	-	(19)	368	9,939
Net change in fund balances	(7,293)	(63)	8,813	372	19	(122)	1,726
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	1,455	-	-	1,455
Total other financing sources	-	-	-	1,455	-	-	1,455
Net change in fund balances	(7,293)	(63)	8,813	1,827	19	(122)	3,181
Fund balance - beginning	84,401	898	15,926	15,752	1,115	2,280	120,372
Fund balance - ending	\$ 77,108	\$ 835	\$ 24,739	\$ 17,579	\$ 1,134	\$ 2,158	\$ 123,553

See accompanying independent auditors' report



(This page intentionally left blank)





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, 2022

(amounts in thousands)

	<u>2022</u>
ASSETS:	
Cash and Investments	\$ 85,020
Due from component unit	1,501
Other assets	11,848
Total Assets	<u>98,369</u>
LIABILITIES:	
Accrued liabilities	30,562
Total liabilities	<u>30,562</u>
NET POSITION:	
Unrestricted	67,807
Total net position	<u>\$ 67,807</u>

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, 2022

(Amounts in thousands)

	<u>2022</u>
REVENUES:	
Employee contributions	\$ 87,150
Employer contributions	200,565
Total revenues	<u>287,715</u>
EXPENDITURES:	
Health benefits	316,923
Total expenditures	<u>316,923</u>
Change in net position	(29,208)
Net position - beginning	<u>97,015</u>
Net position - ending	<u>\$ 67,807</u>

INTERNAL SERVICE FUND

Statement of Cash Flows

Year Ended June 30

(Amounts in thousands)

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 287,715
Cash paid to vendors	(317,216)
Net cash used in operating activities	<u>(29,501)</u>
Cash and cash equivalents, beginning of year	114,521
Cash and cash equivalents, end of year	<u>\$ 85,020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ (29,208)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	(1,394)
Due from component units / receivables	1,357
Accrued liabilities	(256)
Net cash used in operating activities	<u>\$ (29,501)</u>



FIDUCIARY FUNDS

EMPLOYEE RETIREMENT

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.



(This page intentionally left blank)



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, 2021 (Pension) and June 30, 2022 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS:			
Cash and investments	\$ 9,521,882	\$ 860,028	\$ 10,381,910
Receivables:			
Interest and dividends	12,287	-	12,287
Securities sold	25,830	-	25,830
Employer contributions	15,796	-	15,796
Other	4,366	-	4,366
Total receivables	<u>58,279</u>	<u>-</u>	<u>58,279</u>
Prepaid expenses	1,726	-	1,726
Securities lending short-term collateral investment pool	176,478	-	176,478
Total Assets	<u>\$ 9,758,365</u>	<u>\$ 860,028</u>	<u>\$ 10,618,393</u>
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 23,780	\$ 312	\$ 24,092
Securities purchased	74,518	-	74,518
Collateral held on securities lending	176,437	-	176,437
Total liabilities	<u>274,735</u>	<u>312</u>	<u>275,047</u>
NET POSITION RESTRICTED FOR:			
Held in trust for pension and OPEB benefits and other purposes	<u>\$ 9,483,630</u>	<u>\$ 859,716</u>	<u>\$ 10,343,346</u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

BOSTON RETIREMENT SYSTEM

Statement of Plan Net Position

Year Ended December 31, 2021

(Amounts in thousands)

	Total Boston Retirement System
	2022
ASSETS:	
Cash and investments	\$ 9,521,882
Receivables:	
Interest and dividends	12,287
Securities sold	25,830
Employer contributions	15,796
Other	4,366
Total receivables	<u>58,279</u>
Prepaid expenses	1,726
Securities lending short-term collateral investment pool	<u>176,478</u>
Total Assets	\$ 9,758,365
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 23,780
Securities purchased	74,518
Collateral held on securities lending	<u>176,437</u>
Total liabilities	274,735
NET POSITION RESTRICTED FOR:	
Held in trust for pension benefits	<u>\$ 9,483,630</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Plan Net Position

Year Ended June 30, 2022

(Amounts in thousands)

	<u>2022</u>
ASSETS:	
Cash and investments	\$ 860,028
Total Assets	<u>860,028</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 312
Total liabilities	<u>312</u>
NET POSITION RESTRICTED FOR:	
Held in trust for OPEB	<u>\$ 859,716</u>

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Net Position

Year Ended June 30, 2022

(Amounts in thousands)

	Pool 1	Pool 2
ASSETS:		
Cash and investments	\$ 35,069	\$ 671
Receivables:		
Lease receivable	-	-
Other	83	1
Total receivables	83	1
Other assets	-	-
Total Assets	35,152	672
LIABILITIES:		
Accounts payable	\$ 356	\$ 4
Total liabilities	356	4
Deferred inflows of resources:		
Deferred amount for leases	-	-
Total deferred inflow of resources	-	-
NET POSITION RESTRICTED FOR:		
Held in trust for other purposes	\$ 34,796	\$ 668

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pool 5		Pool 7		Total Private Purpose Trust Funds 2022
\$	30,879	\$	76,809	\$ 143,428
	2,779		-	2,779
	21		1,700	1,805
	2,800		1,700	4,584
	30		-	30
	33,709		78,509	148,042
\$	97	\$	1,327	\$ 1,784
	97		1,327	1,784
\$	2,753		-	\$ 2,753
	2,753		-	2,753
\$	30,859	\$	77,182	\$ 143,505

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

CUSTODIAL FUNDS

Combining Statement of Net Position

June 30, 2022

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total Custodial Funds 2022
ASSETS:				
Cash and investments	\$ 10,384	\$ 919	\$ 383	\$ 11,686
Total assets	10,384	919	383	11,686
LIABILITIES:				
Refunds payable and other	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION:				
	10,384	919	383	11,686
Total net position	\$ 10,384	\$ 919	\$ 383	\$ 11,686

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, 2021 (Pension) and June 30, 2022 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employers	\$ 370,857	\$ 179,222	\$ 550,079
Employees	179,999	-	179,999
Commonwealth of Massachusetts (nonemployer)	179,848	-	179,848
Net appreciation (depreciation) in fair value of investments	1,042,643	(90,721)	951,922
Interest and dividends	163,724	11,585	175,309
Management and related fees	(54,208)	(1,862)	(56,070)
Securities lending income	972	-	972
Borrower rebates and fees	(272)	-	(272)
Intergovernmental	9,311	-	9,311
Miscellaneous Income	4	-	4
Total additions	1,892,878	98,224	1,991,102
DEDUCTIONS:			
Benefits	678,879	136,972	815,851
Reimbursements to other systems	8,971	-	8,971
Refunds of contributions	16,274	-	16,274
Administration	9,999	5	10,004
Total deductions	714,123	136,977	851,100
Changes in net position	1,178,755	(38,753)	1,140,002
Net position - beginning of year	8,304,875	898,469	9,203,344
Net position - end of year	\$ 9,483,630	\$ 859,716	\$ 10,343,346

See accompanying independent auditors' report

BOSTON RETIREMENT SYSTEM

Statement of Changes in Plan Net Position

Year Ended December 31, 2021

(Amounts in thousands)

	<u>2021</u>
ADDITIONS:	
Contributions:	
Employers	\$ 370,857
Employees	179,999
Commonwealth of Massachusetts (nonemployer)	179,848
Net appreciation (depreciation) in fair value of investments	1,042,643
Interest and dividends	163,724
Management and related fees	(54,208)
Securities lending income	972
Borrower rebates and fees	(272)
Intergovernmental	9,311
Miscellaneous Income	4
Total additions	<u>1,892,878</u>
DEDUCTIONS:	
Benefits	678,879
Reimbursements to other systems	8,971
Refunds of contributions	16,274
Administration	9,999
Total deductions	<u>714,123</u>
Changes in net position	<u>1,178,755</u>
Net position - beginning of year	<u>8,304,875</u>
Net position - end of year	<u><u>\$ 9,483,630</u></u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Changes in Plan Net Position

Year Ended June 30, 2022

(Amounts in thousands)

	<u>2022</u>
ADDITIONS:	
Contributions:	
Employers	\$ 179,222
Net depreciation in fair value of investments	(90,721)
Interest and dividends	11,585
Management and related fees	(1,862)
Total additions	<u>98,224</u>
DEDUCTIONS:	
Benefits	136,973
Administrative expenses and other	5
Total deductions	<u>136,978</u>
Changes in net position	<u>(38,754)</u>
Net position - beginning of year	<u>898,470</u>
Net position - end of year	<u><u>\$ 859,716</u></u>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Changes in Net Position

Year Ended June 30, 2022

(Amounts in thousands)

	Pool 1	Pool 2
ADDITIONS:		
Investment income (loss)	\$ (871)	\$ (35)
Lease income	-	-
Donations and other	630	-
Total additions	(241)	(35)
DEDUCTIONS:		
Administrative expenses and other	4,343	9
Total operating expenses	4,343	9
Net changes in net position	(4,584)	(44)
Net position - beginning of year, as restated	39,380	712
Net position - end of year	\$ 34,796	\$ 668

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

				Total Private Purpose Trust Funds	
Pool 5		Pool 7		2022	
\$	(387)	\$	14,723	\$	13,430
	235		-		235
	-		4,819		5,449
	(152)		19,542		19,114
	1,917		11,850		18,119
	1,917		11,850		18,119
	(2,069)		7,692		995
	32,928		69,490		142,510
\$	30,859	\$	77,182	\$	143,505

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

CUSTODIAL FUNDS

Statement of Changes in Net Position

Year ended June 30, 2022

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total
ADDITIONS:				
Contributions:				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Employers	-	-	-	-
Commonwealth of Massachusetts (nonemployer)	-	-	-	-
Employees	-	-	-	-
Donations and other	2,216	161	-	2,377
Total contributions	2,216	161	-	2,377
Investment earnings:				
Net depreciation in fair value of investments	-	-	-	-
Investment income	-	-	-	-
Less investment expenses	-	-	-	-
Net investment earnings	-	-	-	-
Securities lending activities:				
Securities lending income	-	-	-	-
Less borrower rebates and fees	-	-	-	-
Net income from securities lending activities	-	-	-	-
Total net investment income (loss)	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous income	-	-	1,329	1,329
Total additions	2,216	161	1,329	3,706
DEDUCTIONS:				
Benefits	-	-	-	-
Reimbursements	-	-	-	-
Refunds of contributions	-	-	-	-
Refunds payable and other	-	-	-	-
Administrative expenses and other	1,826	129	1,550	3,505
Total deductions	1,826	129	1,550	3,505
Change in net position	390	32	(221)	201
Net position - beginning of year	9,994	887	604	11,485
Net position - end of year	\$ 10,384	\$ 919	\$ 383	\$ 11,686

See accompanying independent auditors' report



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, 2022

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Assets:		
Current assets:		
Cash and investments	\$ 32,107	\$ 67,465
Cash and investments held by trustee	-	-
Receivables, net:		
Leases receivable, current	-	6,121
Other	29,190	21,829
Other assets	1,936	211
Due from primary government	1,039	-
Total current assets	<u>64,272</u>	<u>95,626</u>
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables:		
Notes receivable	46,984	90,825
Lease receivable, net	39,729	191,578
Interest receivable	-	-
Disposition receivable	-	32,563
Other	-	-
Capital assets:		
Nondepreciable	12,277	6,294
Depreciable	10,211	26,166
Accumulated depreciation	-	(11,961)
Right of use lease	2,012	6,036
Less accumulated amortization	-	(206)
Total noncurrent assets	<u>111,213</u>	<u>341,295</u>
Total assets	<u>175,485</u>	<u>436,921</u>
Deferred outflows of resources:		
Deferred amount for pension costs	26,017	3,798
Deferred amount for other postemployment benefits costs	6,794	1,383
Total deferred outflows of resources	<u>32,811</u>	<u>5,181</u>
Liabilities:		
Current liabilities		
Warrants and accounts payable	28,160	3,882
Accrued liabilities:		
Other	677	-
Current portion of long-term debt	1,990	-
Compensated absences	-	126
Due to primary government	3,810	2,614
Pollution remediation	-	5,100
Unearned revenue	5,662	1,904
Leases obligations/payables	670	-
Total current liabilities	<u>40,969</u>	<u>13,626</u>
Noncurrent liabilities:		
Bonds notes and leases due in more than one year	2,619	1,475
Other noncurrent liabilities	1,725	137,590
Leases obligation/payables LT	1,398	6,029
OPEB liability	78,366	-
Unearned revenue	46,616	32,563
Net pension liability	79,845	10,306
Total noncurrent liabilities	<u>210,569</u>	<u>187,963</u>
Total liabilities	<u>251,538</u>	<u>201,589</u>
Deferred inflows of resources:		
Deferred amount for pension costs	41,705	5,980
Deferred amount for other postemployment benefits costs	48,482	6,337
Leases	40,671	193,539
Total deferred inflows of resources	<u>130,858</u>	<u>205,856</u>
Net Position:		
Net investment in capital assets	17,823	17,330
Restricted for:		
Restricted	-	-
Unrestricted	(191,923)	17,327
Total net position	<u>\$ (174,100)</u>	<u>\$ 34,657</u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library of the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2022
\$ 4,283	\$ 71,417	\$ 175,272
23,027	-	23,027
-	4,538	10,659
991	8,660	60,670
1,007	612	3,766
-	-	1,039
<u>29,308</u>	<u>85,227</u>	<u>274,433</u>
64,544	704	65,248
115	-	137,924
673	1,516,871	1,748,851
-	17,270	17,270
-	-	32,563
-	1,714	1,714
-	9,160	27,731
403	90,443	127,223
(41)	(55,394)	(67,396)
-	2,164	10,212
-	(571)	(777)
<u>65,694</u>	<u>1,582,361</u>	<u>2,100,563</u>
<u>95,002</u>	<u>1,667,588</u>	<u>2,374,996</u>
-	-	29,815
-	-	8,177
-	-	37,992
1,455	15,390	48,887
-	400	1,077
-	-	1,990
-	86	212
744	-	7,168
-	-	5,100
492	825	8,883
-	278	948
<u>2,691</u>	<u>16,979</u>	<u>74,265</u>
-	-	4,094
-	2,803	142,118
-	1,369	8,796
-	-	78,366
-	-	79,179
-	-	90,151
-	4,172	402,704
<u>2,691</u>	<u>21,151</u>	<u>476,969</u>
-	-	47,685
-	-	54,819
634	1,495,824	1,730,668
634	1,495,824	1,833,172
361	45,802	81,316
82,549	704	83,253
8,767	104,107	(61,722)
<u>\$ 91,677</u>	<u>\$ 150,613</u>	<u>\$ 102,847</u>

See accompanying independent auditors' report

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Activities

Year Ended June 30, 2022

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Expenses	\$ 230,180	\$ 25,063
Program revenues:		
Charges for services	41,478	20,680
Operating grants and contributions	76,654	15,835
Capital grants and contributions	-	-
Total program revenues	118,132	36,515
Net expenses	(112,048)	11,452
General revenues:		
Investment income	80	11
Sale of property	38	2,392
City appropriation	114,679	-
Miscellaneous income	1,606	-
Total general revenues	116,403	2,403
Changes in net position	4,355	13,855
Net position - beginning of year, as restated	(178,455)	20,802
Net position - end of year	\$ (174,100)	\$ 34,657

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 2022
\$ 18,239	\$ 48,866	\$ 322,348
4,239	37,630	104,027
8,859	13,651	114,999
-	658	658
13,098	51,939	219,683
(5,141)	3,073	(102,664)
(10,847)	24,709	13,953
-	-	2,430
-	-	114,679
2,596	-	4,202
(8,251)	24,709	135,264
(13,392)	27,782	32,600
105,069	122,831	70,247
\$ 91,677	\$ 150,613	\$ 102,847

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022



(This page intentionally left blank)





Statistical
SECTION



(This page intentionally left blank)



TABLE OF CONTENTS

STATISTICAL SECTION (Unaudited)

This part of the City of Boston’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	131
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time (See accompanying Management’s Discussion and Analysis, Statement of Net Position, and Statement of Activities):</i>	
General Government Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years	
General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years	
Net Position by Component – Last Ten Fiscal Years	
Changes in Net Position – Last Ten Fiscal Years	
Fund Balances of Governmental Funds – Last Ten Fiscal Years	
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	
Revenue Capacity	145
<i>These schedules contain information to help the reader assess the government’s most significant revenue source, the property tax:</i>	
Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years	
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	
Largest Principal Taxpayers – Current Year and Nine Years Ago	
Property Tax Levies and Collections – Last Ten Fiscal Years	
Debt Capacity	149
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future (See accompanying note 10 of the basic financial statements):</i>	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	
Legal Debt Margin Information – Last Ten Fiscal Years	
Demographic and Economic Information	155
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place:</i>	
Demographic and Economic Statistics – Last Ten Fiscal Years	
Principal Employers – Current Year and Nine Years Ago	
Operating Information	157
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs:</i>	
Full-time Equivalent City Government Employees by Department – Last Ten Fiscal Years	
Operating Indicators by Function – Last Ten Fiscal Years	
Capital Asset Statistics by Department – Last Ten Fiscal Years	
Sources: Unless otherwise noted, the prior year information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2022	2021	2020	2019	2018
General Government	\$ 123,041	\$ 122,106	\$ 117,152	\$ 112,998	\$ 90,076
% of Total	3.1	3.3	3.2	3.3	2.8
% Change	0.8	4.2	3.7	25.4	4.9
Public Safety	\$ 797,386	\$ 735,254	\$ 763,381	\$ 726,406	\$ 689,929
% of Total	20.0	19.8	21.0	21.1	21.1
% Change	8.5	(3.7)	5.1	5.3	7.3
Public Works	\$ 130,807	\$ 116,862	\$ 111,346	\$ 106,504	\$ 111,772
% of Total	3.3	3.1	3.1	3.1	3.4
% Change	11.9	5.0	4.5	(4.7)	5.4
Library	\$ 41,098	\$ 39,422	\$ 38,270	\$ 38,597	\$ 36,025
% of Total	1.0	1.1	1.1	1.1	1.1
% Change	4.3	3.0	(0.8)	7.1	0.7
Schools	\$ 1,324,486	\$ 1,234,353	\$ 1,176,493	\$ 1,118,332	\$ 1,087,192
% of Total	33.3	33.3	32.4	32.5	33.2
% Change	7.3	4.9	5.2	2.9	3.6
Retirement Costs	\$ 502,585	\$ 473,494	\$ 447,159	\$ 400,973	\$ 356,251
% of Total	12.6	12.8	12.3	11.6	10.9
% Change	6.1	5.9	11.5	12.6	2.5
Employee Benefits	\$ 258,112	\$ 260,997	\$ 259,420	\$ 264,832	\$ 261,377
% of Total	6.5	7.0	7.2	7.7	8.0
% Change	(1.1)	0.6	(2.0)	1.3	5.4
State & District Assessments	\$ 332,586	\$ 320,220	\$ 299,740	\$ 283,360	\$ 267,205
% of Total	8.4	8.6	8.3	8.2	8.2
% Change	3.9	6.8	5.8	6.0	9.4
Property & Development	\$ 37,327	\$ 32,631	\$ 32,618	\$ 41,483	\$ 39,022
% of Total	0.9	0.9	0.9	1.2	1.2
% Change	14.4	0.0	(21.4)	6.3	(8.1)
Other	\$ 429,654	\$ 376,539	\$ 381,936	\$ 350,195	\$ 335,108
% of Total	10.8	10.1	10.5	10.2	10.2
% Change	14.1	(1.4)	9.1	4.5	5.4
Total Expenditures	\$ 3,977,082	\$ 3,711,878	\$ 3,627,515	\$ 3,443,680	\$ 3,273,957
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	7.1	2.3	5.3	5.2	4.9

*General fund only

See accompanying independent auditors' report

Fiscal Year						FUNCTION
2017	2016	2015	2014	2013		
\$ 85,855	\$ 80,684	\$ 58,242	\$ 102,786	\$ 77,515		General Government
2.8	2.7	2.0	3.7	3.0		% of Total
6.4	38.5	(43.3)	32.6	12.6		% Change
\$ 643,100	\$ 610,233	\$ 633,471	\$ 558,802	\$ 553,851		Public Safety
20.6	20.6	22.2	20.4	21.4		% of Total
5.4	(3.7)	13.4	0.9	5.6		% Change
\$ 106,059	\$ 101,157	\$ 123,767	\$ 113,239	\$ 102,789		Public Works
3.4	3.4	4.3	4.1	4.0		% of Total
4.8	(18.3)	9.3	10.2	21.3		% Change
\$ 35,791	\$ 33,870	\$ 33,966	\$ 33,978	\$ 30,888		Library
1.1	1.1	1.2	1.2	1.2		% of Total
5.7	(0.3)	-	10.0	2.7		% Change
\$ 1,048,987	\$ 1,016,412	\$ 960,228	\$ 940,276	\$ 879,898		Schools
33.6	34.3	33.6	34.2	34.0		% of Total
3.2	5.9	2.1	6.9	5.9		% Change
\$ 347,402	\$ 309,083	\$ 282,648	\$ 255,647	\$ 235,078		Retirement Costs
11.1	10.4	9.9	9.3	9.1		% of Total
12.4	9.4	10.6	8.7	6.7		% Change
\$ 247,965	\$ 236,661	\$ 230,089	\$ 234,400	\$ 232,831		Employee Benefits
7.9	8.0	8.1	8.5	9.0		% of Total
4.8	2.9	(1.8)	0.7	(7.3)		% Change
\$ 244,320	\$ 234,450	\$ 215,538	\$ 197,939	\$ 176,300		State & District Assessments
7.8	7.9	7.5	7.2	6.8		% of Total
4.2	8.8	8.9	12.3	9.8		% Change
\$ 42,460	\$ 33,870	\$ 35,594	\$ 33,376	\$ 32,568		Property & Development
1.4	1.1	1.2	1.2	1.3		% of Total
25.4	(4.8)	6.6	2.5	8.2		% Change
\$ 317,804	\$ 311,077	\$ 282,621	\$ 275,250	\$ 262,653		Other
10.2	10.5	9.9	10.0	10.2		% of Total
2.2	10.1	2.7	4.8	(1.9)		% Change
\$ 3,119,743	\$ 2,967,497	\$ 2,856,164	\$ 2,745,693	\$ 2,584,371		Total Expenditures
100.0	100.0	100.0	100.0	100.0		% of Total
5.1	3.9	4.0	6.2	5.0		% Change

See accompanying independent auditors' report

GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2022	2021	2020	2019	2018
Property Taxes	\$ 2,819,651	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686	\$ 2,221,877
% of Total	69.7	72.5	67.0	66.1	65.9
% Change	6.4	6.1	6.6	5.5	6.8
Motor Vehicle Excises	\$ 60,803	\$ 54,184	\$ 62,792	\$ 66,026	\$ 52,040
% of Total	1.5	1.5	1.7	1.9	1.5
% Change	12.2	(13.7)	(4.9)	26.9	-
Other Excises	\$ 150,005	\$ 60,227	\$ 178,976	\$ 190,203	\$ 191,541
% of Total	3.7	1.6	4.8	5.4	5.7
% Change	149.07	(66.3)	(5.9)	(0.7)	19.2
Departmental & Other	\$ 124,563	\$ 60,555	\$ 103,476	\$ 97,442	\$ 98,287
% of Total	3.1	1.7	2.8	2.7	2.9
% Change	105.7	(41.5)	6.2	(0.9)	11.7
State Distributions	\$ 649,471	\$ 619,709	\$ 627,590	\$ 577,458	\$ 570,753
% of Total	16.0	16.9	16.8	16.3	16.9
% Change	4.8	(1.3)	8.7	1.2	2.9
Payment in Lieu of Taxes	\$ 92,008	\$ 88,615	\$ 72,349	\$ 87,018	\$ 84,940
% of Total	2.3	2.4	1.9	2.5	2.5
% Change	3.8	22.5	(16.9)	2.4	5.5
Fines	\$ 61,591	\$ 52,302	\$ 67,367	\$ 73,792	\$ 63,206
% of Total	1.5	1.4	1.8	2.1	1.9
% Change	17.8	(22.4)	(8.7)	16.7	0.3
Investment Income	\$ 4,482	\$ 3,615	\$ 29,472	\$ 30,408	\$ 15,390
% of Total	0.1	0.1	0.8	0.9	0.5
% Change	24.0	(87.7)	(3.1)	97.6	560.8
Licenses & Permits	\$ 84,825	\$ 67,977	\$ 88,272	\$ 82,658	\$ 74,144
% of Total	2.1	1.9	2.4	2.3	2.2
% Change	24.8	(23.0)	6.8	11.5	(12.2)
Total Revenues	\$ 4,047,399	\$ 3,657,224	\$ 3,728,729	\$ 3,549,691	\$ 3,372,178
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	10.7	(1.9)	5.0	5.3	6.5

*General fund only

Fiscal Year						SOURCE
2017	2016	2015	2014	2013		
\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	\$ 1,677,581		Property Taxes
65.7	64.4	64.0	63.6	63.0		% of Total
5.7	5.4	5.6	5.4	5.4		% Change
\$ 52,061	\$ 67,686	\$ 52,922	\$ 52,972	\$ 47,105		Motor Vehicle Excises
1.6	2.2	1.8	1.9	1.8		% of Total
(23.1)	27.9	(0.1)	12.5	16.3		% Change
\$ 160,736	\$ 168,577	\$ 176,040	\$ 170,161	\$ 174,149		Other Excises
5.1	5.5	6.0	6.1	6.5		% of Total
(4.7)	(4.2)	3.5	(2.3)	18.4		% Change
\$ 87,985	\$ 86,791	\$ 86,392	\$ 84,385	\$ 87,585		Departmental & Other
2.8	2.8	3.0	3.0	3.3		% of Total
1.4	0.5	2.4	(3.7)	11.7		% Change
\$ 554,661	\$ 543,683	\$ 523,256	\$ 509,199	\$ 504,656		State Distributions
17.5	17.8	17.9	18.3	18.9		% of Total
2.0	3.9	2.8	0.9	3.8		% Change
\$ 80,501	\$ 90,215	\$ 79,232	\$ 73,324	\$ 72,335		Payment in Lieu of Taxes
2.5	3.0	2.7	2.6	2.7		% of Total
(10.8)	13.9	8.1	1.4	14.7		% Change
\$ 63,046	\$ 60,953	\$ 60,116	\$ 59,922	\$ 58,835		Fines
2.0	2.0	2.1	2.2	2.2		% of Total
3.4	1.4	0.3	1.8	(8.9)		% Change
\$ 2,329	\$ 184	\$ 61	\$ 57	\$ 179		Investment Income
0.1	-	-	-	-		% of Total
1,165.8	201.6	7.0	(68.2)	(81.8)		% Change
\$ 84,470	\$ 70,005	\$ 71,205	\$ 62,257	\$ 47,220		Licenses & Permits
2.7	2.3	2.4	2.2	1.8		% of Total
20.7	(1.7)	14.4	31.8	(3.1)		% Change
\$ 3,165,482	\$ 3,055,781	\$ 2,916,483	\$ 2,780,060	\$ 2,669,645		Total Revenues
100.0	100.0	100.0	100.0	100.2		% of Total
3.6	4.8	4.9	4.1	5.9		% Change

See accompanying independent auditors' report

NET POSITION BY COMPONENT

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental/primary government activities:					
Net investment in capital assets	\$ 1,101,116	\$ 1,058,576	\$ 950,089	\$ 802,391	\$ 685,036
Restricted	118,324	113,881	72,436	98,106	75,098
Unrestricted	(2,035,104)	(2,249,008)	(2,183,384)	(2,675,142)	(2,501,770)
Total governmental/primary government activities net position	\$ (815,664)	\$ (1,076,551)	\$ (1,160,859)	\$ (1,774,645)	\$ (1,741,636)
Primary government:					
Net investment in capital assets	\$ 1,101,116	\$ 1,058,576	\$ 950,089	\$ 802,391	\$ 685,036
Restricted	118,324	113,881	72,436	98,106	75,098
Unrestricted	(2,035,104)	(2,249,008)	(2,183,384)	(2,675,142)	(2,501,770)
Total primary government net position	\$ (815,664)	\$ (1,076,551)	\$ (1,160,859)	\$ (1,774,645)	\$ (1,741,636)

See accompanying independent auditors' report

Fiscal Year					
2017	2016	2015	2014	2013	
\$ 648,786	\$ 557,142	\$ 502,985	\$ 457,789	\$ 450,322	
52,746	53,200	51,446	62,701	75,878	
<u>(1,206,488)</u>	<u>(1,159,303)</u>	<u>(1,184,987)</u>	<u>82,638</u>	<u>74,097</u>	
<u>\$ (504,956)</u>	<u>\$ (548,961)</u>	<u>\$ (630,556)</u>	<u>\$ 603,128</u>	<u>\$ 600,297</u>	
\$ 648,786	\$ 557,142	\$ 502,985	\$ 457,789	\$ 450,322	
52,746	53,200	51,446	62,701	75,878	
<u>(1,206,488)</u>	<u>(1,159,303)</u>	<u>(1,184,987)</u>	<u>82,638</u>	<u>74,097</u>	
<u>\$ (504,956)</u>	<u>\$ (548,961)</u>	<u>\$ (630,556)</u>	<u>\$ 603,128</u>	<u>\$ 600,297</u>	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

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

EXPENSES:	Fiscal Year			
	2022	2021	2020	2019
Governmental activities:				
General government	\$ 209,435	\$ 217,654	\$ 202,347	\$ 175,161
Human services	65,555	56,814	47,648	57,359
Public safety	1,172,308	1,112,320	968,853	1,113,749
Public works	173,842	158,722	161,598	160,918
Property and development	291,461	186,903	140,930	146,886
Parks and recreation	54,430	53,824	52,148	48,804
Library	57,149	58,717	51,348	55,944
Schools	2,123,695	2,083,935	1,874,077	2,026,241
Public health programs	142,341	123,473	99,414	91,468
Interest on long-term debt	36,821	36,213	47,039	39,562
Total governmental activities expenses	<u>4,327,037</u>	<u>4,088,575</u>	<u>3,645,402</u>	<u>3,916,092</u>
Business-type activities:				
Total primary government expenses	<u>\$ 4,327,037</u>	<u>\$ 4,088,575</u>	<u>\$ 3,645,402</u>	<u>\$ 3,916,092</u>
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
Public safety	178,866	128,307	184,364	158,455
Public works	23,003	19,760	30,192	28,609
Schools	15,165	10,996	9,444	11,385
Other	87,842	67,914	81,892	37,547
Operating grants and contributions	864,380	770,430	788,801	822,932
Capital grants and contributions	42,584	54,589	38,382	36,224
Total governmental activities program revenues	<u>1,211,840</u>	<u>1,051,996</u>	<u>1,133,075</u>	<u>1,095,152</u>
Business-type activities:				
Total primary government program revenues	<u>\$ 1,211,840</u>	<u>\$ 1,051,996</u>	<u>\$ 1,133,075</u>	<u>\$ 1,095,152</u>

See accompanying independent auditors' report

							Fiscal Year																
							2018			2017			2016			2015			2014			2013	
\$	156,670	\$	128,465	\$	128,288	\$	103,923	\$	161,913	\$	127,882												
	58,494		49,974		52,056		49,884		49,291		50,690												
	1,048,825		962,654		941,313		941,531		821,196		826,700												
	163,337		130,182		139,816		178,569		157,491		132,506												
	137,296		168,276		118,582		134,506		118,816		114,673												
	48,861		41,236		39,769		35,890		32,297		32,242												
	55,626		51,397		49,959		48,931		52,192		51,875												
	1,931,452		1,833,105		1,803,331		1,620,851		1,554,563		1,455,300												
	86,228		81,859		96,083		83,276		69,896		69,978												
	44,263		42,321		40,995		49,300		48,188		41,900												
	<u>3,731,052</u>		<u>3,489,469</u>		<u>3,410,192</u>		<u>3,246,661</u>		<u>3,065,843</u>		<u>2,903,746</u>												
<u>\$</u>	<u>3,731,052</u>	<u>\$</u>	<u>3,489,469</u>	<u>\$</u>	<u>3,410,192</u>	<u>\$</u>	<u>3,246,661</u>	<u>\$</u>	<u>3,065,843</u>	<u>\$</u>	<u>2,903,746</u>												
	139,793		147,471		133,656		138,066		139,431		129,602												
	31,120		28,268		24,269		23,975		19,165		17,716												
	4,275		5,163		10,540		6,623		2,832		9,130												
	46,350		36,647		34,730		40,718		41,811		49,490												
	788,666		760,230		746,277		670,640		583,480		549,596												
	64,548		52,348		39,381		53,099		11,972		37,256												
	<u>1,074,752</u>		<u>1,030,127</u>		<u>988,853</u>		<u>933,121</u>		<u>798,691</u>		<u>792,790</u>												
<u>\$</u>	<u>1,074,752</u>	<u>\$</u>	<u>1,030,127</u>	<u>\$</u>	<u>988,853</u>	<u>\$</u>	<u>933,121</u>	<u>\$</u>	<u>798,691</u>	<u>\$</u>	<u>792,790</u>												

See accompanying independent auditors' report

CHANGES IN NET POSITION (CONTINUED)

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year		
	2022	2021	2020
NET EXPENSE:			
Governmental activities	\$ (3,115,197)	\$ (3,036,579)	\$ (2,512,327)
Total primary government net expense	\$ (3,115,197)	\$ (3,036,579)	\$ (2,512,327)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	2,810,807	2,630,781	2,520,908
Excises	211,520	103,720	240,908
Payment in lieu of taxes	92,007	88,615	72,349
Grants and contributions not restricted	245,625	233,771	245,559
Investment income	11,264	32,659	43,280
Miscellaneous	4,861	3,867	3,109
Special items	-	-	-
Loss on disposal of capital assets	-	-	-
Total governmental activities	3,376,084	3,093,413	3,126,113
Total primary government	\$ 3,376,084	\$ 3,093,413	\$ 3,126,113
CHANGES IN NET POSITION:			
Governmental activities	\$ 260,887	\$ 56,834	\$ 613,786
Total primary government	\$ 260,887	\$ 56,834	\$ 613,786

See accompanying independent auditors' report

							Fiscal Year
2019	2018	2017	2016	2015	2014	2013	
\$ (2,820,940)	\$ (2,656,300)	\$ (2,459,342)	\$ (2,421,339)	\$ (2,313,540)	\$ (2,267,152)	\$ (2,110,956)	
<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>	<u>\$ (2,267,152)</u>	<u>\$ (2,110,956)</u>	
2,338,507	2,219,700	2,087,659	1,967,021	1,866,277	1,771,166	1,684,908	
264,703	239,005	213,198	224,052	236,208	220,761	221,937	
87,018	84,940	80,501	90,215	79,232	73,324	72,335	
208,839	214,106	201,013	199,835	191,172	199,007	185,827	
46,405	31,417	19,588	15,753	15,404	16,713	14,732	
3,011	2,121	3,738	6,058	2,983	4,012	7,820	
57,000	-	-	-	-	-	-	
-	-	-	-	-	-	(903)	
<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>	<u>2,284,983</u>	<u>2,186,656</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>	<u>\$ 2,284,983</u>	<u>\$ 2,186,656</u>	
\$ 184,543	\$ 134,989	\$ 146,355	\$ 81,595	\$ 77,736	\$ 17,831	\$ 75,700	
<u>\$ 184,543</u>	<u>\$ 134,989</u>	<u>\$ 146,355</u>	<u>\$ 81,595</u>	<u>\$ 77,736</u>	<u>\$ 17,831</u>	<u>\$ 75,700</u>	

See accompanying independent auditors' report

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2022	2021	2020	2019
General Fund				
Assigned	\$ 320,733	\$ 313,001	\$ 359,789	\$ 392,000
Unassigned	994,535	898,161	911,690	794,610
Total general fund	\$ 1,315,268	\$ 1,211,162	\$ 1,271,479	\$ 1,186,610
All other Governmental Funds				
Nonspendable	\$ 21,504	\$ 21,504	\$ 10,041	\$ 10,041
Restricted	331,132	243,913	239,978	434,893
Assigned	295,901	255,852	211,308	196,634
Total all other governmental funds	\$ 648,537	\$ 521,269	\$ 461,327	\$ 641,568

See accompanying independent auditors' report

		Fiscal Year									
		2018	2017	2016	2015	2014	2013				
\$	300,652	\$	283,208	\$	266,222	\$	228,236	\$	251,353	\$	218,292
	781,402		702,080		682,781		633,936		532,955		533,104
\$	1,082,054	\$	985,288	\$	949,003	\$	862,172	\$	784,308	\$	751,396
\$	10,041	\$	10,041	\$	4,974	\$	4,974	\$	4,974	\$	34,307
	322,950		240,172		204,810		194,044		199,703		137,727
	199,537		220,359		203,134		161,742		154,667		132,889
\$	532,528	\$	470,572	\$	412,918	\$	360,760	\$	359,344	\$	304,923

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years*

(Amounts in thousands)

	Fiscal Year			
	2022	2021	2020	2019
REVENUES:				
Real and personal property taxes	\$ 2,819,651	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686
Excises	210,808	114,411	241,768	256,229
Payments in lieu of taxes	92,008	88,615	72,349	87,018
Fines	61,591	52,302	67,367	73,792
Investment Income	4,482	3,615	29,472	30,408
Licenses and permits	84,825	67,977	88,272	82,658
Departmental and other	124,563	60,555	103,476	97,442
Intergovernmental	649,471	619,709	627,590	577,458
Total revenues	4,047,399	3,657,224	3,728,729	3,549,691
EXPENDITURES:				
General government	123,041	122,106	117,152	112,998
Human services	36,961	34,010	34,458	34,208
Public safety	797,386	735,254	763,381	726,406
Public works	130,807	116,862	111,346	106,504
Property and development	37,327	32,631	32,618	41,483
Parks and recreation	33,019	29,118	28,616	26,890
Library	41,098	39,422	38,270	38,597
Schools	1,324,486	1,234,353	1,176,493	1,118,332
Public health programs	116,705	106,715	94,337	87,487
Judgments and claims	30,239	11,477	11,670	1,202
Retirement costs	502,585	473,494	447,159	400,973
Other employee benefits	258,112	260,997	259,420	264,832
State and district assessments	332,586	320,220	299,740	283,360
Capital outlays	24,269	19,210	29,270	17,683
Debt service:				
Principal	138,878	124,514	126,553	126,469
Interest	49,583	51,495	57,032	56,256
Total Expenditures	3,977,082	3,711,878	3,627,515	3,443,680
Deficiency of revenues under expenditures	70,317	(54,654)	101,214	106,011
OTHER FINANCING SOURCES (USES):				
Leases issued	9,784	-	-	-
Transfers, net	24,005	(5,663)	(16,345)	(1,455)
Total other financing sources (uses)	33,789	(5,663)	(16,345)	(1,455)
Net change in fund balances	\$ 104,106	\$ (60,317)	\$ 84,869	\$ 104,556
Debt Service as a percentage of noncapital expenditures	5.04%	5.06%	5.41%	5.70%

*General fund only

See accompanying independent auditors' report

Fiscal Year						
2018	2017	2016	2015	2014	2013	
\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	\$ 1,677,581	
243,581	212,797	236,263	228,962	223,133	221,254	
84,940	80,501	90,215	79,232	73,324	72,335	
63,206	63,046	60,953	60,116	59,922	58,835	
15,390	2,329	184	61	57	179	
74,144	84,470	70,005	71,205	62,257	47,219	
98,287	87,985	86,791	86,392	84,385	87,584	
570,753	554,661	543,683	523,256	509,199	504,656	
3,372,178	3,165,482	3,055,781	2,916,483	2,780,060	2,669,643	
90,076	85,855	80,685	58,242	102,786	77,513	
35,023	31,422	31,356	31,507	31,358	29,924	
689,929	643,100	610,233	633,471	558,802	553,851	
111,772	106,059	101,157	123,767	113,239	102,789	
39,022	42,460	33,870	35,594	33,376	32,568	
25,285	23,447	22,106	20,063	19,792	19,229	
36,025	35,791	33,870	33,966	33,978	30,888	
1,087,193	1,048,987	1,016,411	960,228	940,276	879,898	
81,129	77,754	77,932	73,577	65,953	67,845	
7,693	3,766	1,100	3,678	9,493	3,010	
356,251	347,402	309,083	282,647	255,647	235,078	
261,377	247,965	236,661	230,089	234,400	232,831	
267,205	244,320	234,450	215,538	197,939	176,300	
9,738	10,283	13,873	348	1,106	1,745	
122,041	117,527	109,825	106,558	104,582	101,405	
54,199	53,604	54,883	46,890	42,966	39,495	
3,273,958	3,119,742	2,967,495	2,856,163	2,745,693	2,584,369	
98,220	45,740	88,286	60,320	34,367	85,274	
-	-	-	-	-	-	
(1,455)	(9,455)	(1,455)	(1,455)	(1,455)	(23,575)	
(1,455)	(9,455)	(1,455)	(1,455)	(1,455)	(23,575)	
\$ 96,765	\$ 36,285	\$ 86,831	\$ 58,865	\$ 32,912	\$ 61,699	
6.12%	5.94%	6.03%	5.86%	5.88%	6.00%	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Real Property			Personal Property	Total Assessed Value ⁽¹⁾	Total Direct Tax Rate ^{(b) (c)}
	Residential Value ^(a)	Commercial Value	Industrial Value	Assessed Value		
2022	\$ 131,900,982	\$ 56,788,448	\$ 1,313,021	\$ 7,824,465	\$ 197,826,916	15.58
2021	127,136,166	54,632,351	1,251,386	7,633,024	190,652,927	15.29
2020	115,818,106	51,958,596	1,153,868	7,268,332	176,198,902	15.48
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,120	15.52
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958	15.65
2017	93,462,191	43,571,094	1,103,888	5,804,774	143,941,947	15.77
2016	83,719,423	38,031,832	908,352	5,387,474	128,047,081	16.47
2015	72,346,068	32,451,521	785,062	5,154,211	110,736,862	18.15
2014	64,541,403	29,631,863	707,564	4,951,983	99,832,813	19.16
2013	60,147,396	26,762,023	707,703	4,582,149	92,199,271	19.68

⁽¹⁾ Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2022 assessed values are as of January 1, 2021.

^(a) Exempt residential properties not included.

^(b) Tax rates are per \$1,000 of assessed value and are reported in whole dollars in the above table.

^(c) Total direct tax rate is the weighted average calculation of the residential, commercial, and industrial values.

Source: City of Boston Assessing Department

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS ^{(1) (2)}

Last Ten Fiscal Years

Fiscal Year	Class	City General	Total	% Change	Total Direct ⁽³⁾
2022	Residential	\$ 10.88	\$ 10.88	0.2 %	\$ 15.58
	C.I.P.	24.98	24.98	0.4 %	
2021	Residential	10.67	10.67	0.1 %	15.29
	C.I.P.	24.55	24.55	(0.4) %	
2020	Residential	10.56	10.56	0.2 %	15.48
	C.I.P.	24.92	24.92	(0.3) %	
2019	Residential	10.54	10.54	0.6 %	15.52
	C.I.P.	25.00	25.00	(0.8) %	
2018	Residential	10.48	10.48	(1.0) %	15.65
	C.I.P.	25.20	25.20	(0.7) %	
2017	Residential	10.59	10.59	(3.7) %	15.77
	C.I.P.	25.37	25.37	(5.4) %	
2016	Residential	11.00	11.00	(9.2) %	15.77
	C.I.P.	26.81	26.81	(9.2) %	
2015	Residential	12.11	12.11	(3.7) %	18.15
	C.I.P.	29.52	29.52	(5.3) %	
2014	Residential	12.58	12.58	(4.3) %	19.16
	C.I.P.	31.18	31.18	(2.4) %	
2013	Residential	13.14	13.14	0.8 %	19.98
	C.I.P.	31.96	31.96	0.1 %	

⁽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	2022			2013		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	\$4,340,783,901	1	2.64%	\$1,681,823,610	3	1.90%
Eversource	3,028,109,190	2	1.84%	1,749,603,330	2	1.98%
Oxford Properties	2,166,145,100	3	1.32%			
Rockpoint Group	1,711,531,870	4	1.04%			
Teacher's Insurance and Annuity Association	1,619,746,980	5	0.98%	805,794,000	5	0.91%
Tishman Speyer Properties	1,549,055,286	6	0.94%	873,206,200	4	0.99%
Equity Residential	1,455,875,050	7	0.88%			
PGIM Real Estate fka Fort Hill Associates	1,342,518,900	8	0.82%	668,258,370	6	0.76%
MetLife Real Estate Investments	1,198,647,290	9	0.73%			
Diversified Healthcare Trust fka Senior Housing	1,050,119,600	10	0.64%			
National Grid	1,012,084,450	11	0.62%	493,701,700	7	0.56%
Synergy Investments	873,161,673	12	0.53%			
John Hancock Financial	851,302,790	13	0.52%	411,318,440	10	0.46%
Morgan Stanley	821,174,550	14	0.50%			
Clarion	728,161,500	15	0.44%			
Fortis Property Group	713,237,430	16	0.43%	406,781,480	11	0.46%
Beacon Capital	644,930,260	17	0.39%			
Verizon	618,766,410	18	0.38%			
UBS Realty Advisors				390,795,000	13	0.44%
Blackstone Real Estate Partners				2,727,202,930	1	3.08%
Dewey Square Tower Associates				400,704,890	12	0.45%
One Hundred Federal Street, LPS				424,172,690	9	0.48%
UIDC of Massachusetts, Inc				475,662,260	8	0.54%
	<u>\$25,725,352,230</u>		<u>15.64%</u>	<u>\$11,509,024,900</u>		<u>13.01%</u>

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

Source: City of Boston Assessing and Treasury Departments

PROPERTY TAX LEVIES AND COLLECTIONS**Last Ten Fiscal Years***(amounts in millions)*

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2022		
	Gross ⁽¹⁾	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
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
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7
2018	2,223.2	2,192.6	98.6	2,216.2	99.7	101.1	2,207.1	99.3	100.7
2017	2,093.9	2,055.2	98.2	2,083.3	99.5	101.4	2,075.4	99.1	101.0
2016	1,963.1	1,924.8	98.0	1,958.4	99.8	101.7	1,949.3	99.3	101.3
2015	1,869.0	1,833.1	98.1	1,865.6	99.8	101.8	1,853.6	99.2	101.1
2014	1,779.8	1,744.9	98.0	1,784.7	100.3	102.3	1,765.8	99.2	101.2
2013	1,684.4	1,643.4	97.6	1,677.0	99.6	102.0	1,669.1	99.1	101.6

⁽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		Notes Payable ⁽¹⁾	Equipment		
	Obligation Bonds			Financing Payable		
2022	\$	1,661,956	\$	20,286	\$	67,863
2021		1,418,056		21,725		61,608
2020		1,348,339		23,308		56,410
2019		1,491,091		65,822		64,096
2018		1,457,450		67,398		69,626
2017		1,416,971		74,266		69,465
2016		1,395,367		76,619		62,266
2015		1,339,367		63,361		56,425
2014		1,296,153		75,680		45,887
2013		1,233,215		76,587		39,365

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 155 for the City's total personal income data.

⁽³⁾ See page 155 for the City's population data.

	Total Primary Government	% of Total Personal Income ⁽²⁾	Per Capita ⁽³⁾
\$	1,750,106	5.15%	2,530.77
	1,501,389	4.42	2,171.11
	1,428,057	4.73	2,052.02
	1,621,009	5.37	2,329.28
	1,594,474	5.28	2,291.15
	1,560,702	5.41	2,285.02
	1,534,252	5.55	2,280.26
	1,459,153	5.55	2,179.57
	1,417,720	5.72	2,160.99
	1,349,167	5.80	2,092.67

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

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⁾
2022	\$ 1,661,956	\$ 197,826,916	0.8%	\$ 2,403.30
2021	1,418,056	190,652,927	0.7	2,050.60
2020	1,348,339	176,198,902	0.8	1,937.47
2019	1,491,091	164,514,120	0.9	2,142.60
2018	1,457,450	153,925,958	1.0	2,094.26
2017	1,416,971	143,941,947	1.0	2,074.58
2016	1,395,367	128,047,081	1.1	2,073.85
2015	1,339,367	110,736,862	1.2	2,000.64
2014	1,296,153	99,832,813	1.3	1,975.69
2013	1,233,215	92,199,271	1.3	1,912.82

⁽¹⁾ See page 145 for the City's total assessed value of property.

⁽²⁾ See page 155 for the City's population data.



(This page intentionally left blank)



LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts in thousands)

	2022	2021	2020	2019	2018
Debt limit	\$ 10,194,726	\$ 10,194,726	\$ 8,989,652	\$ 8,989,652	\$ 7,178,810
Total net debt applicable to limit	<u>3,071,258</u>	<u>2,869,764</u>	<u>2,470,631</u>	<u>2,311,238</u>	<u>2,122,823</u>
Legal debt margin	<u>\$ 7,123,468</u>	<u>\$ 7,324,962</u>	<u>\$ 6,519,021</u>	<u>\$ 6,678,414</u>	<u>\$ 5,055,987</u>
Total net debt applicable to the limit as a percentage of debt limit	30.13%	28.15%	27.48%	25.71%	29.57%

Legal Debt margin Calculation for Fiscal Year 2021

Fiscal year 2022 equalized valuation, 2021 ⁽¹⁾	\$ 203,894,527
Debit limit (5% of assessed value) ⁽²⁾	<u>10,194,726</u>
Debit applicable to limit:	
General obligation bonds	(1,054,283)
Total authorized/unissued	<u>(2,016,967)</u>
Total debt outstanding plus authorized/unissued	(3,071,250)
Less new authorization adjustments approved through June 30, 2022	<u>(8)</u>
Amount within debt limit	-
Debt incurring capacity as of June 30, 2022	<u>\$ 7,123,468</u>

⁽¹⁾ Includes the value of Chapter 121A tax agreement properties

⁽²⁾ The laws of the Commonwealth of Massachusetts provide for general debt limits for the City, consisting of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5.0% of the assessed valuation of taxable property in the City as last equalized by the State Department of Revenue, and may authorize debt up to this limit without State approval. The City may also authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Commonwealth's Secretary of Administration and Finance.

⁽³⁾ The debt authorized but unissued as of June 30, 2021 and City Council authorizations during fiscal year 2022 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	7,178,810	\$ 5,540,530	\$ 5,540,530	\$ 5,156,374	\$ 5,156,374
	1,913,350	1,809,054	1,388,019	1,590,189	1,705,035
\$	<u>5,265,460</u>	<u>\$ 3,731,476</u>	<u>\$ 4,152,511</u>	<u>\$ 3,566,185</u>	<u>\$ 3,451,339</u>
	26.65%	32.65%	25.05%	30.84%	33.07%

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

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⁾
2022	N/A	N/A	N/A	N/A
2021	654,776	32,959,460	50,337	5.8
2020	691,531	N/A	N/A	9.2
2019	694,295	34,005,181	48,978	2.60
2018	695,926	30,180,223	43,367	3.00
2017	683,015	28,847,822	42,236	3.40
2016	672,840	27,625,465	40,237	3.40
2015	669,469	26,273,980	39,246	4.40
2014	656,051	24,804,632	36,395	5.30
2013	644,710	23,245,664	34,139	6.10

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) and Vintage 2021 Population Estimates (for 2020-2021); BPDA Research Division Analysis.

⁽²⁾ Equal to population multiplied by per capita personal income (in 2021 inflation-adjusted dollars)

⁽³⁾ U.S. Census Bureau, 2011-2021 1-year American Community Survey (Table B19301) Converted to 2021 dollars using the Consumer Price Index (CPI) available from the Bureau of Labor Statistics (BLS)

⁽⁴⁾ Bureau of Labor Statistics, Local Area Unemployment, BPDA Research Division Analysis. Series: LAUCT250700000000003

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	18,801	1	2.37%	14,207	1	2.15%
Brigham and Women's Hospital	14,311	2	1.81%	11,607	2	1.76%
Boston University	10,406	3	1.31%	9,301	3	1.41%
Beth Israel Deaconess Medical Center	8,156	4	1.03%	7,192	5	1.09%
Boston Children's Hospital	7,945	5	1.00%	7,603	4	1.15%
State Street Bank & Trust Company*	7,500	6	0.95%	5,600	7	0.85%
Boston Medical Center	7,102	7	0.90%			
Harvard University Graduate Schools	6,707	8	0.85%	4,875	9	0.74%
Northeastern University**	6,332	9	0.80%			
Fidelity Investments	5,950	10	0.75%	5,457	8	0.83%
Liberty Mutual Holding Company	-			7,125	6	1.08%
Tufts Medical Center	-			3,915	10	0.59%
Total	93,210		11.76%	76,882		11.65%
Total Boston Employment ***	792,420					

Source: Bureau of Economic Analysis; Center for Medicare and Medicaid Services, Form CMS-2552-10; National Center for Education Statistics; Harvard University Fact Book; Direct Contact with Employers; Boston Business Journal; BPDA Research Division Analysis. Estimates reflect most recent data available.

* Employment number for State Street Bank & Trust Company is current as of 2017. This is the most recent data available.

** Northeastern's employment includes both Northeastern University and the Northeastern University Lifelong Learning Network.

*** Boston's total payroll and non-payroll employment as of 2020. Total employment for the city for 2021 is not available until the release of U.S. Bureau of Economic Analysis (BEA) data in November, 2022.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT ⁽¹⁾

Last Ten Fiscal Years

	Fiscal Year				
	2022	2021	2020	2019	2018
CITY-FUNDED:					
Public safety ⁽²⁾	4,369	4,460	4,518	4,476	4,442
Public works	331	349	358	357	362
Other city departments ⁽³⁾	2,641	2,727	2,715	2,708	2,730
Boston Public Health Commission ⁽⁴⁾	857	872	847	832	845
Schools	9,559	9,528	9,303	9,249	9,005
Total city-funded	17,757	17,936	17,741	17,622	17,384
GRANT-FUNDED:					
Schools	756	621	654	636	595
All others ⁽⁵⁾	284	299	287	270	358
Total grant-funded	1,040	920	941	906	953
Total employees	18,797	18,856	18,682	18,528	18,337

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

Source: City of Boston Office of Budget Management

Fiscal Year					
2017	2016	2015	2014	2013	
4,501	4,456	4,529	4,541	4,413	
373	377	394	366	342	
2,688	2,650	2,678	2,696	2,643	
827	777	770	762	798	
8,782	8,746	8,789	8,664	8,381	
17,171	17,006	17,160	17,029	16,577	
610	656	601	698	796	
385	370	282	277	293	
995	1,026	883	975	1,089	
18,166	18,032	18,043	18,004	17,666	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Police					
Service calls answered	572,844	598,470	568,707	497,728	494,226
Moving/traffic violations	26,354	28,519	61,731	103,485	92,111
Parking violations as of June 30	1,080,858	908,581	1,067,501	1,289,023	1,414,184
Fire					
Calls answered	85,572	75,346	84,357	83,173	86,103
Inspections conducted	22,530	21,614	21,350	25,896	24,009
Library					
Personnel full-time	407	400	416	410	411
Personnel part-time	28	38	36	43	45
Central and branch libraries	26	26	26	26	25
Books, audio and video materials, newspapers, and magazines in circulation	4,382,562	3,898,416	3,629,323	4,223,612	3,806,215
Library cards in force	590,793	504,138	383,240	332,468	292,763
Schools					
Student enrollment as of June 30	49,970	51,434	53,094	54,300	55,594
Streets, sidewalks, and bridges					
Streets in miles	988	988	988	988	988
Hospitals					
Births as of June 30	21,015	20,340	20,532	20,217	20,686
Deaths as of June 30	8,561	8,347	8,771	7,763	7,790

Source: City of Boston Auditing Department

Fiscal Year				
2017	2016	2015	2014	2013
516,741	408,144	421,573	566,297	579,704
95,865	107,204	110,254	90,180	95,454
1,358,385	1,346,400	1,272,107	1,326,235	1,309,406
85,598	82,438	80,079	73,443	73,971
24,332	25,519	23,019	23,896	23,744
411	413	417	408	401
45	50	58	59	66
25	24	24	25	26
3,796,379	3,707,607	3,715,079	3,732,000	3,694,546
281,439	268,275	323,789	361,939	383,931
56,433	56,531	57,102	56,975	56,801
988	988	988	988	988
20,089	20,968	19,586	20,392	21,480
7,526	7,383	7,438	7,330	7,051

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022

CAPITAL ASSET STATISTICS BY DEPARTMENT

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Police					
Officers and personnel	2,857	2,883	2,754	2,936	2,869
Stations	11	11	11	11	11
Fire					
Officers and personnel	1,650	1,644	1,855	1,649	1,652
Stations	34	34	34	34	34
Parks and Recreation					
Personnel (Parks Division)	253	255	298	274	269
Neighborhood (city) parks	258	258	257	257	257
Neighborhood (city) playgrounds – Tot Lots	137	137	137	137	132
Community Centers – (BCYF operated)	29	30	28	36	36
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	18	20	17	19	19
Tennis courts	64	64	55	58	65
Public Education					
Total number of Boston Public Schools employees	9,987	10,149	10,380	10,695	10,344
Total number of schools	121	123	125	125	125
Public Works					
Traffic signals (signalized intersections)	886	883	847	872	866
Parking meters (approximately)	5,960	6,258	6,603	6,736	6,722
Bridges	40	40	40	40	40
Hospitals					
Number of hospitals	20	20	20	19	19
Patient beds	6,152	6,140	6,113	6,108	6,053

Source: City of Boston Auditing Department

		Fiscal Year				
2017	2016	2015	2014	2013		
2,896	2,895	2,907	2,933	2,925		
11	11	11	11	11		
1,623	1,618	1,604	1,604	1,597		
35	35	35	35	35		
280	251	306	233	220		
258	251	251	262	262		
131	129	127	129	129		
30	29	29	29	35		
2	2	2	2	2		
18	18	17	18	17		
65	65	65	66	66		
10,255	9,634	9,530	9,374	9,467		
124	125	128	128	127		
859	854	849	841	846		
6,420	7,626	7,699	7,614	6,810		
40	40	36	37	4		
20	20	20	21	21		
6,021	5,227	6,049	5,402	5,437		

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2022



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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Mayor and City Council
City of Boston, Massachusetts:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, Massachusetts (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2023. Our report includes a reference to other auditors who audited the financial statements of Dudley Square Realty Corporation, the Ferdinand Building Development Corporation, the Permanent Funds, the Boston Retirement System, the City's OPEB Trust Fund, the City's Private-Purpose Trust Funds, the Boston Public Health Commission, the Trustees of the Public Library of the City of Boston, and the Economic Development and Industrial Corporation of Boston, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
March 10, 2023



(This page intentionally left blank)

EXHIBIT II

Schedules of Comparative Financial Statements for Fiscal Years 2018 - 2022

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, 2022, 2021, 2020, 2019 and 2018 have been prepared by the City of Boston Auditing Department based on information taken from the City's audited financial statements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

City of Boston

General Fund

Balance Sheets

June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)

	2022	2021	2020	2019	2018
ASSETS:					
Cash and investments.....	\$ 1,642,616	\$ 1,466,932	\$ 1,520,175	\$ 1,434,832	\$ 1,309,557
Receivables :					
Property taxes.....	25,241	30,574	31,209	16,974	16,151
Motor vehicle/boat excise.....	32,749	29,559	37,330	35,707	24,594
Intergovernmental.....	12,912	335	12,087	6,629	10,525
Departmental and other.....	23,660	18,855	10,563	15,085	19,003
Tax title and possession.....	70,583	72,064	63,042	60,818	61,831
Total receivables.....	165,145	151,387	154,231	135,213	132,104
Allowance:					
Motor vehicle/boat excise.....	(23,835)	(22,892)	(21,765)	(21,001)	(19,996)
Tax title and possession.....	(70,582)	(72,064)	(63,043)	(60,819)	(61,831)
Total allowances.....	(70,582)	(94,956)	(84,808)	(81,820)	(81,827)
Net receivable.....	94,563	56,431	69,423	53,393	50,277
Due from other funds.....	1,131	1,964	2,967	1,111	1,860
Due from component units.....	5,667	6,454	4,727	3,983	7,234
Total assets.....	\$ 1,743,977	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319	\$ 1,368,928
LIABILITIES:					
Warrants and accounts payable.....	\$ 64,618	\$ 64,277	\$ 74,315	\$ 67,915	\$ 57,050
Accrued liabilities:					
Payroll and related costs.....	260,631	185,196	168,620	170,480	172,942
Deposits and other.....	37,770	37,363	33,218	32,231	24,674
Due to other funds.....	168	172	1,154	168	923
Due to component units.....	1,039	2,486	578	4,712	2,413
Total liabilities.....	\$ 364,226	\$ 289,494	\$ 277,885	\$ 275,506	\$ 258,002
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	40,648	31,125	47,928	31,203	28,872
Total fund balance.....	1,315,268	1,211,162	1,271,479	1,186,610	1,082,054
Total liabilities, deferred inflows of resources and fund balance.....	\$ 1,720,142	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319	\$ 1,368,928

City of Boston

General Fund

**Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2022, 2021, 2020, 2019 and 2018
(in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:					
Local:					
Real and personal property taxes.....	2,819,651	2,650,040	2,498,435	2,344,686	2,221,877
Excises.....	210,808	114,411	241,768	256,229	243,581
Payments in lieu of taxes.....	92,008	88,615	72,349	87,018	84,940
Fines.....	61,591	52,302	67,367	73,792	63,206
Investment income.....	4,482	3,615	29,472	30,408	15,390
Licenses and permits.....	84,825	67,977	88,272	82,658	74,144
Departmental and other.....	124,563	60,555	103,476	97,442	98,287
Total local revenues.....	<u>3,397,928</u>	<u>3,037,515</u>	<u>3,101,139</u>	<u>2,972,233</u>	<u>2,801,425</u>
Intergovernmental:					
Intergovernmental.....	649,471	619,709	627,590	577,458	570,753
Total intergovernmental revenues.....	<u>649,471</u>	<u>619,709</u>	<u>627,590</u>	<u>577,458</u>	<u>570,753</u>
Total revenues.....	<u>4,047,399</u>	<u>3,657,224</u>	<u>3,728,729</u>	<u>3,549,691</u>	<u>3,372,178</u>
EXPENDITURES:					
Current:					
General government.....	123,041	122,106	117,152	112,998	90,076
Human services.....	36,961	34,010	34,458	34,208	35,023
Public safety.....	797,386	735,254	763,381	726,406	689,929
Public works.....	130,807	116,862	111,346	106,504	111,772
Property and development.....	37,327	32,631	32,618	41,483	39,022
Parks and recreation.....	33,019	29,118	28,616	26,890	25,285
Library.....	41,098	39,422	38,270	38,597	36,025
Schools.....	1,324,486	1,234,353	1,176,493	1,118,332	1,087,192
Public health programs.....	116,705	106,715	94,337	87,487	81,129
Judgments and claims.....	30,239	11,477	11,670	1,202	7,693
Retirement costs.....	502,585	473,494	447,159	400,973	356,251
Other employee benefits.....	258,112	260,997	259,420	264,832	261,377
State and district assessments.....	332,586	320,220	299,740	283,360	267,205
Capital outlays.....	24,269	19,210	29,270	17,683	9,738
Debt Service.....	188,461	176,009	183,585	182,725	176,240
Total expenditures.....	<u>3,977,082</u>	<u>3,711,878</u>	<u>3,627,515</u>	<u>3,443,680</u>	<u>3,273,957</u>
Excess (deficiencies) of revenues over expenditures.....	70,317	(54,654)	101,214	106,011	98,221
OTHER FINANCING SOURCES (USES):					
Transfers in.....	55,000	20,000	-	-	-
Transfers out.....	(30,995)	(25,663)	(16,345)	(1,455)	(1,455)
Leases issued.....	9,784	-	-	-	-
Total other financing uses, net.....	<u>33,789</u>	<u>(5,663)</u>	<u>(16,345)</u>	<u>(1,455)</u>	<u>(1,455)</u>
Net change in fund balances.....	104,106	(60,317)	84,869	104,556	96,766
Fund balance, beginning of year.....	1,211,162	1,271,479	1,186,610	1,082,054	985,288
Fund balance, end of year.....	<u>\$ 1,315,268</u>	<u>\$ 1,211,162</u>	<u>\$ 1,271,479</u>	<u>\$ 1,186,610</u>	<u>\$ 1,082,054</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

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, 2022, 2021, 2020, 2019, and 2018

(in thousands)

	2022			2021			2020		
	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
Revenues, Transfers and Other Available Funds:									
Real and personal property taxes, net.....	\$2,790,149	\$2,793,795	\$ 3,646	\$2,671,124	\$2,676,286	\$ 5,162	\$2,461,443	\$2,466,831	\$ 5,388
Excises.....	126,140	210,697	84,557	134,540	116,340	(18,200)	216,040	239,950	23,910
Commonwealth of Massachusetts.....	478,914	469,990	(8,924)	455,736	468,819	13,083	464,201	458,848	(5,353)
Departmental and other revenue.....	65,536	96,108	30,572	67,926	77,569	9,643	69,990	76,586	6,596
Fines.....	51,800	61,754	9,954	60,953	52,153	(8,800)	69,175	67,258	(1,917)
Payments in lieu of taxes.....	67,350	91,837	24,487	67,978	88,674	20,696	68,530	72,473	3,943
Investment income.....	2,800	4,429	1,629	4,000	3,615	(385)	15,000	29,472	14,472
Licenses and permits.....	62,370	84,032	21,662	61,960	67,332	5,372	64,047	88,364	24,317
Miscellaneous.....	267	267	-	267	267	-	267	267	-
Transfers from other available funds.....	125,950	55,000	(70,950)	70,950	60,000	(10,950)	64,850	-	(64,850)
Total revenues, transfers and other available funds.....	<u>3,771,276</u>	<u>3,867,909</u>	<u>96,633</u>	<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>
Expenditures and Encumbrances:									
General government.....	187,172	186,040	1,132	131,671	128,508	3,163	134,699	130,543	4,156
Human services.....	37,095	37,088	7	38,008	36,027	1,981	35,478	35,321	157
Public safety.....	751,129	784,791	(33,662)	743,251	757,279	(14,028)	752,940	767,968	(15,028)
Public works.....	126,392	133,199	(6,807)	121,063	118,229	2,834	130,793	123,312	7,481
Property and development.....	70,967	70,966	1	60,892	59,441	1,451	51,214	50,560	654
Parks and recreation.....	39,283	39,135	148	31,305	31,245	60	32,285	31,966	319
Library.....	42,243	40,924	1,319	41,387	39,841	1,546	39,120	39,120	-
Schools.....	1,294,720	1,294,706	14	1,260,490	1,260,465	25	1,178,564	1,178,562	2
Boston Public Health Commission.....	114,802	114,802	-	106,474	106,474	-	93,405	93,405	-
Judgments and claims.....	5,000	34,509	(29,509)	5,000	5,791	(791)	5,000	7,083	(2,083)
Other employee benefits.....	258,778	258,778	-	264,958	264,719	239	276,529	265,278	11,251
Retirement costs.....	327,014	327,014	-	295,519	295,518	1	284,803	284,119	684
Debt requirements.....	184,093	184,093	-	175,194	171,971	3,223	178,048	177,795	253
State and district assessments.....	332,585	332,585	-	320,222	320,221	1	300,665	299,740	925
Total expenditures.....	<u>3,771,273</u>	<u>3,838,630</u>	<u>(67,357)</u>	<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>
Excess of revenues available for appropriation over expenditures.....	<u>\$ 3</u>	<u>\$ 29,279</u>	<u>\$ 29,276</u>	<u>\$ -</u>	<u>\$ 15,326</u>	<u>\$ 15,326</u>	<u>\$ -</u>	<u>\$ 15,277</u>	<u>\$ 15,277</u>

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, 2022, 2021, 2020, 2019 and 2018

(in thousands)

2019			2018		
Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
\$2,316,649	\$2,320,883	\$ 4,234	\$2,185,887	\$2,191,992	\$ 6,105
201,290	256,219	54,929	198,591	264,814	66,223
446,950	434,357	(12,593)	440,583	439,708	(875)
68,774	83,739	14,965	68,064	79,590	11,526
68,745	73,931	5,186	63,721	63,389	(332)
63,016	88,745	25,729	67,998	83,634	15,636
5,000	30,408	25,408	2,000	15,390	13,390
66,260	82,596	16,336	67,056	74,508	7,452
267	267	-	267	267	-
78,450	-	(78,450)	63,450	-	(63,450)
<u>3,315,401</u>	<u>3,371,145</u>	<u>55,744</u>	<u>3,157,617</u>	<u>3,213,292</u>	<u>55,674</u>
124,048	122,973	1,075	111,557	111,283	274
34,196	34,129	67	36,051	35,954	97
718,947	740,556	(21,609)	679,128	694,457	(15,329)
113,308	113,251	57	110,254	115,758	(5,504)
43,923	43,881	42	39,476	39,402	74
30,783	30,768	15	28,811	28,793	18
38,664	38,664	-	35,760	35,758	2
1,126,705	1,126,676	29	1,093,311	1,093,290	21
87,967	87,967	-	79,563	79,563	-
5,000	18,234	(13,234)	5,000	19,513	(14,513)
265,325	265,164	161	263,157	262,902	255
266,850	266,797	53	237,034	236,968	66
176,975	176,857	118	170,538	170,514	24
282,710	282,617	93	267,977	267,949	28
<u>3,315,401</u>	<u>3,348,534</u>	<u>(33,133)</u>	<u>3,157,617</u>	<u>3,192,104</u>	<u>(34,486)</u>
<u>\$ -</u>	<u>\$ 22,611</u>	<u>\$ 22,611</u>	<u>\$ -</u>	<u>\$ 21,188</u>	<u>\$ 21,188</u>

City of Boston

Special Revenue Fund

**Balance Sheets
June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS:					
Cash and investments.....	\$ 824,523	\$ 597,206	\$ 414,132	\$ 255,096	\$ 247,631
Receivables, net:					
Intergovernmental.....	100,644	105,648	82,698	72,723	54,583
Departmental and other.....	21,679	21,871	23,422	24,117	29,215
Total receivables.....	<u>122,323</u>	<u>127,519</u>	<u>106,120</u>	<u>96,840</u>	<u>83,798</u>
Due from other funds.....	2,370	3,888	1,813	357	211
Total assets.....	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>	<u>\$ 331,640</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 37,420	\$ 39,581	\$ 22,285	\$ 24,738	\$ 24,382
Accrued liabilities:					
Payroll and related costs.....	4,626	-	-	-	95
Deposits and other.....	96,720	86,883	78,075	65,217	57,673
Unearned revenue.....	472,272	282,718	120,684	-	-
Due to other funds.....	3,100	4,903	3,626	1,299	1,899
Total liabilities.....	<u>614,138</u>	<u>414,085</u>	<u>224,670</u>	<u>91,254</u>	<u>84,049</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	<u>2,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
FUND BALANCES:					
Restricted.....	36,650	58,676	53,876	64,405	47,854
Assigned.....	295,901	255,852	243,519	196,634	199,537
Total fund balance.....	<u>332,551</u>	<u>314,528</u>	<u>297,395</u>	<u>261,039</u>	<u>247,391</u>
Total liabilities and fund balance.....	<u>\$ 949,216</u>	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>	<u>\$ 331,640</u>

City of Boston

Special Revenue Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)

	2022	2021	2020	2019	2018
REVENUES:					
Local:					
Fines.....	\$ 122	\$ 54	\$ -	\$ -	\$ 73
Investment income.....	171	81	954	942	213
Licenses and permits.....	34	295	199	223	212
Departmental and other.....	56,240	71,736	78,850	76,286	71,385
Total local revenues.....	<u>56,567</u>	<u>72,166</u>	<u>80,003</u>	<u>77,451</u>	<u>71,883</u>
Intergovernmental:					
Intergovernmental.....	526,551	365,007	306,221	284,054	265,723
Total intergovernmental revenues.....	<u>526,551</u>	<u>365,007</u>	<u>306,221</u>	<u>284,054</u>	<u>265,723</u>
Total revenues.....	<u>583,118</u>	<u>437,173</u>	<u>386,224</u>	<u>361,505</u>	<u>337,606</u>
EXPENDITURES:					
Current:					
General government.....	59,311	38,192	54,328	11,672	9,472
Human services.....	16,540	11,201	7,103	8,701	8,953
Public safety.....	28,735	38,445	23,747	23,666	21,692
Public works.....	5,840	6,607	7,078	6,732	10,062
Property & development.....	204,922	137,147	92,562	83,716	88,005
Parks and recreation.....	2,098	1,978	4,488	1,423	4,845
Library.....	3,321	4,069	3,354	2,137	2,452
Schools.....	185,036	140,268	126,271	153,481	150,198
Public health programs.....	19,488	10,963	1,516	1,040	2,140
Other employee benefits.....	-	2,000	-	-	-
Capital outlays.....	726	437	1,411	1,596	1,659
Total expenditures.....	<u>526,017</u>	<u>391,307</u>	<u>321,858</u>	<u>294,164</u>	<u>299,478</u>
Excess of revenues over expenditures.....	<u>57,101</u>	<u>45,866</u>	<u>64,366</u>	<u>67,341</u>	<u>38,128</u>
OTHER FINANCING SOURCES (USES):					
Premiums on long-term debt issued.....	574	24,208	14,890	110	233
Transfers out, net.....	(39,652)	(52,941)	(42,900)	(53,803)	(46,385)
Total other financing uses, net.....	<u>(39,078)</u>	<u>(28,733)</u>	<u>(28,010)</u>	<u>(53,693)</u>	<u>(46,152)</u>
Net change in fund balances.....	18,023	17,133	36,356	13,648	(8,024)
Fund balance, beginning of year.....	314,528	297,395	261,039	247,391	255,415
Fund balance, end of year.....	<u>\$ 332,551</u>	<u>\$ 314,528</u>	<u>\$ 297,395</u>	<u>\$ 261,039</u>	<u>\$ 247,391</u>

City of Boston

**Capital Projects Fund
Balance Sheets**

**June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS:					
Cash and investments.....	\$ 226,377	\$ 139,762	\$ 143,058	\$ 297,463	\$ 198,417
Cash and investments held by trustees.....	31,643	15,018	12,070	17,994	10,185
Intergovernmental receivable.....	12,350	12,448	7,958	10,011	13,058
Total assets.....	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>	<u>\$ 221,660</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 75,972	\$ 70,792	\$ 38,775	\$ 46,278	\$ 26,081
Due to other funds.....	171	375	-	-	-
Payroll and related costs.....	55	-	-	-	-
Total liabilities.....	<u>76,198</u>	<u>71,167</u>	<u>38,775</u>	<u>46,278</u>	<u>26,081</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	<u>1,739</u>	<u>9,692</u>	<u>7,666</u>	<u>4,713</u>	<u>12,302</u>
FUND BALANCES:					
Restricted.....	<u>192,433</u>	<u>86,369</u>	<u>116,667</u>	<u>274,477</u>	<u>183,277</u>
Total fund balance.....	<u>192,433</u>	<u>86,369</u>	<u>116,645</u>	<u>274,477</u>	<u>183,277</u>
Total liabilities and fund balance.....	<u>\$ 270,370</u>	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>	<u>\$ 221,660</u>

City of Boston

Capital Projects Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:					
Intergovernmental.....	\$ 33,830	\$ 37,938	\$ 27,819	\$ 33,010	\$ 38,261
Total revenues.....	<u>33,830</u>	<u>37,938</u>	<u>27,819</u>	<u>33,010</u>	<u>38,261</u>
EXPENDITURES:					
Capital outlays.....	369,485	336,954	244,658	244,137	222,598
Total expenditures.....	<u>369,485</u>	<u>336,954</u>	<u>244,658</u>	<u>244,137</u>	<u>222,598</u>
Deficiency of revenues under expenditures.....	<u>(335,655)</u>	<u>(299,016)</u>	<u>(216,839)</u>	<u>(211,127)</u>	<u>(184,337)</u>
OTHER FINANCING SOURCES (USES):					
Long-term debt and leases issued.....	365,891	205,418	15,998	165,836	176,698
Refunding bonds issued.....	-	91,405	82,590	-	-
Payments to escrow agent.....	-	(95,934)	(82,481)	-	-
Premiums on long-term debt issued.....	61,636	34,910	-	25,688	23,289
Proceeds from Sale of Property..	-	-	-	57,000	-
Operating transfers, net	14,192	32,941	42,900	53,803	46,385
Total other financing sources, net.....	<u>441,719</u>	<u>268,740</u>	<u>59,007</u>	<u>302,327</u>	<u>246,372</u>
Net change in fund balances.....	106,064	(30,276)	(157,832)	91,200	62,035
Fund balance, beginning of year.....	86,369	116,645	274,477	183,277	121,242
Fund balance, end of year.....	<u>\$ 192,433</u>	<u>\$ 86,369</u>	<u>\$ 116,645</u>	<u>\$ 274,477</u>	<u>\$ 183,277</u>

City of Boston

Internal Service Fund

Balance Sheets
June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)

	2022	2021	2020	2019	2018
ASSETS:					
Cash and cash equivalents.....	\$ 85,020	\$ 114,521	\$ 90,637	\$ 102,341	\$ 89,380
Due from component unit.....	1,501	2,857	-	-	-
Other assets.....	11,848	10,455	33,991	7,539	11,988
Total assets.....	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>	<u>\$ 101,368</u>
LIABILITIES:					
Accrued Liabilities.....	\$ 30,562	\$ 30,818	\$ 23,708	\$ 27,576	\$ 19,975
Total liabilities.....	<u>30,562</u>	<u>30,818</u>	<u>23,708</u>	<u>27,576</u>	<u>19,975</u>
NET POSITION:					
Unrestricted.....	67,807	97,015	100,920	82,304	81,393
Total fund net position.....	67,807	97,015	100,920	82,304	81,393
Total liabilities and fund net position.....	<u>\$ 98,369</u>	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>	<u>\$ 101,368</u>

City of Boston

Internal Service Fund

Statements of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended June 30, 2022, 2021, 2020, 2019, and 2018
(in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:					
Employee contributions.....	\$ 87,150	\$ 86,545	\$ 80,615	\$ 83,972	\$ 68,905
Employer contributions.....	<u>200,565</u>	<u>213,259</u>	<u>209,246</u>	<u>198,178</u>	<u>172,640</u>
Total revenues.....	<u>200,565</u>	<u>213,259</u>	<u>209,246</u>	<u>198,178</u>	<u>172,640</u>
EXPENSES:					
Health benefits.....	<u>316,923</u>	<u>303,709</u>	<u>271,245</u>	<u>281,239</u>	<u>216,728</u>
Total expenditures.....	<u>316,923</u>	<u>303,709</u>	<u>271,245</u>	<u>281,239</u>	<u>216,728</u>
Changes in net assets.....	(116,358)	(90,450)	(61,999)	911	(44,088)
Net position, beginning of year.....	<u>97,015</u>	<u>100,920</u>	<u>82,304</u>	<u>81,393</u>	<u>56,576</u>
Net position, end of year.....	<u>\$ (19,343)</u>	<u>\$ 10,470</u>	<u>\$ 20,305</u>	<u>\$ 82,304</u>	<u>\$ 12,488</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

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

TABLE OF CONTENTS

COVID-19 STATUS	2	TOURISM AND CULTURE	10
THE BOSTON ECONOMY	2	HOTEL MARKET	11
OVERVIEW OF RECENT ECONOMIC CONDITIONS	2	TRANSPORTATION	11
STATISTICAL DATA	3	SEAPORT AND AIRPORT	12
POPULATION	3	CONSTRUCTION ACTIVITY	13
EMPLOYMENT STRUCTURE, EMPLOYMENT TRENDS		PUBLIC SECTOR PROJECTS	13
AND OCCUPATIONAL CHANGES	4	OFFICE MARKET	14
UNEMPLOYMENT	5	RETAIL MARKET	14
LARGEST PRIVATE EMPLOYERS IN BOSTON	6	INDUSTRIAL AND LAB R&D MARKETS	15
LABOR FORCE AND EDUCATION	7	HOUSING STOCK, HOUSING VALUES, AND	
INCOME, WAGES, AND COST OF LIVING	7	DEVELOPMENT	15
		THE LINKAGE PROGRAM	19

COVID-19 STATUS

The COVID-19 pandemic hit Boston early in the spring of 2020. The COVID-19 pandemic and resulting business closures caused a sudden unprecedented spike in unemployment in Boston as in much of the country. Boston's unemployment rate peaked in May and June 2020 at 15.8%, a dramatic increase over the 2.6% unemployment in March 2020¹. Boston's unemployment rate fell back below 3.0% in October 2022 and stood at 2.9% as of December 2022. Approximately 11,000 Boston residents remain unemployed as of December 2022.

The unemployment rate reflects only a portion of the employment impact of the pandemic. The City's resident labor force fell by approximately 12% in April 2020 as people stayed at home and did not seek work. However, the City's resident labor force has subsequently returned to within 2% of its February 2020 level as of December 2022, with some workers finding employment and others beginning to seek work.

Cell phone data suggest that the number of commuters in Boston fell by about half during the pandemic, rising to 59% of December 2019 levels by December 2022². Utilization of office space in Boston has increased as the public health threat has receded, but remote or hybrid office work trends continue. Daily office space utilization, below 20% for Downtown office towers throughout 2021, rose to above 40% midweek in fall 2022³. Boston's office vacancy rate rose from around 6% in 2019 and has remained over 10% through the end of 2022 as employers adjust to new work patterns.⁴

The COVID-19 pandemic has taken a toll on the travel and tourism industry from the near shutdown in spring 2020. However, by the end of 2022, the industry had significantly recovered. The number of passengers at Logan International Airport in November 2022 was just 6% below November 2019⁵. Hotel occupancy fell to 5% in April 2020 but had recovered to 71% in November 2022. Seated restaurant dining has returned nearly to 2019 levels on weekends but remained about 20% below 2019 levels on weekdays.⁶

Decreased public health threats in 2022 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.

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. According to the 2021 American Community Survey, the City's population was 654,281. The BPDA Research Division estimates there are 826,967 full and part-time, payroll and non-payroll jobs in Boston as of 2021 based on data provided by the Bureau of Economic Analysis ("BEA") and Massachusetts Executive Office of Labor and Workforce Development ("EOLWD"). Boston's jobs represent 17.4% of the total statewide jobs.

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. Boston's average unemployment rate for 2022 was 3.3%, 0.3 percentage

¹Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Labor Force and Unemployment Data

²Cuebiq 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

³CBRE, <https://www.cbre.com/insights/figures/boston-downtown-office-figures-q4-2022>

⁴CoStar

⁵Massachusetts Port Authority, Aviation General Management (MassPort)

⁶OpenTable

points below the national rate.⁷ With the onset of the COVID-19 pandemic, Boston’s unemployment rate skyrocketed to 16.1% in June 2020, well above the Great Recession peak of 8.4% reached in September 2009. Boston’s economy began to recover in the summer of 2020 and as of December 2022 Boston’s unemployment rate had fallen to 2.9%.

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. Boston’s direct vacancy rate for the fourth quarter of 2022 was 11.2% according to realty firm Jones Lang LaSalle (JLL), up 0.5% from the prior year, and still elevated from the 6.1% direct vacancy rate measured in the fourth quarter of 2019. The residential real estate market has been strong after a dip during the spring of 2020, though signs of cooling emerged in the third quarter of 2022 in response to increasing interest rates. The 2022 annual median sales price for a single-family home in Boston was \$761,000 according to the Mayor’s Office of Housing using Banker & Tradesman home sales data, up 4% from 2021, but quarterly prices peaked at \$850,000 in the second quarter before slipping to \$769,000 in the third quarter of 2022.

Statistical Data

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

The Census Bureau publishes information about population, housing and the economy. The most recent Decennial Census data are from the 2020 Census. In addition, some monthly, quarterly and annual data are available through December 2021 on certain topics for the region, the Commonwealth, and Metropolitan Boston.⁸ The Census Bureau also publishes the American Community Survey, which provides data through 2021 on a citywide basis and by census tract.

The BEA publishes quarterly and annual statistics on income and employment. The most recent annual figures for the nation, Massachusetts and Metropolitan Boston are for 2020. The BLS publishes data and reports about the workforce and related subjects including unemployment rates, area wages, and cost-of-living adjustments. The most recent monthly data are for December 2022.

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

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

Population

Boston’s population from the 2021 American Community Survey was 654,281, which represented a 5.9% increase from the 2010 Census but a 3.2% decrease from the 2020 Census. The Census Bureau’s 2021 population count for Metropolitan Boston was 4,899,932, representing an increase of 7.6% since 2010 but a 0.8% decrease from 2020. Massachusetts’ 2021 American Community Survey enumeration was 6,984,723, a gain of 6.6% over the 2010 count but a 0.6% loss from 2020.

⁷Massachusetts Executive Office of Labor and Workforce Development (EOLWD), U.S. Bureau of Labor Statistics (BLS)

⁸Federal 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

**Population of Massachusetts, Metropolitan Boston ⁽¹⁾
and the City of Boston 1990 to 2021**

	1990	2000	2010	2020	2021	2010 to 2021 Compound Annual Growth
Massachusetts	6,016,425	6,349,097	6,547,629	7,029,917	6,984,723	0.6%
Metropolitan Boston ⁽¹⁾	4,133,895	4,391,344	4,552,402	4,941,632	4,899,932	0.7
City of Boston	574,283	589,141	617,594	675,647	654,281	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 2021 American Community Survey one-year estimate

The 2021 American Community Survey showed that Boston’s racial composition was White, Non-Hispanic 43.7%; Black, Non-Hispanic 19.2%; Hispanic 20.5%; Asian/Pacific Islander 9.5%; multi-racial 6.1%; other single race 1.0%; and Native American 0.1%. The Hispanic and Asian populations have grown dramatically, growing about 18.7% and 36.1% respectively, from 2010 to 2021, while other populations have seen small growth or decline. Immigration has been a prime driver of increases in the Hispanic and Asian populations. In 2021, Boston’s foreign-born population represented 27.4% of the total population, and the foreign-born population was comprised of 32.0% Hispanic, 25.8% Asian/Pacific Islander, 20.6% Black, 13.9% White, and 7.7% other.⁹

Boston continues to be a city of young adults; 33% of all Boston residents in 2021 were between 20 and 34 years old. The fastest growing age group in Boston between 2000 and 2021 was the age group 65-69, which saw a 61% 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 83,078 people but has remained at about 12% of the total population. Boston’s population of school age children (ages 5 to 14) is 544,205, 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 271,941 households with an average household size of 2.22 according to the 2021 American Community Survey.

Employment Structure, Employment Trends and Occupational Changes

The largest industries in the City are health care and social assistance, professional and technical services, finance and insurance, government, accommodation and food services, and education. The table below shows Boston’s employment growth by industry category for 2017 through 2021. The industry categories are in the North American Industrial Classification System (“NAICS”) format, which the BEA began using in 2001. Suffolk County data are mathematically reduced to the Boston geography using unemployment insurance coverage data (Employment Security, ES-202, for cities and towns from the Massachusetts EOLWD).

Prior to the pandemic, total employment in Boston had risen to the highest level in recent decades and Boston’s job growth had been positive across most industries. The health care and social assistance industry employs the largest number of people in Boston, 18.5% percent of total jobs in 2021. Educational services is an area of specialization for Boston with an employment share three times the national average. With the onset of the COVID-19 pandemic and the resulting economic disruption, Boston lost 59,000 jobs in 2020, a decline of 6.9%. In 2021 Boston gained 23,175 jobs when compared to 2020, an increase of 2.9%. Job gains were particularly strong in the information industry which increased by 14.4% and accommodation and food services which increased by 12.4%.

Boston and the surrounding area continued to see employment gains throughout 2022. While total jobs data is not yet available for 2022, data on payroll employment is available for Boston from the Quarterly Census of Employment and Wages (QCEW) up through the second quarter of 2022, and for the Boston-Cambridge-Newton MA NECTA Division from the Current Employment Statistics (CES) through the end of the 2022. Payroll employment in Boston rose to 671,894 in June 2022, up from 659,510 in December 2021 and up 5.9% compared to June 2021. Payroll employment in the Boston-Cambridge-Newton MA NECTA Division continued to increase through the end of the year, with payroll employment in December 2022 up 4.5% from the prior December.

⁹U.S. Census Bureau, 2021 American Community Survey PUMS, BPDA Research Division Analysis. The American Community Survey (ACS) provides detailed demographic information for Boston and its neighborhoods

City of Boston Employment 2017-2021⁽¹⁾⁽³⁾
North American Industry Classification System (NAICS)

Industry	2017	2018	2019	2020	2021	Absolute change '20-'21	Percentage Change '20-'21
Natural Resources and Mining	319	303	278	292	247	-45	-15.4%
Utilities	1,789	1,661	1,823	1,982	2,031	49	2.5
Construction	20,382	21,540	21,699	20,954	21,605	651	3.1
Manufacturing	8,259	8,128	8,401	7,574	8,267	693	9.1
Wholesale Trade	9,929	11,128	11,881	11,373	10,851	-522	-4.6
Retail Trade	36,628	38,485	40,322	37,785	37,575	-210	-0.6
Transportation and Warehousing	35,173	36,686	38,362	32,438	33,727	1,289	4.0
Information	19,658	20,788	23,361	23,093	26,410	3,317	14.4
Finance and Insurance	93,494	94,281	94,883	100,061	102,050	1,989	2.0
Real Estate and Rental and Leasing	36,973	38,575	37,650	39,094	39,592	498	1.3
Professional and Technical Services	102,067	106,214	113,180	113,427	116,365	2,938	2.6
Management of Companies and Enterprises	9,429	9,772	10,129	9,537	8,960	-577	-6.1
Administrative and Waste Services	39,879	40,232	40,023	35,904	38,225	2,321	6.5
Educational Services	58,601	60,683	66,402	66,093	66,981	888	1.3
Health Care and Social Assistance	148,224	145,329	148,758	148,146	152,936	4,790	3.2
Arts, Entertainment, and Recreation	18,579	19,417	19,089	13,831	14,487	656	4.7
Accommodation and Food Services	65,069	65,871	65,645	38,061	42,764	4,703	12.4
Other Services ⁽²⁾	33,245	34,005	33,927	28,876	29,229	353	1.2
Government	75,930	75,184	75,512	75,271	74,665	-606	-0.8
Total	813,627	828,282	851,325	803,792	826,967	23,175	2.9%

⁽¹⁾ The employment figures are from the BEA Series for Suffolk County, pro-rated to the City's geographical boundary using data from EOLWD

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

⁽³⁾ The BEA revised its historic employment data by incorporating additional data sources and improving allocation methods, resulting in revised employment estimates for Boston

Source: U.S. Bureau of Economic Analysis, Massachusetts Executive Office of Labor and Workforce Development, BPDA Research Division Analysis

High tech industries are defined as a subset of professional, scientific, and technical services, information, and manufacturing with a high percentage of their workforce in science, technology, engineering and math (STEM) occupations. High tech employment in Boston grew during the pandemic, increasing by 6.2% from 2020 to 2021 to 63,071 jobs. Major Boston high tech clusters include the Innovation District, which provides startups a place to grow, and world class centers for medical research in the Longwood Medical Area and Massachusetts General Hospital campus.

Between 1970 and 2021, the share of white-collar workers in Boston's resident labor force increased from 55% to 73%.

Unemployment

According to the Massachusetts EOLWD, Boston's average unemployment rate for 2019 was 2.7%, 1.0 percentage points 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 recovering to 3.3% for 2022.

Annual Unemployment Rates, 2017-2022⁽¹⁾ **(Not Seasonally Adjusted)**

	2017	2018	2019	2020	2021	2022 ⁽³⁾
City of Boston	3.5%	3.1%	2.7%	9.8%	5.8%	3.3%
Metropolitan Boston ⁽²⁾	3.3	2.9	2.5	9.0	5.3	3.2
Massachusetts	3.8	3.4	3.0	9.4	5.7	3.5
United States	4.4	3.9	3.7	8.1	5.3	3.6

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

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

⁽³⁾ These are preliminary estimates and subject to revision

Sources: Bureau of Labor Statistics for United States, Massachusetts and Metro; and Massachusetts EOLWD for the City, January 2023

The following table presents monthly unemployment data from January 2020 through December 2022. The latest data for December 2022 show Boston's unemployment rate was 2.9%, down from a peak of 15.8% in June 2020.

Monthly Unemployment Rates for City of Boston, Metropolitan Boston,⁽¹⁾ Massachusetts, and the United States for 2020, 2021, and 2022 (Not Seasonally Adjusted)⁽²⁾

	City of Boston			Metropolitan Boston ⁽¹⁾			Massachusetts			United States		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Jan.	2.9%	7.6%	4.4%	2.8%	6.8%	4.4%	3.5%	7.7%	5.0%	4.0%	6.8%	4.4%
Feb.	2.6	7.0	3.5	2.6	6.3	3.7	3.3	7.2	4.3	3.8	6.6	4.1
Mar.	3.0	6.4	3.2	2.9	5.8	3.3	3.6	6.7	3.8	4.5	6.2	3.8
Apr.	15.4	6.1	3.0	14.8	5.4	3.0	16.7	6.1	3.3	14.4	5.7	3.3
May	15.8	6.1	3.2	14.4	5.2	3.0	15.6	5.8	3.4	13.0	5.5	3.4
Jun.	15.8	6.6	3.5	13.7	5.7	3.2	14.5	6.2	3.5	11.2	6.1	3.8
Jul.	14.7	6.3	3.6	12.4	5.4	3.1	13	5.9	3.4	10.5	5.7	3.8
Aug.	12.0	5.6	3.5	9.9	4.9	3.2	10.3	5.4	3.5	8.5	5.3	3.8
Sep.	11.3	5.3	3.0	9.4	4.6	2.9	9.8	5.0	3.1	7.7	4.6	3.3
Oct.	9.1	4.7	2.9	7.9	4.2	2.8	8.1	4.6	3.0	6.6	4.3	3.4
Nov.	8.1	4.2	2.7	7.2	3.7	2.7	7.6	4.2	2.9	6.4	3.9	3.4
Dec. ⁽³⁾	7.6	3.9	2.9	6.8	3.5	2.9	7.4	4.1	3.2	6.5	3.7	3.3

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

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

⁽³⁾ Preliminary, subject to revision for 2022

Sources: Bureau of Labor Statistics for United States, Massachusetts, and Metropolitan Boston; and Massachusetts EOLWD for the City of Boston, January 2023

Largest Private Employers in Boston

The ten largest private employers in Boston employ approximately 93,210 people, or about 11.3% of all employment.

Top 10 Largest Employers in Boston

Employer	Jobs	Share of Total
Massachusetts General Hospital	18,801	2.3%
Brigham and Women's Hospital	14,311	1.7
Boston University	10,406	1.3
Beth Israel Deaconess Medical Center	8,156	1.0
Boston Children's Hospital	7,945	1.0
State Street Bank & Trust Company ⁽¹⁾	7,500	0.9
Boston Medical Center	7,102	0.9
Harvard University Graduate Schools	6,707	0.8
Northeastern University ⁽²⁾	6,332	0.8
Fidelity Investments	5,950	0.7
Sum of Top 10 Employers	93,210	11.3
Total Boston Employment⁽³⁾	826,967	

⁽¹⁾ Employment number for State Street Bank & Trust Company is current as of 2017. This is the most recent data available

⁽²⁾ Northeastern's employment includes both Northeastern University and the Northeastern University Professional Advancement Network

⁽³⁾ Boston's total payroll and non-payroll employment as of 2021

Source: Bureau of Economic Analysis; Center for Medicare and Medicaid Services, Form CMS-2552-10; National Center for Education Statistics; Harvard University Fact Book; Direct Contact with Employers; Boston Business Journal; BPDA Research Division Analysis. Estimates reflect most recent data available

In addition to private employers, local, state, and federal government institutions employ approximately 75,000 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

While the size of Boston’s resident labor force dipped in the spring of 2020 with the onset of the pandemic, it has since returned to pre-pandemic levels. According to the 2021 1-year ACS survey, 390,707 Boston residents were in the labor force and 358,975 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 52.5% in 2021. Improving educational attainment has supported the City’s transition to a knowledge-based economy.

Years of School Completed for Boston Residents Aged 25 and over, 1980, 1990, 2000 and 2021

	1980		1990		2000		2021	
	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent
Fewer than nine years	54,932	16.6%	37,824	10.3%	34,321	9.1%	33,615	7.4%
9 to 12 years, no diploma	49,407	14.9	51,051	14.0	45,308	12.0	20,295	4.5
High school graduate (or GED)	115,787	35.0	97,233	26.6	90,568	24.0	85,334	18.8
Some college or Associates	43,451	13.2	69,889	19.1	73,125	19.4	76,785	16.9
Bachelors, Masters, or Prof.	67,073	20.3	109,711	30.0	134,252	35.6	238,640	52.5
Total	330,650	100.0%	365,708	100.0%	377,574	100.0%	454,669	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, 2021 1-year American Community Survey

The Mayor’s Office of Workforce Development (OWD), a division of the BPDA, funds workforce development in the City to promote the full participation of all Boston residents in the City’s economy. OWD policies and programs ensure that low-income Boston residents, both youth and adults, are connected to the training necessary to obtain career-oriented employment that leads to economic stability. Programs and services offered through OWD grants include adult basic education, English for Speakers of Other Languages (ESOL), High School diploma/HiSET, occupational skills training, transitional job experience, career exploration and support services which address a wide range of individual and family needs.

In fiscal year 2021, OWD supported 145 programs with more than \$14 million in funding, to provide a variety of services to greater Boston’s residents. These services included apprenticeship training in hospitality, facilities maintenance, information technology, emergency medical services, and the building trades; internship and alternative education programs for young adults; summer youth employment; and adult ESOL programs. OWD also oversees and convenes the city’s two one-stop career centers (American Job Centers), which served 8,065 jobseekers and 864 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.

Income, Wages, and Cost of Living

Per capita personal income for Suffolk County was \$102,415 in 2020, 52.2% above the national per capita personal income of \$62,292, according to the BEA. According to the 2021 American Community Survey, Boston residents constitute approximately 84.8% of the county’s population. The summary table below shows the per capita income from 1980 through 2020 for Suffolk County, Metropolitan Boston, Massachusetts and the nation. Annual growth for per capita income in Suffolk County was about double the national average for Massachusetts, Metropolitan Boston and Suffolk County from 2000 to 2018. The City’s median household income based on Census data from the ACS was \$81,744 in 2021. Per capita personal income reflects earned income of persons residing in the named areas plus rents, interest and other unearned income and transfer payments from governmental entities. As such, these figures consider income sources not included in the survey of average annual wages in the following paragraph, which reflect earned income of persons who work (but do not necessarily reside) in the named areas.

Per Capita Personal Income Comparison, 1980 to 2020⁽¹⁾
(In Fixed 2022 Dollars)

Year	United States	Massachusetts	Metropolitan Boston⁽²⁾	Suffolk County⁽³⁾
1980.....	\$36,056	\$37,981	\$39,565	\$36,944
1990.....	43,881	51,696	55,293	54,988
2000.....	52,008	65,511	72,280	67,516
2010.....	54,056	71,204	78,054	86,856
2015.....	59,825	77,599	84,842	82,405
2016.....	60,049	78,326	85,547	83,646
2017.....	61,654	80,745	88,379	88,242
2018.....	63,455	83,544	91,715	94,579
2019.....	64,158	84,110	92,682	96,508
2020.....	67,292	88,718	96,934	102,415

⁽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 2023

Payroll wages for jobs located in Boston had an average annual payroll wage of \$127,342. Data from the BEA indicate that the average annual wage and salary disbursement per job for 1980 through 2020 by place of work has been consistently higher in Suffolk County than in Metropolitan Boston and the Commonwealth. Adjusted for inflation, the average wage per job in Suffolk County grew by 9.7% from 2019 to 2020.

Average Wage per Job, 1980 to 2020
(In Fixed 2022 Dollars)

	United States	Massachusetts	Metropolitan Boston⁽¹⁾	Suffolk County⁽²⁾
1980.....	\$49,175	\$48,038	\$50,052	\$54,907
1990.....	52,464	58,933	62,024	69,982
2000.....	59,575	73,546	80,030	94,263
2010.....	63,078	76,204	82,665	100,433
2015.....	65,634	80,515	87,858	108,647
2016.....	65,680	80,472	87,855	108,875
2017.....	66,434	81,730	89,387	111,756
2018.....	66,741	84,619	92,111	117,145
2019.....	68,081	84,362	92,533	116,101
2020.....	72,389	91,948	100,954	127,342

⁽¹⁾ The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford)

⁽²⁾ Jobs in Boston constitute approximately 96.1% of jobs in Suffolk County

Source: Bureau of Economic Analysis, Economic Profile: Average Wages and Salaries, January 2023

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.

Consumer Price Index for All Urban Consumers
2013-2022
(CPI-U) ⁽¹⁾

Year	United Index	States	Percent Change	Metropolitan Boston⁽²⁾ Index	Percent Change
2013.....	232.957		1.5%	251.139	1.4%
2014.....	236.736		1.6	255.184	1.6
2015.....	237.017		0.1	256.715	0.6
2016.....	240.007		1.3	260.496	1.5
2017.....	245.120		2.1	267.033	2.5
2018.....	251.107		2.4	275.815	3.3
2019.....	255.657		1.8	281.082	1.9
2020.....	258.811		1.2	284.266	1.8
2021.....	270.970		4.7	293.521	3.3
2022.....	292.655		8.0	314.356	7.1

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

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

Source: Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, Series ID: CUUR0000SA0, January 2023.

Medical and Higher Educational Institutions

Boston’s medical and educational institutions are important components of its economy, providing employment opportunities for residents of the City and Metropolitan Boston. Expenditures by these institutions, as well as their employees, patients, students and visitors stimulate the City’s trade and service sectors. There are twenty in-patient hospitals located within the City with a combined total of 6,152 beds as of January 2023.¹⁰ The largest of these are Massachusetts General Hospital, Brigham and Women’s Hospital, Beth Israel Deaconess Medical Center, Boston Children’s Hospital, Tufts New England Medical Center and Boston Medical Center. The City is also home to the medical, dental and public health schools of Harvard, Tufts and Boston University. Boston-based institutions received a total of \$2.4 billion in NIH awards for fiscal year 2021, with eight organizations receiving over \$125 million each.

Boston is home to top universities such as Boston University, Northeastern University, and University of Massachusetts (UMass) Boston. As of academic year 2022-2023, 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 147,845 full- and part-time students.¹¹ Enrollment has increased by close to 14,354 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 2022 at 40,572, followed by Boston University at 32,148. Boston, with 10% of the Commonwealth’s population, has about 22% of the statewide college student enrollment. Along with colleges and universities across the country, Boston schools sent students home in March 2020. Students are now back in class in-person and enrollment is at or above pre-pandemic levels. The rise in enrollment and the lack of new dormitory beds have increased students residing in private housing. There were 3,913 more students living in private housing compared to 2021, but just 1,339 above pre-pandemic levels. In total, 6,441 beds have been built between 2014 and 2022, accounting for 35% of the goal of 18,500 beds set out in Housing a Changing City: Boston 2030, the City’s most recent housing plan. Another 1,200 beds are planned to be under construction soon.

In 2022, the BPDA approved 394,980 net square feet of institutional development across the city. These new projects primarily came from major educational and medical institutions. The projects highlighted below capture major institutional developments approved in 2022:

¹⁰American Hospital Directory

¹¹City of Boston Mayor’s Office of Housing

- 41 Berkeley as currently envisioned will introduce an inspired and diverse mix of uses, including approximately 190,300 sf of senior care use, the renovation and expansion of the existing Franklin Union Building into approximately 50,930 sf of residential condominiums, the renovation and expansion of 4 Appleton Street into approximately 13,950 sf of income-restricted, age-restricted residential use, as well as 11,550 sf of retail space, which includes 3,450 of non-profit affordable community space. The Proposed Project is also contemplated to include significant public realm improvements, the provision of new parks and open space, affordable housing, ground-floor accessory uses, and a multi-purpose community space.
- Roxbury Preparatory Charter School will revitalize an under-utilized storage site in the Newmarket area of the Roxbury neighborhood with the construction of a new high school facility. Specifically, the Project involves the demolition of the existing single-story storage/office structures and abandoned three-story residential house now on the site, and the construction of a new four-story academic facility of approximately 83,500 gross square feet. The new facility includes classrooms, a cafeteria, a gymnasium, and multiple administrative and storage spaces, along with approximately 46 on-site vehicular parking spaces. The parking spaces are located at grade, with a portion of the parking area located below a cantilevered portion of the building. The Project is being carefully designed to anticipate vehicular drop-off, receiving, and pedestrian safety to mitigate potential traffic impacts.
- Harvard Enterprise Research Campus (ERC) Phase A will contain approximately 900,000 square feet of mixed-use development consisting of residential, office/lab, hotel, conference center, restaurant, and retail use, along with over two acres of public open space.
- The 92 Seattle Street project focuses on the renovation of an existing warehouse structure located on Harvard University's Campus in Allston, in order to provide new institutional program space for use by Harvard programs, including the athletics department and studio/office space for the Department of Art, Film, and Visual Studies. As part of the overall effort, the existing single-story structure will be retained and will receive various upgrades, including new windows, two new accessible entries, improved exterior envelope and insulation, updated infrastructure systems, and a full interior fit-out to support new program uses. As a whole, the Project provides much needed program space for University tenants, but also seeks to convert an existing warehouse program use to a more suitable, community friendly use consistent with the goals of the University's Institutional Master Plan, and the development of the Allston Campus.

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 late summer of 2014, the Massachusetts Convention Center Authority (“MCCA”) also opened “The Lawn on D,” a flexible outdoor public and event space immediately adjacent to the BCEC. In 2019 the Hynes and the BCEC hosted a combined total of 336 events with an aggregate of 832,243 attendees. This resulted in approximately 800,000 hotel room nights and generated an overall economic impact of approximately \$870 million, according to the MCCA.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 2022, total room nights were 365,000 and attendance was 523,000, resulting in direct spending and indirect economic impact of \$375 million and \$870 million, respectively. The MCCA estimates that this supported 3,900 direct jobs and over 5,400 when considering indirect and induced employment impacts.

Boston is a popular vacation destination with historical and cultural attractions such as the Freedom Trail, Faneuil Hall, Fenway Park, Boston Common and Public Garden, the Museum of Fine Arts, and the Museum of Science. Visitors also come to Boston to enjoy the local restaurants and attend performances such as the Boston Symphony Orchestra and theater productions. With the COVID-19 crisis, visitors to Boston declined dramatically in

¹²Massachusetts Convention Center Authority, January 2020

¹³Massachusetts Convention Center Authority, January 2022

the spring of 2020, but they have largely returned. December 2022 visits to Boston were 98% of December 2019 levels.¹⁴

Hotel Market

As of January 2023, Boston had 94 hotels open for business with a total of 24,117 hotel rooms.¹⁵ The Magnolia by Sonder opened three apartment style rooms in Back Bay in 2022. The Buckminster (94 rooms) in Fenway and the Best Western Plus Roundhouse Suites (92 rooms) in Roxbury were closed and did not renew their lodging house licenses in 2022.

In October 2019, the average occupancy rate of hotels in Boston was at its yearly peak as 90.7%, according to the Pinnacle Perspective Monthly Report. Boston hotels were closed to general public accommodation from late March to early June 2020 due to the COVID-19 pandemic. Hotel occupancy has recovered somewhat, reaching 30.8% in October 2020 and rising to 72.1% in October 2021 before falling to 36.7% in January 2022 with the Omicron wave and winter weather. Since then, the occupancy rate had gradually picked up in 2022 when the pandemic eased off and the economy continued to improve. In September 2022, the occupancy rate reached 84.5%, the highest level since the start of the pandemic. The City’s Average Daily Rate (“ADR”) represents the average rate paid per room over a given period. The ADR is highly correlated with the occupancy rate, which follows the same trend but on a lagged basis. The table below shows the room supply, occupancy rate, ADR and revenue per available room for Boston for the years 1990, 2000, 2010, and 2016 through 2022. The hotel industry provided 6,130 jobs in Boston in 2021 (down from 11,609 in 2018), accounting for 1.0% of Boston’s total payroll jobs and 23.3% of Massachusetts’ hotel industry employment.

Boston Hotel Room Supply, Occupancy, Room Rate and Revenues per Available Room

Year	Room Supply	Average Occupancy Rate %	Average Daily Rate (2022\$)	Revenue Per Available Room (2022\$)
1990	12,070	74.3%	\$265.91	\$197.58
2000	14,002	78.4	336.50	263.98
2010	18,363	75.4	264.77	199.63
2016	20,172	81.2	311.56	253.07
2017	20,498	82.4	309.81	255.14
2018	21,356	82.8	307.74	254.75
2019	22,524	82.7	300.48	248.41
2020	22,947	26.5	182.96	48.51
2021	24,300	46.9	232.93	109.29
2022	24,117	70.4	281.56	198.15

Source: Occupancy, ADR and RevPAR reported by Pinnacle Advisory Group. All dollar concepts in fixed 2022 dollars

Transportation

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

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

The MBTA provides commuter rail, subway, local bus and express bus services throughout eastern Massachusetts. MBTA ridership fell dramatically with the onset of the pandemic in the spring of 2020. While ridership

¹⁴Cuebiq 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

¹⁵City of Boston Licensing Board

has slowly recovered, ticket validations in Boston in December of 2022 are still 41% below the comparable figure in 2019.¹⁶ The MBTA has also suffered a variety of service disruptions and operational issues in recent months.

In previous years, the MBTA and MassDOT jointly produce a Capital Investment Plan (“CIP”), integrating the decision-making process around funding allocation and aligning the agencies’ goals and program evaluation procedures¹⁷. For 2023-2027, the two agencies have produced separate CIP, although they still share funding and have many joint projects.¹⁸ The 2023 CIPs continue the framework laid out in the 2017-2021 joint CIP. The 2023 CIPs commits \$14.9 billion in programmed transportation spending for roads, rails, shared use paths, airports, buses, and bridges over the next five years. Approximately 52% of the investments are focused on improving the reliability and resiliency of the existing core transportation system, with an additional 26% devoted to modernizing these systems¹⁹.

The Red Line / Orange Line Transformation program replaces and expands the MBTA’s Red Line and Orange Line fleets, including upgrading yards, maintenance facilities, test tracks, signals and power. When fully implemented, along with additional improvements to stations, track, signals and power projects, these investments are expected to allow three-minute headways on the Red Line and four-and-a-half-minute headways on the Orange Line. Expansions of both fleets are planned as well, totaling a \$579 million investment for 2023-2027.

The Green Line Transformation (GLT) integrates over 60 Green Line projects in a cohesive investment strategy including (1) Safety & State of Good Repair, (2) Accessible Stations, (3) Legacy car Replacement, and (4) Increased Capacity. The Green Line Extension (GLX) project is a 4.7-mile light rail line that extends Green Line service from a relocated Lechmere Station in East Cambridge to a terminus at College Avenue in Medford, and a spur to Union Square in Somerville. This project is estimated to cost \$2.3 billion and was funded with federal funds (FFGA and FHWA), state bonds, and contributions from the cities of Cambridge and Somerville. The first portion of the extension opened for service on March 21, 2022, and the Medford Branch opened in December 2022.

The Sumner Tunnel Centennial Project will rehabilitate the Sumner Tunnel which was constructed in the 1930s. The tunnel arch and deck will be rehabilitated and the ceiling, wall panels, lighting, fire standpipe and communications systems will be replaced. The work will be done in three phases with a 16-week closure planned for the summer of 2023. This project is funded with federal highway funds and state bond cap match.

The I-90 Allston Intermodal Program will replace the I-90 Allston viaduct and reconfigure the interchange. Changes to the interchange will include flattening the curve of I-90 as it passes through Allston and connecting I-90 to Cambridge Street and Soldiers’ Field Road via a new urban street grid. These changes provide MassDOT with the opportunity to enhance parkland along the Charles River, introduce bicycle and pedestrian connections around and through the former Beacon Park Yard site, and invest in improved commuter rail through the introduction of West Station. This project is still in early planning stages and is not yet underway nor have decisions yet been made regarding financing.

Seaport and Airport

The Massachusetts Port Authority (“Massport”) was created by the state legislature to develop and manage the City’s major air and sea transportation centers. Massport is financially independent, and the City is not responsible for any debt or other obligations incurred by Massport. Heavy use of Boston Logan International Airport (“Logan Airport”) and the Port of Boston have induced significant expansion of both facilities.

The Port of Boston serves the six-state New England region as a natural deep-water port supporting import and export of containerized bulk and general cargo. The port also provides ship repair supply services, customs and international freight forwarding services, intermodal cargo warehouse facilities and other maritime support services. Massport’s Conley Container Terminal provides containerized freight water access to other container terminals across the world. The Port of Boston is also a major cruise port. The cruise terminal served 402,346 passengers in 2019, but the pandemic forced a shutdown of operations.²⁰ 2022 was the first year of reopening for the Cruise Terminal, but there was not a full return to earlier numbers, with 310,767 passengers.

¹⁶MBTA Datablog

¹⁷MassDOT, “2017-2021 Capital Investment Plan,” 2017

¹⁸ Massachusetts Bay Transportation Authority “FY23-27 Capital Investment Plan (CIP),” 2022

¹⁹MassDOT, “2023-2027 Capital Investment Plan,” 2022

²⁰<https://www.massport.com/massport/media/newsroom/massport-ends-the-2019-cruise-season-with-another-record/>

Container traffic at the Port of Boston has fallen since 2019. The Port of Boston handled 300,762 boxed containers in calendar year 2019, 268,418 in 2020, 187,902 in 2021, and 173,926 in 2022.²¹ The port also handled 52,018 automobiles in 2019, 48,245 in 2020, 36,743 in 2021, and 32,070 in 2022. Cement handled by the Port rose from 99,586 cement metric tons in 2019 to 128,753 cement metric tons in 2021, before falling slightly to 119,967 cement metric tons in 2022.

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 and into 2022, with 36.1 million domestic and international passengers, a 59.1% increase on passenger volumes as compared to 2021.

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. The estimated revenue from building permit fees during fiscal year 2021 indicated the potential for \$5.7 billion in construction activity compared to an estimate of \$8.2 billion for fiscal year 2020. Between 2020 and 2021, building permit revenue decreased by 30%.

Boston Building Permit Revenues and Estimated Construction Activity Fiscal Years, 2013-2022 (In Millions of Dollars)

Fiscal Year	Building Permit Revenues ⁽¹⁾	Estimated Potential Construction Activity ⁽²⁾
2013	\$29.3	\$3,447
2014	40.1	4,718
2015	51.7	6,085
2016	52.3	6,151
2017	62.0	7,289
2018	52.8	6,212
2019	61.8	7,273
2020	69.6	8,188
2021	48.7	5,729
2022	64.1	7,541

⁽¹⁾ Columns may not add due to rounding

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

Source: City of Boston, Auditing Department Annual Comprehensive Financial Report. BPDA Research Division Analysis March 2023

Public Sector Projects

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

The North Washington Street Bridge Project began in 2018 and will continue until late 2024. 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 and is estimated to cost \$200 million.

The Boston Water and Sewer Commission is undertaking sewer separation projects in South Boston, Roxbury, and East Boston as well as rehabilitation of the New Boston Main Interceptor (NBMI).

The Community Preservation Act (“CPA”), passed in November 2016, helps the City of Boston achieve its housing and economic goals by generating revenue that is specifically allocated to three project categories: creating and preserving affordable housing units, restoring and building parks and recreational open space, and preserving historical sites through a 1% surcharge on real property tax. Since 2018, the first year of allocations, Boston’s Community Preservation Committee has recommended 237 projects totaling more than \$117 million: 93 open space

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

and recreation projects, 36 affordable housing projects and 108 historic preservation projects. The CPC has nine members who serve a three-year term and a maximum of two terms. The committee includes four at-large members appointed by the City Council and a member from each of the following five entities (appointed by the Mayor): Boston Conservation Commission, Boston Landmarks Commission, Boston Housing Authority, Boston Planning and Development Agency, Parks and Recreation Commission.

Office Market

The City had approximately 67.5 million square feet of office space in the fourth quarter of 2022. Boston’s direct vacancy rate was 11.2%, according to realty firm Jones Lang LaSalle (JLL), up 0.5 percent over from the prior year and still elevated from the 6.1% direct vacancy rate in the fourth quarter of 2019. Boston’s YTD net absorption of office space was -0.6 million square feet. The average asking rent citywide in 2022 Q4 was \$69.88, \$27.20 less per square foot than the average rent in the Cambridge office market, a gap that has grown since the onset of the pandemic.

Boston Office Market—Fourth Quarter 2022

Market Area	Inventory Square Foot	YTD Absorption	Direct Vacancy	Average Asking Rent
Back Bay.....	12,455,749	-277,005	6.8%	\$73.14
Charlestown.....	1,791,416	43,786	15.5	44.87
Fenway.....	1,830,325	115,068	3.9	58.00
Downtown*.....	37,848,591	-635,237	13.3	71.51
North Station.....	2,371,416	-27,915	16.1	57.75
Seaport District.....	9,997,060	152,481	8.4	65.99
South End.....	1,203,716	23,898	12.4	64.13
Boston.....	67,498,273	-604,924	11.2	69.88

Source: Office Statistics: Boston Q4 2022, Jones Lang LaSalle IP, Inc.

The Boston Planning & Development Agency (BPDA) Board approved 393,000 square feet of office space in new projects in 2022. The overall net change in office square footage approved was negative in 2022 due to previously approved projects returning to the board to change office square footage to life science space. This is expected based on market conditions, with the life science industry growing rapidly in Boston. Approved in December, 17 Farnsworth Street, a new project in the Seaport, will add 26,000 square feet of office space. In Roxbury, 84 Warren Street will build 8,000 square feet of office space in a mixed-use development that will also include 65 residential units and a parking garage. Another new build in the seaport, 244-284 A Street was approved in October. This mixed-use project will add 300,000 square feet of office space in addition to residential, retail, and life science uses.

Many office projects approved in previous years began or completed construction in 2022. 33 A Street in South Boston began construction in September, this mixed-use project will add 18,000 square feet of office space as well as Residential and Retail. In Back Bay, 149-155 Newbury Street began construction in January, with plans to turn a surface parking lot into a retail and office space with 26,000 square feet of office space. 658-660 East Broadway began construction in May; when complete this project will yield residential, retail, and office space to South Boston.

Retail Market

In the first quarter of 2022, there were a total of 79,657 payroll employees in retail trade and accommodation and food services in Boston, with 31,640 in retail and 48,017 in accommodation and food services. The retail sector is complemented by an estimated 19,626 employees in personal services businesses, which include such services as repair and maintenance, hair and nail care and laundry and dry-cleaning service. These employment levels remain below their annual averages from 2019, when there were 37,871 payroll jobs in retail trade and 63,225 in accommodation and food services.²²

²² The payroll employment numbers shown here are drawn from Massachusetts EOLWD’s Quarterly Census of Employment and Wages (QCEW) for the 2019 annual average and Q1 2022. 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 2021, the most recent year available.

The COVID-19 crisis has provoked a sharp drop in participation in in-person activities such as in-person shopping and eating in restaurants. According to Mastercard Geographic Insight, by October 2022, in-person consumer spending had recovered to 98 percent of the levels in the same period in 2019.

The Boston retail real estate market has partially recovered from the pandemic. According to CoStar, Boston's retail vacancy rate in Q3 2022 was 2.5%, virtually the same as the 2.6% level in Q3 2021, though still above the 1.6% level from Q3 2019. Retail asking rents increased from \$40.27/sf in Q4 2021 to \$49.47/sf in Q4 2022.

Industrial and Lab R&D Markets

The growth in the life science industry in Boston has been driving recent development trends, with new projects proposing lab/R&D space and previously approved projects proposing changes to pivot towards lab/R&D space. Major lab/life science development approvals in 2022 included buildings in Seaport Square, Seaport Circle and on A Street in the South Boston Waterfront. Phase A of the Harvard Enterprise Research Campus in Allston, Government Center Garage Phase 3 in Downtown, and Boston Landing in Brighton also received BPDA Board approval in 2022 for significant lab/life science development projects.

The Raymond L. Flynn Marine Park (RLFMP), formerly the Boston Marine Industrial Park, consists of over three million square feet of developed real estate. The RLFMP, zoned for industrial and marine uses and close to downtown Boston, is a sought-after location for state-of-the-art research and development. The RLFMP continues to sustain robust industrial uses such as ship repair, seafood processing and design wholesale business clusters, along with small scale manufacturing and life science research and technology companies. In October 2022, the BPDA Board approved the redevelopment of 24 Drydock in the RLFMP to create a new, eight-story, mixed-use building totaling approximately 236,375 square feet of marine industrial ship repair and life sciences/research and development facilities to preserve the RLFMP as a city-center industrial district while encouraging new economy uses. In November 2022, the BPDA Board approved the redevelopment of Parcel X (310 Northern Avenue) in the RLFMP to create a new, two-building, approximately 742,000 square foot life sciences/research and development campus.

Newmarket is a commercial/industrial district situated in northern Dorchester between Massachusetts Avenue, Melnea Cass Avenue and Interstate-93. Newmarket is one of Boston's industrial economic centers, it is home to many wholesale trade, warehousing, and logistics companies as well as construction companies. In June 2019 the BPDA kicked off the Newmarket Planning initiative to envision a 21st century industrial area, while preserving existing industrial jobs and encouraging new industries to enter the expanded neighborhood.

Housing Stock, Housing Values, and Development

There were 301,702 housing units in Boston according to the 2020 Census, 279,495 of which were occupied. Preliminary data for 2022 real estate trends were provided by the Mayor's Office of Housing (MOH). Rental data are provided to MOH by Multiple Listing Service (MLS) and Rental Beast, an online database of rental listings. Because the sample of rental listings in a given month or year does not necessarily represent the compositions of units in each neighborhood or the City as a whole, MOH uses a weighted average methodology to compare rents across time periods. By holding the compositions of units by bedroom and neighborhood constant based on their share in the ACS, this methodology isolates changes in rent levels from other changes in the sample. The citywide weighted average advertised rents rose 14.2% between 2021 and 2022 after seeing a more modest increase of 1.5% the year before. Rents rose in every neighborhood of the City, surging past 2020 rents even in neighborhoods that had seen a decline between 2020 and 2021. Weighted average monthly rents for an apartment in Boston's neighborhoods ranged from a low of \$2,253 in Hyde Park to a high of \$4,496 in the South Boston Waterfront.

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

Neighborhood	2020 Weighted Average Rent ⁽¹⁾	2021 Weighted Average Rent ⁽¹⁾	2022 Weighted Average Rent ⁽¹⁾	Percent Change, 2021-2022
Allston	\$2,200	\$2,161	\$2,474	14.5%
Back Bay	3,322	3,250	3,737	15.0
Bay Village	2,616	2,508	3,167	26.3
Beacon Hill	2,761	2,567	3,116	21.4
Brighton	2,172	2,183	2,487	13.9
Charlestown	2,837	2,852	3,308	16.0
Chinatown	2,815	2,784	3,247	16.6
Dorchester	2,211	2,352	2,667	13.4
Downtown	3,662	3,534	4,038	14.3
East Boston	2,196	2,293	2,690	17.3
Fenway	2,538	2,500	2,881	15.2
Hyde Park	1,887	2,071	2,253	8.8
Jamaica Plain	2,491	2,511	2,799	11.5
Longwood Medical Area	2,424	2,478	2,508	1.2
Mattapan	2,052	2,169	2,450	13.0
Mission Hill	2,387	2,419	2,837	17.3
North End	2,680	2,586	3,295	27.4
Roslindale	2,033	2,152	2,418	12.4
Roxbury	2,317	2,465	2,671	8.4
South Boston	2,880	2,961	3,408	15.1
South Boston Waterfront	4,438	4,269	4,496	5.3
South End	3,193	3,076	3,685	19.8
West End	3,369	3,278	3,831	16.9
West Roxbury	2,060	2,175	2,451	12.7
Citywide	2,496	2,534	2,895	14.2

⁽¹⁾ Averages weighted to match bedroom composition of units by neighborhood in ACS 2017-2021 5-Year Estimates. Data includes studios, 1-, 2-, and 3-bedroom listings

Source: City of Boston, Mayor's Office of Housing (MOH) using Rental Beast, January 2023

The median sale price for a single-family home in Boston reached \$761,000 in 2022 according to sales record data provided by Banker & Tradesman and MOH. This reflects a 4.0% increase over 2021. Sales prices of two and three-family structures rose 3.6% between 2021 and 2022. The median condo sales price rose 3.7% from 2021, reaching \$725,000 in 2022.

**Median Residential Sales Prices for Boston
2013 through 2022
(In Nominal Dollars)**

Year	Single-Family	Percent Change	Two and Three-Family	Percent Change	Condo Median Sales Price	Percent Change
	Median Sales Price		Median Sales Price			
2013.....	\$400,000	11.4%	\$415,000	16.9%	\$440,000	10.0%
2014.....	437,500	9.4	480,000	15.7	470,000	6.8
2015.....	455,000	4.0	540,000	12.5	525,000	11.7
2016.....	500,000	9.9	580,000	7.4	593,500	13.0
2017.....	550,000	10.0	675,000	16.4	590,500	-0.5
2018.....	590,000	7.3	750,000	11.1	659,000	11.6
2019.....	610,000	3.4	805,000	7.3	660,000	0.2
2020.....	675,000	10.7	882,057	9.6	677,000	2.6
2021.....	732,000	8.4	965,000	9.4	699,000	3.2
2022.....	761,000	4.0	1,000,000	3.6	725,000	3.7

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

The total number of residential sales (1-3 families and condos) rose by 38.3% from 2020 to 2021 as the market picked up after the initial impact of the pandemic. Sales volumes cooled substantially in 2022 with total sales falling by 22.8%. The 7,403 total residential sales in 2022 were 6.6% below the annual average over the last decade with all three categories lagging behind their decadal averages. Both supply-side and demand-side factors may be bringing down sales volumes, with low turnover of existing owners limiting available supply, and rising interest rates challenging affordability for new buyers.

**Annual Residential and Condominium Sales in Boston
2013-2022**

Year	Single-Family Sales	Percent Change	Two and Three-Family Sales	Percent Change	Total Condos Sales	Percent Change	Residential and Condo Sales	Percent Change
2013...	1,391	9.5%	1,305	14.5%	5,287	8.2%	7,983	9.4%
2014...	1,258	-9.6	1,180	-9.6	4,900	-7.3	7,338	-8.1
2015...	1,366	8.6	1,289	9.2	5,167	5.4	7,822	6.6
2016...	1,418	3.8	1,251	-2.9	5,608	8.5	8,277	5.8
2017...	1,378	-2.8	1,231	-1.6	5,206	-7.2	7,815	-5.6
2018...	1,394	1.2	1,205	-2.1	5,705	9.6	8,304	6.3
2019...	1,246	-10.6	1,079	-10.5	5,456	-4.4	7,781	-6.3
2020...	1,081	-13.2	835	-22.6	5,015	-8.1	6,931	-10.9
2021...	1,387	28.3	1,151	37.8	7,048	40.5	9,586	38.3
2022...	1,138	-18.0	927	-19.5	5,338	-24.3	7,403	-22.8

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

Prices and sales volumes for single-family homes and for condominiums are shown by neighborhood for calendar years 2021 and 2022. Areas of the City with the largest number of single-family home sales included West Roxbury, Dorchester, Hyde Park, and Roslindale. In Beacon Hill and the South End the median single-family sales price was over \$3 million. Mattapan had the lowest median single-family sales price at \$520,000.

**Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Single-Family Homes
In Boston's Neighborhoods, Calendar Years 2021 and 2022
(In Nominal Dollars)**

Neighborhood	2021 Single-Family Price (\$)	2022 Single-Family Price (\$)	Percent Change (%)	2021 Sales Volume	2022 Sales Volume	Percent Change (%)
Allston	*	975,000	*	8	15	87.5
Back Bay	*	*	*	7	2	-71.4
Beacon Hill	3,350,000	3,562,500	6.3	23	30	30.4
Brighton	873,000	851,500	-2.5	44	34	-22.7
Charlestown	1,275,000	1,425,000	11.8	93	66	-29.0
Dorchester	665,000	700,000	5.3	196	171	-12.8
Downtown/Chinatown	*	*	*	1	1	0.0
East Boston	689,000	690,000	0.1	61	45	-26.2
Fenway	*	*	*	1	-	-100.0
Hyde Park	585,000	600,500	2.6	173	156	-9.8
Jamaica Plain	950,000	1,140,000	20.0	93	77	-17.2
Mattapan	525,000	520,000	-1.0	51	45	-11.8
Mission Hill/Longwood	*	*	*	3	4	33.3
North End	*	*	*	3	1	-66.7
Roslindale	716,500	750,000	4.7	166	113	-31.9
Roxbury	577,500	622,500	7.8	42	26	-38.1
South Boston	940,000	1,010,000	7.4	97	75	-22.7
South Boston Waterfront	*	*	*	-	-	-
South End	3,300,000	3,437,500	4.2	39	24	-38.5
West End	*	*	*	-	-	-
West Roxbury	725,000	765,000	5.5	286	253	-11.5
Citywide	732,000	761,000	4.0	1,387	1,138	-18.0

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

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

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

Source: City of Boston, Mayor's Office of Housing (MOH) using Banker & Tradesman data, January 2023

Condominium sales volumes and prices also showed variability across Boston neighborhoods in 2021 and 2022. The most expensive neighborhoods for condominiums were the South Boston Waterfront and Back Bay which

had median sales prices over \$1.2 million. Hyde Park, Brighton, and West Roxbury had the least expensive condominiums with median sales prices under \$500,000.

**Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Condominiums
In Boston’s Neighborhoods, Calendar Years 2021 and 2022 (In Nominal Dollars)**

Neighborhood	2021 Condo Price	2022 Condo Price	Percent Change	2021 Sales Volume	2022 Sales Volume	Percent Change
Allston	\$515,000	\$505,000	-1.9%	131	84	-35.9%
Back Bay	1,345,000	1,247,000	-7.3	435	338	-22.3
Beacon Hill	900,000	1,055,000	17.2	226	181	-19.9
Brighton	496,000	489,900	-1.2	413	283	-31.5
Charlestown	740,000	830,000	12.2	420	330	-21.4
Dorchester	562,750	550,000	-2.3	678	490	-27.7
Downtown/Chinatown	1,245,000	1,100,000	-11.6	299	331	10.7
East Boston	635,000	615,000	-3.1	648	501	-22.7
Fenway	657,000	630,000	-4.1	210	129	-38.6
Hyde Park	449,000	462,500	3.0	89	54	-39.3
Jamaica Plain	655,540	695,000	6.0	568	423	-25.5
Mattapan	625,000	610,000	-2.4	65	33	-49.2
Mission Hill/Longwood	575,000	558,400	-2.9	65	41	-36.9
North End	767,750	755,500	-1.6	210	136	-35.2
Roslindale	550,000	601,000	9.3	251	189	-24.7
Roxbury	535,000	585,000	9.3	182	197	8.2
South Boston	768,000	800,000	4.2	981	630	-35.8
So. Boston Waterfront	1,460,000	1,279,000	-12.4	213	146	-31.5
South End	977,250	1,100,000	12.6	730	613	-16.0
West End	682,000	690,000	1.2	71	59	-16.9
West Roxbury	450,000	487,000	8.2	154	144	-6.5
Citywide	699,000	725,000	3.7	7,048	5,338	-24.3

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

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

Source: City of Boston, Mayor’s Office of Housing (MOH) using Banker & Tradesman data, January 2023

Launched in 2014, Housing Boston 2030 laid out a plan for the creation of 53,000 new units by 2030 to accommodate Boston’s growing population. In September 2018, the City revised its housing goal to 69,000 new units by 2030 to accommodate population growth that was exceeding initial growth estimates. Overall housing starts are on target to reach the 2030 goal of 69,000 units, with 43,235 units permitted 2011 through 2022.²³ 2022 was a strong year for residential permitting, with 3,837 new units (including 1,279 income-restricted units) receiving construction permits — the highest level since 2018. As of January 2023, there are 8,327 units currently in construction in Boston.

Housing completions in 2021 set a record, with 4,050 units coming online, following a strong year for housing production in 2020 with 4,029 new units completed.²⁴ In 2022, 3,401 housing units were completed. Residential developments completed in 2022 include Mattapan Station (135 affordable rentals units), 150 Seaport Boulevard (114 units), 1252-1270 Boylston Street (451 units), 47-55 LaGrange Street (168 units), 1550 Soldiers Field Road (211 units), 212 Stuart St (126 units), Parkway Apartments (287 units), Old Colony Phase 3B (115 BHA replacement units), 217 Albany Street (180 apartments leased by the bedroom), 144 Addison Street (233 units), and 89 Brighton Avenue (129 units).

In 2022, the BPDA Board approved 3,216 new units in newly approved projects. Additionally, a Seaport Square development approved in 2017 for 1,200 units of housing in 2022 revised the project to reduce housing to 600 units and increase commercial space. Including changes to previously approved projects, the net approved units in 2022 was 2,647. Of these units, 1,168 are on-site income-restricted units. The largest new residential projects approved

²³Mayor’s Office of Housing

²⁴Mayor’s Office of Housing

in 2022 were 24 Ericsson Street (120 units), 90 Braintree Street (111 units), 355 Bennington Street (170 units), NUBA Residences (114 units), Harvard Enterprise Research Campus Phase A (345 units), 775 Huntington Avenue (112 units), 30 Leo M. Birmingham Parkway (117 units), 244-284 A Street (340 units), 800 Morrissey Boulevard (229 units), and 49-63 Hudson Street (110 units).

The Linkage Program

The City implemented its development linkage program in 1983 to direct some of the benefits of downtown investment to the building of affordable housing in its neighborhoods through the Neighborhood Housing Trust (“NHT”). The linkage program also funds job training for City residents through the Neighborhood Jobs Trust (“NJT”). Under the linkage program, real estate developers seeking approval of large scale commercial or institutional developments are required to enter into agreements to pay exactions in the amount of \$15.39 per square foot of non-residential construction over 100,000 square feet, of which \$2.39 per square foot goes to the job training fund and \$13.00 per square foot goes for affordable housing purposes. The fee was last adjusted as of March 11, 2021; however, on December 1, 2022 Mayor Wu proposed increasing the total linkage fee over two years to \$30.78 per square foot for lab space, and to \$23.09 for other commercial uses. Sixteen percent of the fees will support job training and job preparedness programs, while the remaining 84 percent will support the creation and preservation of affordable housing. These changes were approved by the BPDA Board on February 16th and are awaiting a final vote by the Zoning Commission. Since its inception through January 19, 2023, the linkage program has collected \$234.8 million for the NHT and \$57.2 million for the NJT.

The NHT has awarded approximately \$243 million in grant funds from the start of the program through calendar year 2022. The NHT funding contributed to the construction or renovation of 17,283 housing units of which 15,847 units were income restricted. The NHT funding represents 4.4% of the combined development cost of all assisted projects. NHT grant awards are allocated to fund low and moderate-income housing through the renovation of old buildings and schools and the construction of new housing. Projects have included rental developments of family-sized units, single room occupancy units, units set aside for homeless or formerly homeless households, elderly 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 2021, NJT disbursed approximately \$5.1 million to job training and education programs. Among the NJT-funded programs were 36 job training programs chosen through an open request for proposals process. From Fall 2020 through Fall 2021, these grantees trained more than 500 adults for such industry sectors as banking/finance, culinary arts, hospitality, healthcare, human services, and retail. Many of these adults faced at least one of the following barriers to employment: CORI record, Temporary Assistance for Needy Families, housing vouchers, or homelessness/near-homelessness.

In addition, NJT funded special projects through such organizations as SkillWorks and English for New Bostonians. NJT also provided \$190,000 in Individual Training Account vouchers to supplement WIOA funds administered by Boston’s one-stop career centers. 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 900 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 190 students have completed training to obtain either their Commercial Driver’s License or Emergency Medical Technician license.



(This page intentionally left blank)

PROPOSED FORM OF LEGAL OPINION



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

(Date of Delivery)

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

City of Boston, Massachusetts
General Obligation Bonds
2023 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.

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. For tax years beginning after December 31, 2022, 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.

LOCKE LORD 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 \$350,000,000 General Obligation Bonds, 2023 Series A dated May 4, 2023 (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 April 20, 2023 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: May 4, 2023

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



(This page intentionally left blank)



**OFFICIAL NOTICE OF SALE
CITY OF BOSTON, MASSACHUSETTS**

\$350,000,000*
GENERAL OBLIGATION BONDS
2023 SERIES A

Dated: Date of Delivery

Due: November 1, as shown on page 3 herein

ELECTRONIC BIDS
WILL BE RECEIVED BY THE CITY OF BOSTON
ON THURSDAY, APRIL 20, 2023

UNTIL 10:30 A.M. (EASTERN TIME)

AS DESCRIBED HEREIN
CITY HALL, ROOM M-35
BOSTON, MASSACHUSETTS

*Preliminary, subject to change as described herein.

OFFICIAL NOTICE OF SALE
of the
CITY OF BOSTON, MASSACHUSETTS

relating to

\$350,000,000*
General Obligation Bonds, 2023 Series A

ELECTRONIC BIDS will be received by Ashley Groffenberger, Chief Financial Officer and Collector-Treasurer (the “Collector-Treasurer”) of the City of Boston, Massachusetts (the “City”), until:

10:30 a.m., Eastern Time, on

April 20, 2023

for the City’s 350,000,000* General Obligation Bonds, 2023 Series A (the “Bonds”).

Bids for the purchase of the Bonds must be submitted electronically via BiDCOMP/Parity (“PARITY”). Instructions on how to submit a bid via PARITY are provided for the convenience of prospective bidders in Attachment A of this Official Notice of Sale. Electronic bids may be received on a business day thereafter, if necessary, after notification on TM3 (www.tm3.com) (“TM3”) not later than 5:00 p.m., Eastern Time, on the day preceding the day designated for receipt of bids (the “Bid Notification Date”). Such notice, if any, will specify the date selected for sale, the proposed aggregate principal amount of Bonds to be issued, and any changes to the schedule of maturities.

The Bonds will be valid general obligations of the City, for the payment of the principal or redemption price of and the interest on which the full faith and credit of the City will be pledged. 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. See “Security for the Bonds” in the Preliminary Official Statement.

Electronic Bidding Procedures - Any prospective bidder that intends to submit a bid must submit its bid through the facilities of PARITY. The Official Bid Form for purposes of a bid will be the electronic bidding form submitted via PARITY. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit a bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. A bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder. If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY at (212) 849-5021. For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “Basis of Award” below. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale.

* Preliminary, subject to change as described herein.

Details of the Bonds - The Bonds will be dated their date of delivery, and will mature, subject to the right of prior redemption as described hereinafter, on November 1 in each of the years 2023 to 2042, inclusive, in the principal amounts described in the table below, subject to any adjustments described in “Adjustment of Maturity Schedule” below:

<u>Year*</u>	<u>Principal Amount*</u>	<u>Year*</u>	<u>Principal Amount*</u>
2023	\$33,475,000	2033	\$14,690,000
2024	17,110,000	2034	15,445,000
2025	17,995,000	2035	16,235,000
2026	18,915,000	2036	17,070,000
2027	19,880,000	2037	17,945,000
2028	12,485,000	2038	16,625,000
2029	13,115,000	2039	17,480,000
2030	13,790,000	2040	18,375,000
2031	14,500,000	2041	19,315,000
2032	15,245,000	2042	20,310,000

The Bonds will bear interest, calculated on the basis of 30-day months and a 360-day year, at such rate or rates per annum as are specified by the successful bidder therefore in accordance herewith. The Bonds will be issued by means of a book-entry system with no physical distribution of Bonds made to the public. One Bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing 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. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Interest on the Bonds will be payable semiannually on May 1 and November 1, beginning November 1, 2023 until maturity or redemption prior to maturity. Principal of the Bonds will be paid annually on November 1, as set forth in the foregoing maturity schedule, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal 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 and interest payments will be the fifteenth day of the month next preceding the date on which interest is to be paid, however, if such date is not a business day, the record date will be the following 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Chief Financial Officer and Collector-Treasurer determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will authenticate and deliver replacement Bonds in the form of fully registered certificates.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with

* Preliminary, subject to change as described herein.

the terms of its bid. No CUSIP identification numbers shall be deemed to be part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers. The City shall pay all expenses in connection with the initial assignment and printing of CUSIP numbers. PFM Financial Advisors LLC, municipal advisor to the City, will be responsible for applying for and obtaining CUSIP identification numbers for the Bonds.

*Redemption** - The Bonds maturing on or before November 1, 2033 will not be subject to redemption prior to maturity. The Bonds maturing after November 1, 2033 will be subject to redemption prior to maturity at the option of the City, on or after November 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.

Term bonds, if any, shall be subject to mandatory sinking fund redemption on November 1 in the year or years immediately prior to the stated maturity of such term bonds as specified by the successful bidder (the particular Bonds of such maturity to be redeemed to be selected by lot), in the amount in each such year indicated in the foregoing maturity schedules at the principal amount thereof plus accrued interest to the redemption date, without premium.

Notice of redemption of the Bonds will be given as set forth in the Official Statement.

Price, Debt Service and Interest Rates - Bids for the Bonds must be for the entire series (all or none) at a price not less than 100% of the aggregate principal amount of the Bonds. The dollar amount bid by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the final aggregate principal amount of the Bonds (see Adjustment of Principal Amount, below). Bids must state an interest rate for each maturity of the Bonds. For Bonds maturing prior to or on November 1, 2033, the interest rate for each maturity may not exceed 5.00%. For Bonds maturing after November 1, 2033, the interest rate for each maturity shall be 5.00%. Each Bond shall bear interest from its date to its stated maturity date at the single interest rate specified in the bid. Bids may specify that all the Bonds are to be issued as serial bonds or that the principal amounts of the Bonds in any two or more consecutive years may be combined into no more than two term bonds. The Bonds will be issued as serial bonds or a combination of serial bonds and term bond(s) in accordance with the bid submitted by the successful bidder. All such term bonds are subject to mandatory sinking fund redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedules. Each mandatory sinking fund redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year.

Adjustment of Principal Amount - After selecting the winning bid, the City reserves the right to determine the aggregate principal amount and annual principal amounts of the Bonds. The City will not reduce or increase the aggregate principal amount of the Bonds by more than 10%, although individual maturities could vary by more than 10%.

The City anticipates that the final aggregate principal amount and final maturity schedule will be communicated to the successful bidder by 4:00 p.m., Eastern Time, on the day of award, provided the City has received the reoffering prices and yields for the Bonds from the successful bidder, as described below under "Certificate of Winning Bidder." The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the

* Preliminary, subject to change as described herein.

bid and reoffering prices required to be delivered to the City as stated herein. The successful bidder may not withdraw their bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

Basis of Award - Unless all bids are rejected, all of the Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest net effective interest rate to the City. **Such interest rate shall be determined on a true interest cost (TIC) basis. True interest cost (expressed as an annual interest rate) shall be determined for each bid by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of delivery (expected to be May 4, 2023) and to the price bid.** In the event there is more than one bid specifying the lowest such rate, the Bonds will be awarded to the bidder whose bid is selected by the Chief Financial Officer and Collector-Treasurer by lot from among all such bids. It is requested that each bid be accompanied by a statement of such interest cost, computed at the interest rate or rates stated in the bid in accordance with the above method of computation (computed to six decimal places), but such statement will not be considered as part of the bid.

On the date of award, both the City and the successful bidder for the Bonds shall execute a Bid Confirmation and Award Certificate to be provided by the City.

Women & Minority Participation - It is the policy of the City that women's business enterprises and minority business enterprises shall be given appropriate consideration. The City requests and strongly urges bidders to make a good faith effort to include such firms in their management or selling groups or syndicates.

Right to Cancel or Postpone the Submission of Bids; Right to Reject Bids - The City reserves the right to cancel or postpone the submission of bids, or to reject any and all bids. If the City elects to exercise its right to cancel the submission of bids, or its right to reject all submitted bids, this Official Notice of Sale shall become void. The City may, but shall not be required to, solicit bids thereafter, subject to the terms of a revised official notice of sale to be published subsequent to such cancellation or rejection. If the City elects to exercise its right to postpone the submission of bids, it shall provide subsequent notice of the date on which bids will be received after notification on TM3 not later than 8:30 a.m., Eastern Time, on the day designated for receipt of bids.

Any bid not complying with the terms of this Official Notice of Sale or specifying any conditions additional to those herein may be rejected. The City reserves the right to waive any irregularity or informality in compliance with the terms of this Official Notice of Sale to the extent permitted by law. Any award by the Chief Financial Officer and Collector-Treasurer to a successful bidder is subject to the approval of the Mayor.

Right to Modify or Amend Official Notice of Sale - The City reserves the right to modify or amend this Official Notice of Sale, including changing the scheduled maturities or increasing or reducing the aggregate principal amount of the Bonds and the principal amount of any maturity offered for sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated via TM3 not later than 5:00 p.m., Eastern Time, on the day preceding the day designated for the receipt of bids, and bidders shall bid upon the Bonds based upon the terms thereof set forth in this Official Notice of Sale as so modified.

Preliminary Official Statement - For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), as of the date of the Preliminary Official Statement dated April 12, 2023 (the "Preliminary Official Statement"), the City deemed the Preliminary Official Statement "final" (as that term is used in paragraph

(b)(1) of said Rule 15c2-12) except for the omission of certain information permitted to be omitted by such rule.

Official Statement - The initial reoffering price or yield for each maturity of the Bonds, as provided by the successful bidder, will be printed on the inside cover page of the Official Statement relating to the Bonds (including all appendices thereto, the “Official Statement”) to be dated the date of award of the Bonds to the successful bidder (the “Sale Date”). The successful bidder will be required to acknowledge receipt of such Official Statement and will be responsible to the City and its officials in all respects for the accuracy and completeness of such reoffering information. The City assumes no responsibility or obligation for distribution or delivery of any copies of the Official Statement to anyone other than the successful bidder.

The City confirms that, upon delivery thereof in accordance herewith, the Official Statement will be a final Official Statement within the meaning of Rule 15c2-12, and further agrees to provide the successful bidder not later than seven business days after the Sale Date, as many copies of the Official Statement as the successful bidder may reasonably request in order for the successful bidder to comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (“MSRB”). Electronic copies of the Official Statement will be furnished without cost to the successful bidder of the Bonds. Further copies of the Official Statement, if desired, will be made available to the successful bidder at its expense. The successful bidder shall notify the City as soon as practicable of the date which is the “end of the underwriting period” (as defined in Rule 15c2-12).

From the date of the Official Statement until the earlier of (i) ninety (90) days from the end of the underwriting period, as such underwriting period is defined in Rule 15c2-12, or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days following the end of such underwriting period, if any event affecting the City or the Bonds shall occur of which the City has actual knowledge and which would cause the Official Statement, in the reasonable opinion of the City or the successful bidder, to contain an untrue or incorrect statement of material fact or to omit to state a material fact that would cause the Official Statement to be misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the City will notify the successful bidder and, at the written request of the successful bidder, will forthwith prepare and furnish to each successful bidder such number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the City and the successful bidder) as the successful bidder may reasonably request in order for the successful bidder to comply with Rule 15c2-12 and the rules of the MSRB, which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

If the sale of the Bonds is awarded to a syndicate, the City will designate the senior managing underwriter of the syndicate as its agent for purposes of distributing copies of the Official Statement to each participating underwriter. Any underwriter executing and delivering a bid form with respect to the Bonds agrees thereby that if its bid is accepted it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purpose of assuring the receipt and distribution by each such participating underwriter of the Official Statement.

Continuing Disclosure - In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement. The City will deliver a certificate regarding its undertaking with respect

to continuing disclosure substantially in the form presented in Appendix C to the Preliminary Official Statement referenced herein (the "Certificate").

In order to assist the City in carrying out its obligations under the Certificate and its other 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.

Certificate of Winning Bidder - The successful bidder must, by facsimile transmission, email, manual delivery or overnight delivery received by the City within 24 hours after receipt of bids for the Bonds, furnish the following information to the City to complete the Official Statement in final form, as described below:

- A. The re-offering prices for the Bonds (expressed as the price or yield per maturity, exclusive of any accrued interest).
- B. Selling compensation (aggregate total anticipated compensation to the successful bidders expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- C. The identity of the underwriters if the successful bidder is a part of a group or syndicate.
- D. Any other material information necessary to complete the Official Statement in final form but not known to the City.

Establishment of Issue Price - The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the date of delivery of the Bonds (the "Closing Date") an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sale prices of the Bonds together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by PFM Financial Advisors LLC ("Municipal Advisor") and any notice or report to be provided to the City may be provided to the Municipal Advisor.

Competitive Sale Requirements. The City expects that the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds because:

- (1) the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. By submitting a bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds and that it will be an “underwriter” (as defined below) that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. In this event, the successful bidder may use either Option A or Option B, set forth below.

Failure to Meet the Competitive Sale Requirements - Option A - The 10% Test to Apply. If the competitive sale requirements are not satisfied, the successful bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the City or the Municipal Advisor that it no longer needs to do so. If the successful bidder uses Option A, the successful bidder shall provide to the City on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 - Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person, including the successful bidder, that agrees

pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements - Option B - The Successful Bidder Intends to Reoffer the Bonds and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m., Eastern Time, on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder uses Option B and delivers a Hold the Price Notice to the Financial Advisor, the successful bidder shall provide to the City on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 - Option B.

Settlement - It is expected that settlement of the Bonds will occur on May 4, 2023 or, in any event, on a business day not later than 30 days after the City awards the Bonds to the successful bidder therefor. Delivery of the Bonds shall be made to DTC against payment therefor in federal funds; and delivery of the other documents referred to below will be made at the office of Locke Lord LLP, 111 Huntington Avenue, Boston, Massachusetts, 02199-7613. The City will notify the purchaser of the Bonds of the date on which the settlement will take place not later than 72 hours after the Bid Notification Date. If the Bonds are not delivered within 30 days after the award of the Bonds, the successful bidder for the Bonds may withdraw its bid.

Documents to be Delivered at Closing - It shall be a condition to the obligation of a successful bidder for the Bonds to purchase such Bonds that, contemporaneously with or before accepting evidence of the ownership of the Bonds and paying therefor, the successful bidder shall be furnished with (a) the approving opinion of Locke Lord LLP, Bond Counsel to the City, substantially in the form presented in Appendix B to the Preliminary Official Statement; (b) a certificate of the Corporation Counsel, dated as of the date of delivery of the Bonds, to the effect that there is no litigation pending, or to his knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of the Bonds; (ii) in any way contesting or affecting any authority for or the validity of the Bonds; (iii) contesting the power of the City to levy and collect taxes to pay the Bonds; (iv) contesting the corporate existence or boundaries of the City; or (v) 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; (c) a signed copy of the Official Statement relating to the Bonds, which Official Statement shall be substantially in the form of the Preliminary Official Statement with such changes as the City deems necessary or appropriate to reflect the final terms

of the Bonds; (d) a certificate of the Chief Financial Officer and Collector-Treasurer to the effect that to the best of his knowledge and belief the Preliminary Official Statement (excluding the information under the heading “The Bonds - Book-Entry Transfer System”), as of the Sale Date and the Official Statement (excluding the initial public offering prices (or yields) of the Bonds on the cover page thereto, the information under the heading “The Bonds - Book-Entry Transfer System” and the information regarding reoffering compensation due to underwriters under the heading “Competitive Sale of Bonds” and, if bond insurance is obtained by a successful bidder, the information relating to the insurance policy and the provider thereof), both as of the Sale Date and the date of settlement of the Bonds, did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (e) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement; and (f) a supplemental opinion of Locke Lord LLP, Bond Counsel to the City, addressed to the successful bidder for the Bonds, to the effect that, they have rendered legal advice and assistance to the City in the course of and have participated in the preparation of the Official Statement and, based upon such participation, they are of the opinion that the information contained in the Official Statement under the captions “The Bonds” (except for the information therein under the heading “Book-Entry Transfer System”), “Security for the Bonds,” “Tax Exemption” and “Legal Matters” (except for any financial or statistical data included therein as to which no view will be expressed) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; in addition, based upon such participation and, except as to the information contained therein under the captions set forth above, although they are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, and have not undertaken to determine the accuracy or completeness of the statements contained therein, during the course of their participation and the preparation of the Preliminary Official Statement and the Official Statement, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of the Sale Date, and the Official Statement, as of the Sale Date and the date of settlement of the Bonds (except in each case for the financial statements and other financial and statistical data included therein, the information contained under the heading “The Bonds - Book-Entry Transfer System”, the information contained in Exhibits I, II and III to Appendix A thereto, the stabilization clause, the initial public offering prices (or yields) of the Bonds contained in the Official Statement on page (i) thereto, and, if, bond insurance is obtained by successful bidder with respect to the Bonds, the information in the Official Statement relating to the insurance policy and the provider thereof, as to which no view will be expressed) contained any untrue statement of a material fact or omitted to state any material facts necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Additional Information - Further information concerning the City and the Bonds will be contained in the Preliminary Official Statement, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Official Notice of Sale. Copies of the Preliminary Official Statement and this Official Notice of Sale may be obtained from the Treasury Department, City Hall, Room M-35, Boston, Massachusetts 02201-1020 ((617) 635-4140) or from the City's financial advisor, PFM Financial Advisors LLC, 100 High Street, 23rd Floor, Boston, Massachusetts 02110 ((617) 330-6914).

City of Boston, Massachusetts

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

April 12, 2023

INSTRUCTIONS TO SUBMIT A BID VIA BiDCOMP/PARITY

- You must be a contracted customer of the i-Deal LLC BiDCOMP Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer.
- In BiDCOMP, select the City of Boston sale among the list of current sales.
- Go to the bid form page. Keep notice of the time clock and be sure to read all bid specifications on bottom.
- Once you have created and saved a bid in BiDCOMP, click the Final Bid button in BiDCOMP to submit the bid to PARITY.
- Upon clicking the Final Bid button, the bidder will see a message box in BiDCOMP that states: “Do you want to submit this bid to PARITY?”. By submitting the bid electronically via PARITY, you represent and warrant that this bid for the purchase of the Bonds is submitted by the representative who is duly authorized to bind the bidder to a legal, valid, enforceable contract for the purchase of the Bonds. The Notice of Sale is incorporated herein by this reference.”
- If during bid calculation BiDCOMP warns you that your current bid violates the bid parameters, please change your bid to meet bid specifications. The BiDCOMP system will submit bids which violate the bid parameters, but the City does not intend to consider any bids that do not meet its parameters.
- You may choose to proceed with submission of the bid or choose to cancel the submission.
- Contact BiDCOMP/Parity at (212) 849-5021 with questions or problems.

Summary of Bidding Schedule*

<u>Date</u>	<u>Time</u>	<u>Occurrence</u>
April 19, 2023	5:00 p.m.	Revisions, if any, to preliminary amounts of the Bonds and bid date and delivery date for the Bonds given by notification published on TM3 (www.tm3.com).
April 20, 2023	10:30 a.m.	Deadline for submission of bids via Dalcomp/Parity for Bonds. City receives bid via Dalcomp/Parity. Successful bidder provides initial reoffering prices to the City within 30 minutes after being notified that such bidder’s bid appears to be the apparent winning bid, subject to verification.
	4:00 p.m.	Bids firm until this time; deadline for the City to award the Bonds.

* Preliminary, subject to change

EXHIBIT 1

Issue Price Certificate for Use if the Competitive Sale Requirements are Met

§ _____
CITY OF BOSTON
GENERAL OBLIGATION BONDS, 2023 SERIES A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Boston (the “Issuer”).

1. Reasonably Expected Initial Offering Prices.

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.
- (b) the Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 20, 2023.
- (d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the

preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2023

[SUCCESSFUL BIDDER]

By: _____
Name:
Title:

SCHEDULE A

REASONABLY EXPECTED INITIAL OFFERING PRICES

(Attached)

SCHEDULE B

COPY OF SUCCESSFUL BIDDER'S BID

(Attached)

EXHIBIT 1 - OPTION A

Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the Hold the Price Rule Is Not Used

§ _____
CITY OF BOSTON
GENERAL OBLIGATION BONDS, 2023 SERIES A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”)), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Sale of the Bonds.** As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public on the Sale Date is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities as of the Closing Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until the 10% Test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Public Financial Management, Inc. (the “Financial Advisor”), the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

3. **Defined Terms.**

- (a) *Issuer* means the City of Boston.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a

member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

SCHEDULE A

SALE PRICES

[(Attached)]

or

[Complete Schedule Below]

Maturity

Price

EXHIBIT 1 - OPTION B

Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the Hold the Price Rule Is Used

§ _____
CITY OF BOSTON
GENERAL OBLIGATION BONDS, 2023 SERIES A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “[Successful Bidder][Representative]”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

A. Issue Price.

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[2. ***Initial Offering Price of the Hold-the Offering-Price Maturities.***

(a) The [Successful Bidder][Representative] offered the Unsold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date, which correspond to the yields shown on Schedule A and on the inside cover of the Official Statement relating to the Bonds dated the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) The [Successful Bidder][Representative] agrees that (i) for each Maturity of the Unsold Maturities it will neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Bonds of a Maturity of the Unsold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

[2.][3.] ***Defined Terms.*** [keep applicable definitions, depending on sale outcome]

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Unsold Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Unsold Maturities.”

(c) ***Holding Period*** means, with respect to a Unsold Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (ii) the date

on which the Underwriters have sold at least 10% of such Unsold Maturity to the Public at prices that are no higher than the Initial Offering Price for such Unsold Maturity.

(d) *Issuer* means the City of Boston.

(e) *Maturity* means Bonds with the same credit and prepayment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 20, 2023.

(h) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

B. Reliance.

The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate dated May 4, 2023 relating to the Issue, to which this certificate is attached as an exhibit, and with respect to compliance with the federal income tax rules affecting the Issue, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Issue is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038 and other federal income tax advice that it may give to the Issuer from time to time relating to the Issue.

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____

Name:

Title:

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE UNSOLD MATURITIES
(ATTACHED)**

**SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(ATTACHED)**



(This page intentionally left blank)

