

CITY *of* BOSTON

*Annual
Comprehensive
Financial Report*

2023

**FISCAL YEAR ENDED
JUNE 30, 2023**

MICHELLE WU

Mayor

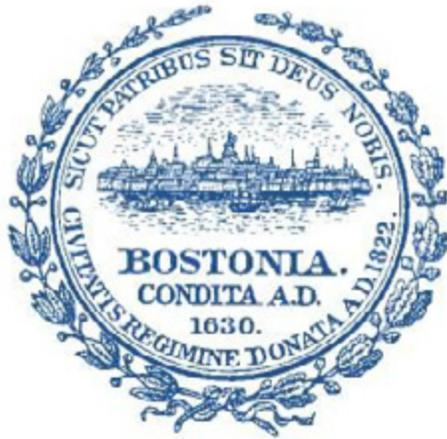
ASHLEY GROFFENBERGER

*Chief Financial Officer
& Collector Treasurer*

MAUREEN JOYCE

City Auditor

Prepared by the City of Boston Auditing Department



City of Boston
Massachusetts



*Annual Comprehensive
Financial Report*

Fiscal Year Ended June 30, 2023

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer & Collector Treasurer

Maureen Joyce, City Auditor

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

- 15 Statement of Net Position
- 17 Statement of Activities

FUND FINANCIAL STATEMENTS

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

Required Supplementary Information (Unaudited):

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

TABLE OF CONTENTS

Combining, Individual Fund Statements and Schedules:

GENERAL FUND

- 78 Fund Description
- 79 Balance Sheet
- 80 Statement of Revenues, Expenditures and Changes in Fund Balance
- 81 Schedule of Revenues and Other Financing Sources Compared to Budget
- 84 Schedule of Expenditures Compared to Budget

SPECIAL REVENUE FUND

- 88 Fund Description
- 89 Combining Balance Sheet
- 90 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

CAPITAL PROJECTS FUND

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

OTHER GOVERNMENTAL FUNDS

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

INTERNAL SERVICE FUND

- 100 Fund Description
- 101 Statement of Net Position
- 102 Statement of Revenues, Expenses, and Changes in Net Position
- 103 Statement of Cash Flows

FIDUCIARY FUNDS

- 104 Fund Description
- 106 Combining Statement of Plan Net Position - Pension and OPEB
- 107 Statement of Plan Net Position - Boston Retirement System
- 108 Statement of Plan Net Position - OPEB Trust Fund
- 109 Combining Statement of Net Position - Private Purpose Trust Funds
- 111 Combining Statement of Net Position - Custodial Funds
- 112 Combining Statement of Changes in Plan Net Position - Pension and OPEB
- 113 Statement of Changes in Plan Net Position - Boston Retirement System
- 114 Statement of Changes in Plan Net Position - OPEB Trust Fund

TABLE OF CONTENTS

- 115 Combining Statement of Changes in Net Position - Private Purpose Trust Funds
- 117 Statement of Changes in Net Position - Custodial Funds

DISCRETELY PRESENTED COMPONENT UNITS

- 118 Discretely Presented Component Units Description
- 121 Combining Statements of Activities

STATISTICAL SECTION (Unaudited)

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



Introductory SECTION



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Auditing Department

Michelle Wu, Mayor

February 26, 2024

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

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

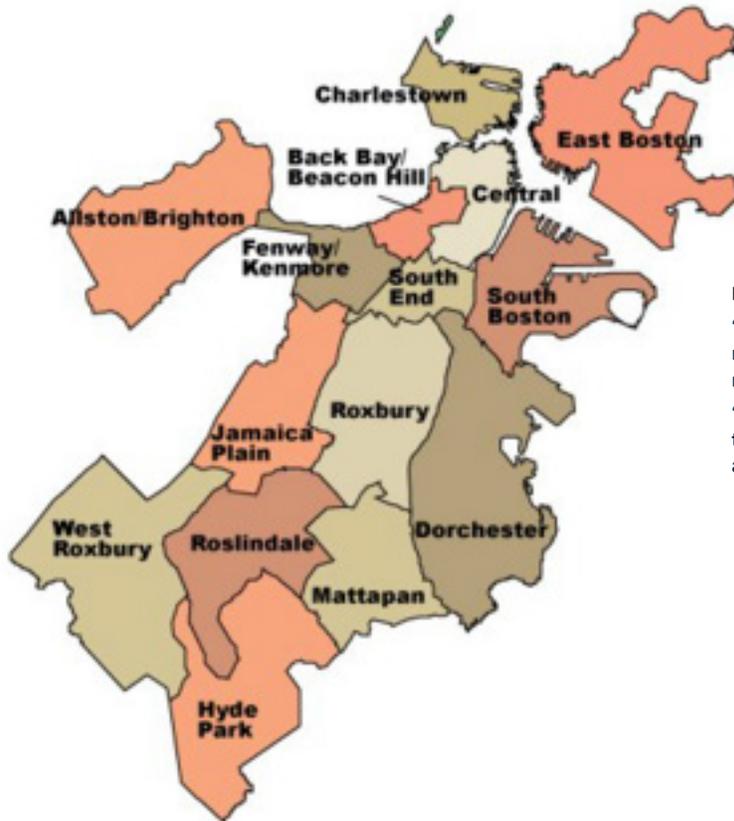
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations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

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

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected KPMG LLP to perform the June 30, 2023 audit. This audit is conducted in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

The City also undergoes an annual audit of its federal grant funds as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. KPMG LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Uniform Guidance. A substantial focus of the Single Audit is to evaluate the City's internal control structure. The evaluation includes testing a significant number of the major federal program transactions that occurred during the fiscal year. The Single Audit also requires that the auditors determine whether the City has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations. The report is publicly issued under a separate cover.

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



Boston: A City of Neighborhoods

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

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

Mayor Michelle Wu

Profile of the Government

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

The City of Boston exists under Chapter 486 of the Acts of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts, which, as amended, constitute the City’s Charter. The Mayor is elected to a four-year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City’s boards, commissions, officers and departments. The legislative body of the City is the City Council, which consists of 13 elected members serving two-year terms.

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

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

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

The City budgets and maintains its books and records on a statutory basis of accounting prescribed by the Massachusetts Division of Local Services, Bureau of Accounts. This basis of accounting differs from Generally Accepted Accounting Principles (GAAP). The accounts of the City are organized on a fund basis. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise each fund's assets, liabilities, fund balance, revenues, and expenses.

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

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

Local Economy

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

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

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

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

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

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

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

Financial Overview

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

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

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

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

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

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

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

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

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

Long Term Financial Planning

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

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

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

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

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

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

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

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its Annual Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Report. This report must satisfy both GAAP and applicable state and local legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe that our current report meets the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its Annual Budget document for the fiscal year beginning July 1, 2022. The City's budget document was judged to be proficient in several categories including policy documentation and financial planning.

Acknowledgements

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

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

Respectfully submitted,



Maureen Joyce
City Auditor



Ashley Groffenberger
Chief Financial Officer & Collector Treasurer



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

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Auditing Department
City of Boston, Massachusetts



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

Executive Director

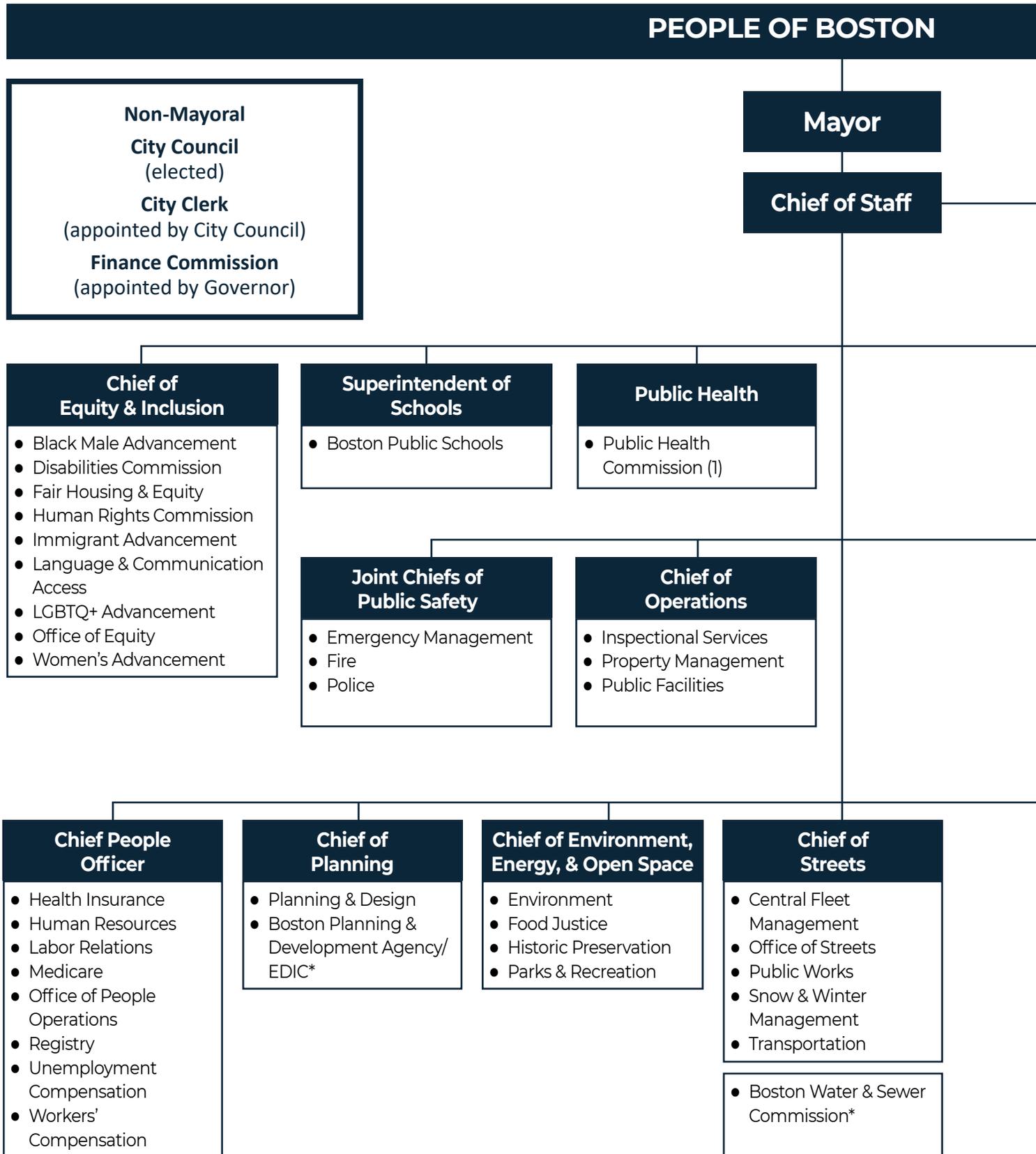
Christopher P. Morill

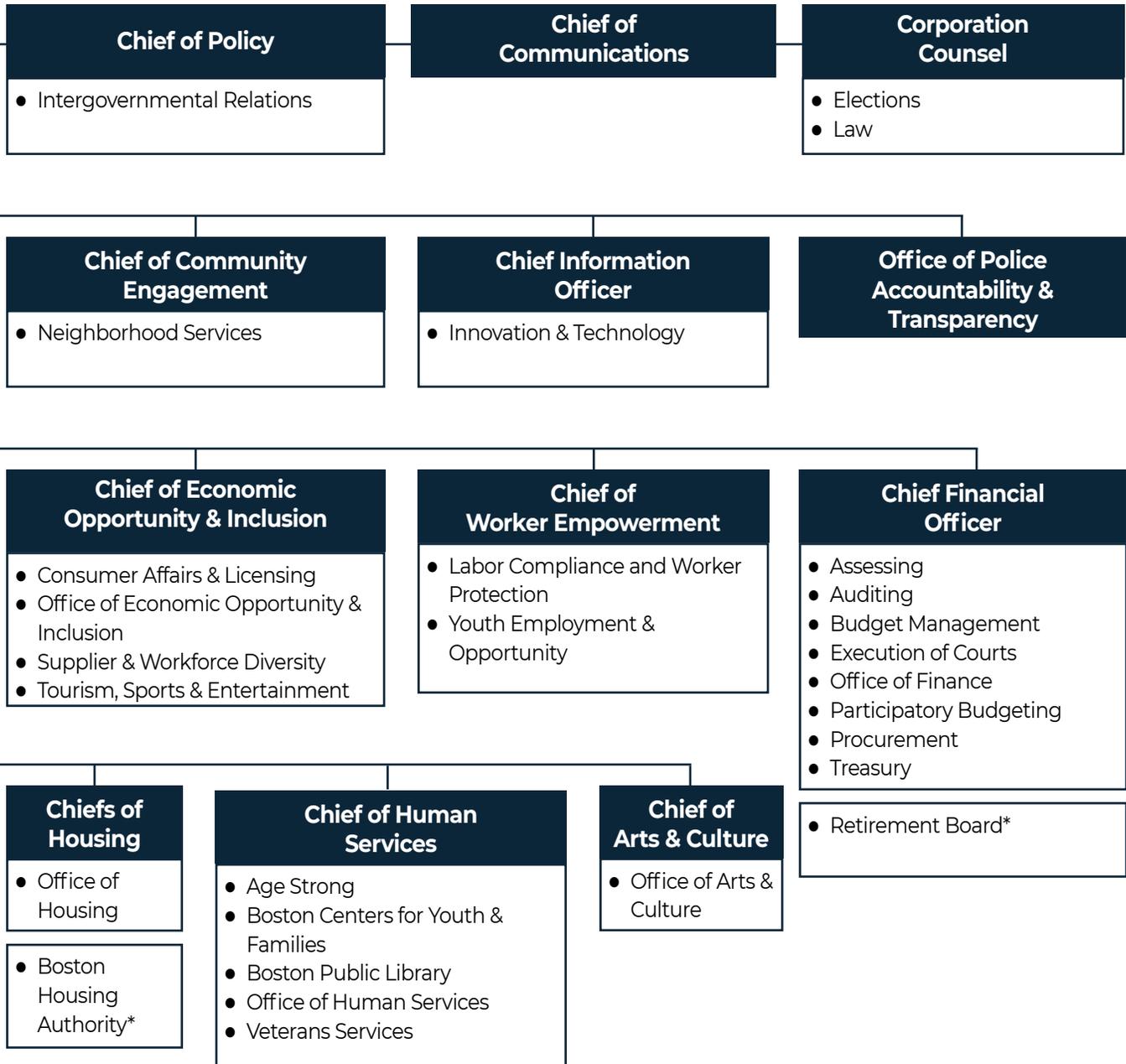
Date: 11/22/2023



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ORGANIZATION OF A CITY GOVERNMENT





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

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

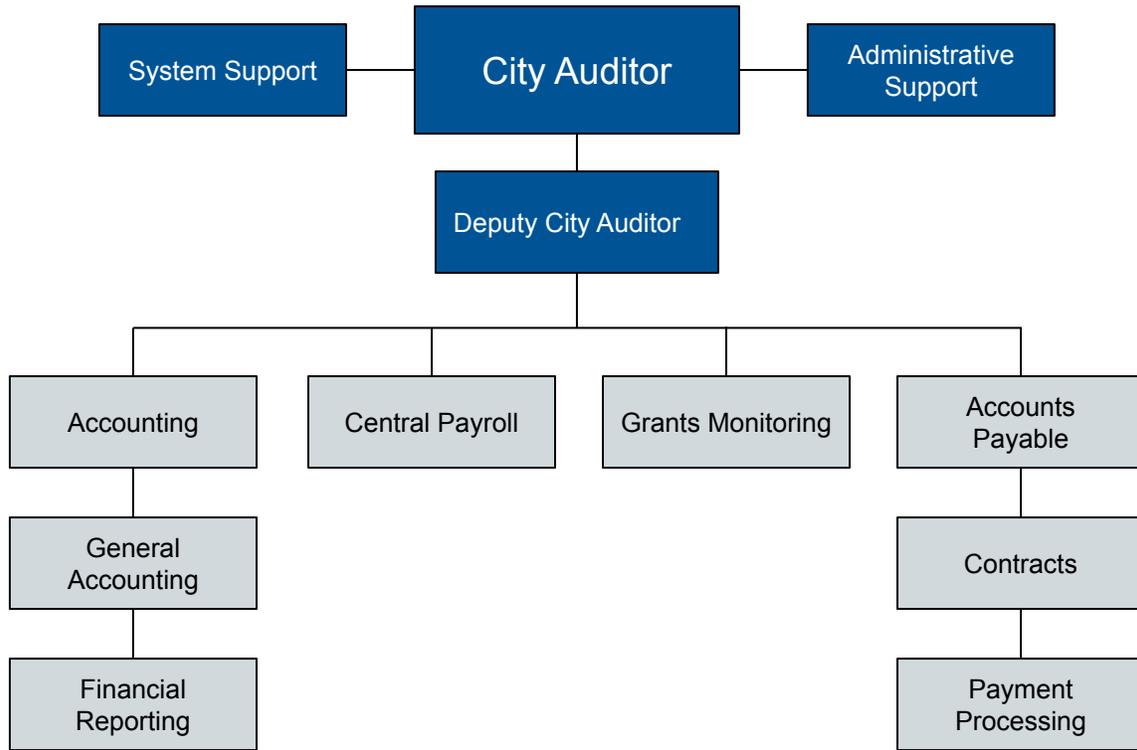
Ed Flynn (President)	District 2
Ruthzee Louijeune	At-Large
Michael Flaherty	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Frank Baker	District 3
Brian Worrell	District 4
Ricardo Arroyo	District 5
Kendra Lara	District 6
Tania Fernandes Anderson	District 7
Vacant	District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

Appointed City Executive Branch Members

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

Auditing Department

Organizational Chart



Auditing Department Personnel*Maureen Joyce, City Auditor*

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



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

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

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

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

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

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



Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on Partial Comparative Information

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedules listed under the Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
February 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

CURRENT YEAR FINANCIAL IMPACTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Government-wide Highlights

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

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

Net Position

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

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

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

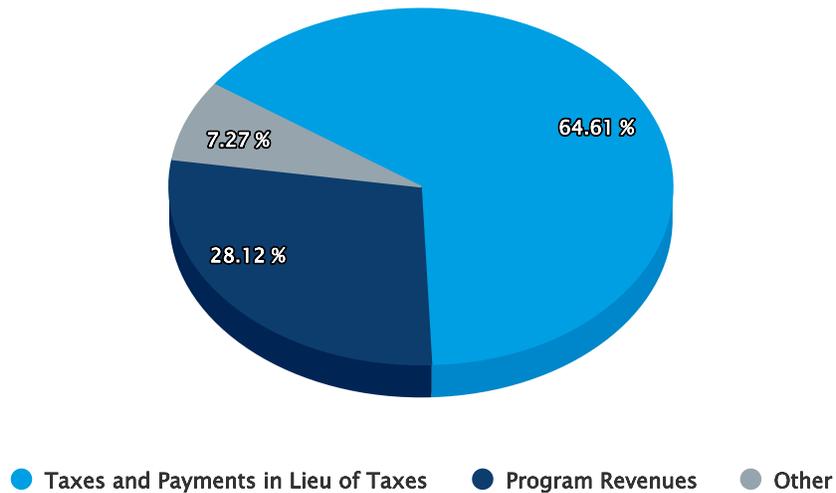
Net Position – Primary Government
(In thousands)

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

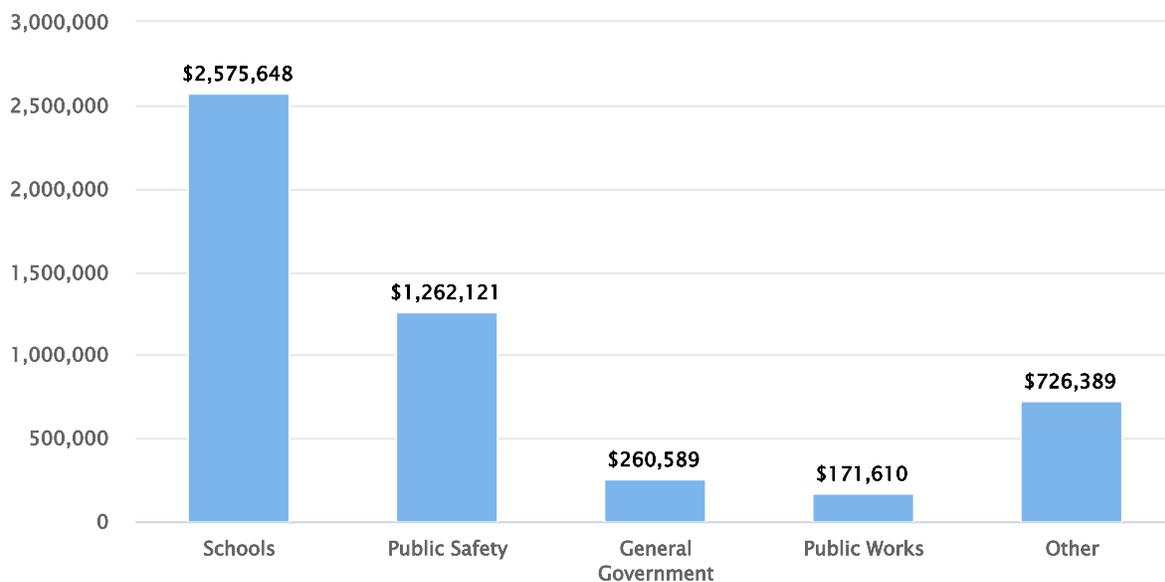
Changes in Net Position – Primary Government
(In thousands)

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

Revenues – Governmental Activities
Fiscal Year 2023



Expenses – Governmental Activities FY 2023
(in thousands)



Governmental Activities

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

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

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

FINANCIAL ANALYSIS OF THE CITY'S FUND STATEMENTS

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

Fund Highlights

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

Governmental Funds

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

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

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

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

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

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

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

Internal Service Fund

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

Budgetary Highlights

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

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

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

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

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

Long Term Obligations

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

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

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

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

NEW ACCOUNTING STANDARDS

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

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

FUTURE PRONOUNCEMENTS

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

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

REQUESTS FOR INFORMATION

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

Statement of Net Position

June 30, 2023

(Amounts in thousands)

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

Statement of Net Position

June 30, 2023

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

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

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

General Revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Excises
 - Payments in lieu of taxes
- Grants and contributions not restricted
- Investment income
- City appropriation
- Miscellaneous
- Special item - gain on sale of property
- Total general revenues**
- Change in net position**
- Net position - beginning of year (as restated for BPDA and EDIC)**
- Net position - end of year**

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

See accompanying notes to the basic financial statements

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

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

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

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

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

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

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

(Amounts in thousands)

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

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

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

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

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

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

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

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

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

See accompanying notes to the basic financial statements

Statement of Revenues and Expenditures

Budgetary Basis

General Fund – Budget and Actual

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

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Net Position

Proprietary Fund

June 30, 2023

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

FISCAL YEAR ENDED JUNE 30, 2023

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

Proprietary Fund

Year Ended June 30, 2023

(Amounts in thousands)

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FUND FINANCIAL STATEMENTS

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

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

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

Year Ended June 30, 2023

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

(Amounts in thousands)

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

See accompanying notes to the basic financial statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The City of Boston (the City), incorporated as a town in 1630 and as a city in 1822, now exists under Chapter 486 of the Act of 1909 and Chapter 452 of the Acts of 1948 of the Commonwealth of Massachusetts (the Commonwealth), which, as amended, constitute the City's Charter. The Mayor is elected to a four year term and serves as chief executive officer of the City. The Mayor has general supervision of and control over the City's boards, commissions, officers, and departments. The legislative body of the City is the City Council, which consists of 13 elected members serving two year terms.

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

b. Blended Component Units Disclosure

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

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

c. Discretely Presented Component Units Disclosure

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

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

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

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

d. Related Organizations

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

2. Summary of Significant Accounting Policies

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

a. Government-wide and Fund Financial Statements

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

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

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

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

i. Government-wide Financial Statements

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

ii. Governmental Fund Financial Statements

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

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

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

iii. **Proprietary Financial Statements**

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

iv. **Description of Major Funds**

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

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

Proprietary fund – The City reports the following proprietary fund:

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

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

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

c. **Cash Equivalents**

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

d. Basis of Investment Valuation

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

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

e. Interfund Receivables and Payables

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

f. Uncollectible Tax and Other Receivables

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

g. Capital Assets (excluding leases)

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

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

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

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

h. Unearned Revenue

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

i. Compensated Absences

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

j. Long Term Obligations and Related Costs

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

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

k. Pensions

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

l. Postemployment Benefits Other Than Pensions (OPEB)

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

m. Deferred Outflows of Resources and Deferred Inflows of Resources

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

n. Leases (Lessor)

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

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

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

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

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

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

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

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

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

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

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

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

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

p. Net Position and Fund Balance

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

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

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

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

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

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

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

q. Tax Abatement Refunds

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

r. Landfill Closure and Postclosure Care Costs

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

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

s. Use of Estimates

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

t. Adoption of Accounting Pronouncements

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

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

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

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

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

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

3. Short Term Debt

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

4. Budgetary Data

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

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

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

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

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

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

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

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

5. Deposits and Investments

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

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

Primary Government (except the pension trust fund)

a. Custodial Credit Risk

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

b. Investment Policy

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

c. Interest Rate Risk

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

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

d. Credit Risk

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

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

e. Concentration Risk

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

f. Foreign Currency Risk

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

g. Fair Value Hierarchy

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

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

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

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

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

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

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

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

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

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine if the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The City of Boston Pooled Funds have the following recurring fair value measurements as of June 30, 2023 (in thousands):

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

Boston Retirement System

a. Custodial Credit Risk

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

b. Investment Policy

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

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

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

c. Interest Rate Risk

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

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

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

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

d. Credit Risk

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

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

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

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

e. Concentration Risk

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

f. Foreign Currency Risk

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

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

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

g. PRIT External Investment Pooled Fund

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

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

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

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

h. Derivatives

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

i. Securities Lending

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

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

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

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

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

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

j. Commitments

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

k. Fair Value Measurements

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

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

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

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

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

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

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

6. Property Taxes

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

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

Based on the City’s experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid occurs annually. On December 6, 2022, all properties with unpaid fiscal year 2022 property taxes were 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	\$ 24,986	\$ -	\$ -	\$ -	\$ 24,986
Motor vehicle/boat excise	33,660	-	-	-	33,660
Intergovernmental	9,595	168,968	18,731	-	197,294
Lease receivable	7,518	1,901	-	138	9,557
Departmental and other	21,725	20,169	-	195	42,089
Tax Title and possession	72,404	-	-	-	72,404
Gross receivables	169,888	191,038	18,731	333	379,990
Less allowance for uncollectibles	(97,601)	-	-	-	(97,601)
Net total receivables	\$ 72,287	\$ 191,038	\$ 18,731	\$ 333	\$ 282,389

a. Long Term Receivable

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

b. Notes Receivable

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

c. Tax Abatement Programs

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

Chapter 121A

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

Chapter 121B

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

Tax Increment Financing (TIF)

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

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

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

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

d. Lease Receivable

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

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

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

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

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

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

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

8. Capital Asset

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

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

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

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

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

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

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

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

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

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

10. Long-Term Obligations

Governmental Activities

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

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

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

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

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

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

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

The City has no outstanding lines of credit.

No Obligation Debt

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

Defeased Debt

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

Debt Capacity

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

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

11. Lease Liability and Similar Subscription Based Information Technology Arrangements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special Funding Situations

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

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

b. BRS Basis of Accounting

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

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

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

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

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

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

c. Membership

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

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

d. Contributions

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

e. Legally Required Reserve Accounts

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

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

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

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

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

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

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

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

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

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

Year ended June 30:

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

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

g. Actuarial Assumptions

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

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

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

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

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

h. Discount Rate

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

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

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

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

j. Non-contributory retirees and beneficiaries

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

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

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

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

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

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

k. Sensitivity of the City's Net Pension Liability

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

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

13. Other Post Employment Benefits (OPEB)

Plan Description

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

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

i. Benefits Provided

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

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

Employees Covered by the Benefit Terms

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

	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 Collector Treasurer. The investment strategy is to reduce risk through the prudent diversification of the portfolio across the distinct allowable asset classes. The City Collector Treasurer aims to remain consistent in the approach and refrain from dramatically shifting asset class allocation over a short period.

d. Actuarial Methods and Assumptions

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

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

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

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

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

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

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

Group 4

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

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

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

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

Teachers

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

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

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

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of return
Domestic equity	40%	6.59%
International developed markets equity	13	6.87
International emerging markets equity	10	8.30
Core Fixed Income	25	1.53
High Yield Fixed Income	7	3.54
Real Estate	5	3.44
Total	<u>100%</u>	

e. Net OPEB Liability

The components of the net OPEB liability for the City's Plan as of June 30, 2023, presented below on the June 30, 2023 measurement date and the actuarial assumptions are outlined above (in thousands):

	<u>City</u>
Total OPEB Liability	\$ 3,283,838
Plan Fiduciary Net Position	(940,254)
Net OPEB Liability	<u>\$ 2,343,584</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>28.63%</u>

a. Change in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2022	\$ 3,134,364	\$ 824,166	\$ 2,310,198
Changes for the year:			
Service cost	85,997	-	85,997
Interest	197,334	-	197,334
Differences between expected and actual experience	(5,890)	-	(5,890)
Contributions - employer	-	167,968	(167,968)
Net investment income	-	76,087	(76,087)
Benefit payments	(127,967)	(127,967)	-
Net changes	<u>149,474</u>	<u>116,088</u>	<u>33,386</u>
Balances at June 30, 2023	<u>\$ 3,283,838</u>	<u>\$ 940,254</u>	<u>\$ 2,343,584</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rates disclosed as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as of June 30, 2023 (in thousands):

	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,796,633	\$ 2,343,584	\$ 1,970,328

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):

	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,876,311	\$ 2,343,584	\$ 2,930,561

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$261 million.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension amounts from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 111,993	\$ 151,765
Net difference between projected and actual earnings	15,343	-
Differences between expected and actual experience	110,207	5,350
Total	\$ 237,543	\$ 157,115

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2024	\$ 30,139
2025	25,954
2026	49,875
2027	(14,719)
2028	(9,980)
2029	(841)
Total	\$ 80,428

14. Transfers

Transfers and their purposes during the year ended June 30, 2023 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Housing 2030	\$ (35,213)	\$ 35,213	\$ -	\$ -
American Rescue Plan	40,000	(40,000)	-	-
BERDO 2.0	(3,492)	3,492	-	-
Participatory Budgeting	(2,000)	2,000	-	-
Debt Service	(1,454)	-	-	1,454
Total	\$ (2,159)	\$ 705	\$ -	\$ 1,454

15. Excess of Expenditures over Budgets

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2023 in the following categories (in thousands):

Police Department	\$ 26,225
Fire Department	3,718
Execution of Courts	27,026
	\$ 56,969

The excess expenditures reported above are allowed under the budgetary laws governing the City.

16. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2023 are as follows (in thousands):

Fund Balances:	General	Special Revenue	Capital Projects	Other governmental funds
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	26,873	-	-
General government	-	-	58,390	61,768
Fire	-	-	2,294	-
Public Works	-	-	73,424	-
Property and Development	-	9,625	53,407	46,648
Parks and recreation	-	-	36,056	-
Schools	-	-	53,858	746
Subtotal	-	36,498	277,429	109,162
Assigned to:				
Property and development	39,690	-	-	-
Catastrophic loss	40,240	-	-	-
Housing initiative	36,565	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	117,179	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	139,192	334,258	-	-
Subtotal	420,028	334,258	-	-
Unassigned	1,186,928	-	-	-
Total fund balances	\$ 1,606,956	\$ 370,756	\$ 277,429	\$ 130,666

17. Commitments and Contingencies

a. Encumbrances

The City has assigned \$139.2 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$282.1 million in the Special Revenue Fund, \$396.9 million in the Capital Projects Fund, and \$1.9 million in Other Governmental Funds.

b. Infrastructure Investment Incentive Transactions

Infrastructure Investment Incentive transactions (I-Cubed) are governed by Chapter 293 of the Acts of 2006 (the Act). Under the Act, the funding for the projects associated with these transactions is provided through proceeds of bonds issued by the Massachusetts Development Finance Agency (MDFA) and is to be used for approved public infrastructure improvements undertaken by the developer. The debt service on these bonds will be paid by the Commonwealth through State Infrastructure Development Assistance to the extent that New State Tax Revenues generated once the project is operational offset the amounts paid to MDFA to cover the debt service. When this is not the case, the participating municipality or developer generally will be responsible for the shortfall depending on the transaction agreement. The Act provides for the establishment of a Municipal Liquidity Reserve (MLR) from which the participating municipality can draw to offset any required payments made to the Commonwealth. The MLR is generally funded by the developer either through cash or a direct pay letter of credit.

During fiscal year 2015, the City executed two Infrastructure Development Assistance Agreements (IDAA) for I-Cubed transactions. Under the first IDAA, \$32.4 million in bonds were issued by MDFA in September 2015. Also, an MLR of \$1.2 million was established at the time of the issuance of the bonds. This reserve is equal to twice the maximum annual debt service payable in any fiscal year on the bonds issued under the indenture. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the MLR for any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023. The City also recorded \$11.2 million in donated capital assets in fiscal year 2016 for improvements to City-owned infrastructure made by the developer. These assets have been recorded at acquisition value which has been defined as “the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.”

Under the second IDAA, \$10.0 million in bonds were issued by MDFA in fiscal year 2016. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the MLR for one-third of any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023.

In connection with this second I-Cubed transaction, the City has a leasehold interest in a portion of the parking garage, which represents the public infrastructure improvements under the transaction, created under a master lease and its assignments and a sublease. With the execution of the master lease and sublease agreements, along with the assignment agreements transferring the interests of the owner of the parking garage to the City through the BPDA, the City essentially becomes the lessee on the master lease and the sub-landlord on the sublease. This results in the City having no responsibility for the operation of the parking garage and having the right to collect from the sub-lessee Section 121A PILOT payments from 2015 through 2036 and then base rent from 2036 through 2055, both of which are largely based on a percentage of gross revenues of the parking garage. The City has no obligation for any payments as lessee under the master lease.

During fiscal year 2019, the City executed an Infrastructure Development Assistance Agreements (IDAA) for an I-Cubed transaction. Under the IDAA, \$30.0 million in bonds were issued by MDFA in June 2019. The City is obligated for any shortfalls between debt service on the bonds and New State Tax Revenues. However, it has the right to assess the developer or draw from the letter of credit for any payments on such obligations. The City had no obligation for any shortfalls at June 30, 2023.

18. Public Health System

Effective July 1, 1996, the City’s Department of Health and Hospitals and Trustees of Health and Hospitals were abolished. Substantially all their assets and liabilities, including title to the City’s two hospitals, BCH and Boston Specialty and Rehabilitation Hospital (BSRH), were transferred to and assumed by BPHC.

Also effective July 1, 1996, the operations of BCH and BSRH were consolidated with the operations of the Boston University Medical Center under the licensure and control of the BMC.

The BPHC receives the majority of its funding from federal and state grants, and a City appropriation. During fiscal year 2023, the City appropriated \$120.8 million to the BPHC. As described below, the BPHC uses the appropriation to pay debt service on certain general obligation bonds, for administrative purposes and to support the various public health programs run by the BPHC. The City has budgeted \$130.3 million for the BPHC for fiscal year 2024.

Due from BPHC/BMC

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

19. Risk Management

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

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

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

For unexpected large losses, the City maintains a catastrophic risk reserve, which has an available balance of \$40.2 million at the end of fiscal 2023. To further protect the City's assets and finances from adverse loss, commercial insurance is purchased strategically for certain exposures. A catastrophic property insurance policy provides \$100.0 million for all risk protection after a \$10.0 million deductible. Boiler and machinery losses are insured up to \$50.0 million per incident, after a \$50 thousand deductible. A Fine Arts Policy provides \$150 million for risk protection after a \$1,000 deductible of fine arts and collectible objects including, but not limited to paintings, etchings, drawings, photographs, rare books and manuscripts, antiques, sculptures, memorabilia, natural history objects or historical artifacts, which are owned by the City or Library Trustees or on loan for which the City or Library Trustees have been instructed to insure.

The City has not had any insurance claim paid in the last 4 years and has never had a claim or settlement that exceeded any of its insurance policy limits. The catastrophic risk reserve has grown over the years when money remains from the annual budgeted amount for Risk Retention Reserves, which is intended to pay for insurance premiums, broker fees and additional insurance related costs.

The City has established a liability based on historical trends of previous years and attorneys' estimates of pending matters and lawsuits in which the City is involved. Changes in the self-insurance liability for the fiscal years ended June 30, 2023 and 2022 are as follows (in thousands):

	<u>Internal service fund</u>	
	<u>2023</u>	<u>2022</u>
Health and life claims, beginning of year	\$ 30,371	\$ 28,329
Incurred claims	296,763	318,964
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	<u>(300,447)</u>	<u>(316,922)</u>
Health and life claims, end of year	<u>\$ 26,687</u>	<u>\$ 30,371</u>
	<u>Government-wide statements</u>	
	<u>2023</u>	<u>2022</u>
Judgments and claims, beginning of year	\$ 249,122	\$ 242,893
Incurred claims	114,935	101,551
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers' compensation	(50,528)	(57,391)
Tax abatement liability	(12,251)	(7,692)
Court judgments	<u>(27,031)</u>	<u>(30,239)</u>
Judgments and claims, end of year	<u>\$ 274,247</u>	<u>\$ 249,122</u>

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

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

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

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

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

21. Discretely Presented Component Units

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

Condensed Statements of Net Position

June 30, 2023

(In thousands)

	BPHC	BPDA	TPL	EDIC	Total
Assets:					
Current assets:					
Cash and investments	\$ 62,297	\$ 64,291	\$ 6,781	\$ 65,198	\$ 198,567
Cash and investments held by trustee	-	-	24,225	-	24,225
Receivables, net:					
Leases receivable, current	-	5,585	171	4,670	10,426
Other	37,757	13,814	2,418	15,821	69,810
Other assets	3,229	256	1,035	851	5,371
Due from primary government	3,178	-	-	-	3,178
Total current assets	106,461	83,946	34,630	86,540	311,577
Noncurrent assets:					
Cash and investments held by trustee	-	-	65,526	704	66,230
Notes and other receivables:					
Notes receivable	47,802	88,512	466	-	136,780
Lease receivable, net	39,670	183,596	275	1,527,933	1,751,474
Interest receivable	-	-	-	33,398	33,398
Accrued interest receivable on leases	-	2,344	-	-	2,344
Disposition receivable	-	30,692	-	1,784	32,476
OPEB Asset	-	6,052	-	-	6,052
Other	-	-	-	-	-
Capital assets, net:					
Nondepreciable	12,948	13,137	-	11,813	37,898
Depreciable assets, net	12,263	13,010	588	33,544	59,405
Right of use lease assets, net	1,406	5,727	1,728	1,305	10,166
Subscription IT assets, net	-	-	-	272	272
Total noncurrent assets	114,089	343,070	68,583	1,610,753	2,136,495
Total assets	220,550	427,016	103,213	1,697,293	2,448,072
Deferred outflows of resources:					
Deferred amount for pension costs	57,322	7,253	-	-	64,575
Deferred amount for other postemployment benefits costs	5,733	1,177	-	-	6,910
Total deferred outflows of resources	63,055	8,430	-	-	71,485
Liabilities:					
Current liabilities:					
Warrants and accounts payable	21,968	9,587	1,309	8,802	41,666
Accrued liabilities:					
Other	623	948	542	649	2,762
Current portion of long-term debt	2,367	-	-	-	2,367
Compensated absences	-	-	-	113	113
Due to primary government	1,050	2,618	791	-	4,459
Pollution remediation	-	-	-	-	-
Subscription agreement liability	-	-	567	174	741
Unearned revenue	5,437	1,804	-	296	7,537
Leases obligations/payable	529	-	-	233	762
Total current liabilities	31,974	14,957	3,209	10,267	60,407
Noncurrent liabilities:					
Bonds, notes and leases due					
in more than one year	3,378	7,511	-	-	10,889
Other noncurrent liabilities	1,725	136,796	-	4,339	142,860
Other postemployment benefits	80,780	-	-	-	80,780
Subscription agreement liability LT	-	-	1,127	45	1,172
Unearned revenue	47,434	30,692	-	-	78,126
Net pension liability	138,512	16,729	-	-	155,241
Total noncurrent liabilities	271,829	191,728	1,127	4,384	469,068
Total liabilities	303,803	206,685	4,336	14,651	529,475
Deferred inflows of resources:					
Deferred amount for pension costs	13,685	2,852	-	-	16,537
Deferred amount for other postemployment benefits costs	42,643	4,188	-	-	46,831
Deferred amount for leases	40,215	184,543	402	1,480,921	1,706,081
Total deferred inflows of resources	96,543	191,583	402	1,480,921	1,769,449
Net position:					
Net investment in capital assets	20,343	23,267	622	46,934	91,166
Restricted	-	-	84,779	704	85,483
Unrestricted	(137,084)	13,911	13,074	154,083	43,984
Total net position	\$ (116,741)	\$ 37,178	\$ 98,475	\$ 201,721	\$ 220,633

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2023
(in thousands)

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 229,958	\$ 31,366	\$ 20,351	\$ 56,544	\$ 338,219
Program revenues:					
Charges for services	45,066	25,566	2,883	44,061	117,576
Operating grants and contributions	117,450	-	16,264	24,229	157,943
Capital grants and contributions	-	-	-	923	923
Total program revenues	162,516	25,566	19,147	69,213	276,442
Net program revenues (expenses)	(67,442)	(5,800)	(1,204)	12,669	(61,777)
General revenues:					
Investment income	2,304	3,581	6,055	1,119	13,059
Investment income from leases	1,441	372	-	30,175	31,988
Sale of property	118	3,345	-	-	3,463
City appropriation	120,025	-	-	-	120,025
Miscellaneous income	913	71	1,947	-	2,931
Total general revenues	124,801	7,369	8,002	31,294	171,466
Change in net position	57,359	1,569	6,798	43,963	109,689
Net position, beginning of year, as restated (for BPDA and EDIC)	(174,100)	35,609	91,677	157,758	110,944
Net position - end of year	\$ (116,741)	\$ 37,178	\$ 98,475	\$ 201,721	\$ 220,633

22. Subsequent Event

In January 2024, the City issued \$250,000,000 through a private placement with TD Bank. Interest on the private placement will be payable semiannually on each June 1 and December 1, commencing December 1, 2024, until maturity or earlier redemption.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
(Unaudited)

Schedule of OPEB Contributions - OPEB
(Amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 213,343	\$ 203,857	\$ 188,972	\$ 182,364	\$ 199,400	\$ 190,991	\$ 167,787
Contributions in relation to the actuarially determined contribution	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Contribution surplus (deficiency)	\$ (45,375)	\$ (31,708)	\$ (18,412)	\$ (17,861)	\$ (23,382)	\$ (31,025)	\$ (10,323)
Covered payroll	\$ 2,033,622	\$ 1,862,730	\$ 1,811,408	\$ 1,776,886	\$ 1,696,838	\$ 1,611,911	\$ 1,582,695
Contributions as a percentage of covered payroll	8.26%	9.24%	9.42%	9.26%	10.37%	9.92%	9.95%

Note: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Notes to Schedule:

Valuation date:

Actuarially determined contribution for fiscal year ending June 30, 2023 was determined with the June 30, 2021 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Amortization method:	Payments increasing at 3.25% per year
Remaining amortization:	23 years as of July 1, 2022
Asset valuation method:	Fair Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5% Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5% Medicare Part B premiums: 4.5%
Salary increases:	Non-teachers: 4% to 4.5%; Teachers: 4% to 7.5%
Investment return:	6.25%
Mortality:	Pub-2010 generational table using Scale MP-2021 for non-teachers and teachers applied on a gender-specific basis.

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2023

(Amounts in thousands)

Total OPEB Liability

	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 85,997	\$ 79,852	\$ 77,223	\$ 72,030	\$ 69,659	\$ 67,365	\$ 65,146
Interest	197,334	192,082	183,843	203,807	194,459	185,615	177,157
Changes of benefit terms	-	-	-	(498,655)	-	-	-
Differences between expected and actual experience	(5,890)	148,512	(528)	4,981	6,624	700	(1,717)
Changes of assumptions	-	(212,471)	-	261,316	-	-	-
Benefit payments, including refunds of employee contributions	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Net Change in total OPEB liability	149,474	75,826	129,978	(81,024)	134,724	133,714	123,122
Total OPEB liability - beginning	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146	2,618,024
Total OPEB liability - ending	3,283,838	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146
Plan Fiduciary Net Position							
Contributions - employers	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Net investment income, net	76,087	(77,643)	166,540	21,035	33,624	27,656	47,156
Benefit payments, including refunds of employee contributions	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Administrative expenses	-	(5)	(5)	(5)	(4)	(12)	(5)
Net change in plan fiduciary net position	116,088	(37,648)	206,535	61,030	73,620	67,644	87,151
Plan fiduciary net position - beginning	824,166	861,814	655,279	594,249	520,629	452,986	365,835
Plan fiduciary net position - ending	940,254	824,166	861,814	655,279	594,249	520,630	452,986
Net OPEB liability	\$ 2,343,584	\$ 2,310,198	\$ 2,196,724	\$ 2,273,281	\$ 2,415,335	\$ 2,354,230	\$ 2,288,160
Plan fiduciary net position as a percentage of the total							
OPEB Liability	28.63%	26.29%	28.19%	22.38%	19.75%	18.11%	16.53%
Net OPEB liability as a percentage of the total covered payroll	115.24%	124.02%	121.27%	127.94%	142.34%	146.05%	144.57%
Covered payroll	2,033,622	1,862,730	1,811,408	1,776,886	1,696,838	1,611,911	1,582,695

Notes: Information provided for Required Supplementary Information will be provided for 10 years as it becomes available.

Notes to Schedule:

Changes in assumptions:

Changes as of June 30, 2023: (None)

Changes in Plan Provisions:

Changes as of June 30, 2023: (None)

Schedule of City's Proportionate Share of the Net Pension Liability - Boston Retirement System
(Amounts in millions)

	2023	2022	2021	2020	2018	2017	2016	2015
City's proportion of the net pension liability	36.96%	28.83%	32.80%	35.96%	32.04%	35.66%	36.78%	36.82%
City's proportionate share of the net pension liability	\$ 1,765	\$ 998	\$ 1,303	\$ 1,639	\$ 1,288	\$ 1,484	\$ 1,622	\$ 1,417
Commonwealth's proportionate share of net pension liability associated with the City	2,692	2,277	2,429	2,587	2,451	2,345	2,426	2,092
Total	\$ 4,457	\$ 3,275	\$ 3,732	\$ 4,226	\$ 3,739	\$ 3,829	\$ 4,048	\$ 3,509
City's covered payroll (for the period ended on the measurement date December 31)	\$ 1,864	\$ 1,776	\$ 1,720	\$ 1,661	\$ 1,547	\$ 1,475	\$ 1,475	\$ 1,423
City's proportionate share of the net pension liability as a percentage of covered payroll	94.69%	56.19%	75.76%	98.68%	83.26%	100.61%	109.97%	99.58%
BRS fiduciary net position as a percentage of the total pension liability	64.12%	73.26%	67.64%	61.91%	62.73%	58.44%	55.76%	59.59%

Note: Schedule is intended to show information for ten years. Historical information prior to the implementation of GASB Statement No. 68 is not required if the information is not available. Additional years will be displayed as they become available.

Schedule of City's Contributions - Boston Retirement System
(Amounts in millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 348	\$ 313	\$ 284	\$ 257	\$ 234	\$ 193	\$ 193	\$ 179	\$ 165
Contributions in relation to the actuarially determined contribution	348	313	284	257	234	193	205	179	165
Contribution surplus (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -	\$ -
Covered payroll (for the fiscal year ended June 30)	\$ 1,993	\$ 1,826	\$ 1,777	\$ 1,741	\$ 1,609	\$ 1,467	\$ 1,467	\$ 1,467	\$ 1,442
Contributions as a percentage of covered payroll	17.46%	17.14%	15.98%	14.76%	14.54%	13.16%	13.16%	12.20%	11.44%

Note: Schedule is intended to show information for ten years. Historical information prior to the implementation of GASB Statement No. 68 is not required if the information is not available. Additional years will be displayed as they become available.



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GENERAL FUND

The General Fund is the operating fund of the City. It is used to account for all revenues, expenditures and other financial resources except those required to be accounted for in other funds.

GENERAL FUND

Balance Sheet

June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 1,928,610
Receivables:	
Property taxes	24,986
Motor vehicle / boat excise	33,660
Intergovernmental	9,595
Departmental and other	29,243
Tax title and possession	72,404
Total Receivables	<u>169,888</u>
Allowance:	
Motor vehicle / boat excise	(25,196)
Tax title and possession	(72,405)
Total Allowance	<u>(97,601)</u>
Net receivable	<u>72,287</u>
Due from other funds	927
Due from component units	3,510
Total assets	\$ <u>2,005,334</u>
 LIABILITIES:	
Warrants and accounts payable	\$ 57,115
Accrued liabilities:	
Payroll and related costs	268,041
Deposits and other	30,503
Due to other funds	796
Due to component units	3,178
Total liabilities	\$ <u>359,633</u>
 DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	<u>38,745</u>
 FUND BALANCE:	
Assigned	420,028
Unassigned	1,186,928
Total fund balance	<u>1,606,956</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>2,005,334</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	2023
REVENUES:	
Real and personal property taxes	\$ 2,988,917
Excises	298,077
Payments in lieu of taxes	103,315
Fines	60,429
Investment income	88,404
Licenses and permits	102,244
Departmental and other	109,001
Intergovernmental	690,938
Total Revenues	4,441,325
EXPENDITURES:	
Current:	
General government	154,252
Human services	40,938
Public safety	809,042
Public works	125,102
Property and development	41,491
Parks and recreation	33,905
Library	44,041
Schools	1,357,011
Public health programs	126,875
Judgments and claims	27,031
Retirement costs	565,815
Other employee benefits	259,465
State and district assessments	354,900
Total current expenditures	3,939,868
Capital outlays	18,601
Debt service	200,723
Total Expenditures	4,159,192
Excess of revenues over expenditures	282,133
OTHER FINANCING USES:	
Transfers in	40,000
Transfers out	(42,159)
Leases and subscription IT arrangements issued	11,714
Total other financing uses	9,555
Net change in fund balances	291,688
Fund balance - beginning	1,315,268
Fund balance - ending	\$ 1,606,956

See accompanying independent auditors' report

GENERAL FUND

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

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
PROPERTY TAXES				
Real Estate Taxes	\$ 2,754,288	\$ 2,754,288	\$ 2,757,266	\$ 2,978
Real and Personal Property Taxes	209,011	209,011	211,807	2,796
Revenue class total	2,963,299	2,963,299	2,969,073	5,774
MOTOR VEHICLE EXCISE				
Motor Vehicle Excise - Current	34,000	34,000	36,555	2,555
Motor Vehicle Excise - Prior Years	19,575	19,575	23,280	3,705
Boat Excise - Current and Prior Years	-	-	29	29
Revenue class total	53,575	53,575	59,864	6,289
OTHER EXCISE TAXES				
Hotel / Motel Room Excise	54,000	54,000	129,271	75,271
Aircraft Fuel Excise	19,000	19,000	49,639	30,639
Condominium Conversion Excise	550	550	917	367
Short-Term Rental	400	400	649	249
Meals Tax Excise	22,000	22,000	37,670	15,670
Marijuana Local Option Sales T	1,000	1,000	2,198	1,198
Urban Redevelopment Ch 121A	10,000	10,000	16,803	6,803
Vehicle Rental Surcharge	750	750	1,125	375
Revenue class total	107,700	107,700	238,272	130,572
COMMONWEALTH OF MASSACHUSETTS				
State Owned Lands	620	620	612	(8)
Exemption - Elderly	901	901	1,104	203
Veterans Services - Local Aid	1,228	1,228	966	(262)
Unrestricted General Government Aid	219,467	219,467	219,467	-
Local Share of Racing Taxes	553	553	358	(195)
Charter School Reimbursement	58,680	58,680	44,225	(14,455)
Chapter 70 Education Aid	227,237	227,237	227,237	-
Revenue class total	508,686	508,686	493,969	(14,717)

GENERAL FUND

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

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
DEPARTMENTAL & OTHER				
Penalties & Interest - Property Taxes	\$ 2,300	\$ 2,300	\$ 3,584	\$ 1,284
Penalties & Interest - Motor Vehicle	2,200	2,200	3,283	1,083
Penalties & Interest - Tax Title	4,400	4,400	5,103	703
Other Departmental Fees & Charges	1,800	1,800	2,724	924
Registry Division Fees	1,600	1,600	1,708	108
Liens	600	600	484	(116)
Other Departmental	2,800	2,800	3,722	922
City Clerk Fees	500	500	599	99
Muni Medicaid Reimbursement	6,000	6,000	5,436	(564)
Medicaid Part D	1,100	1,100	264	(836)
Police Services	600	600	609	9
Fire Services	6,000	6,000	7,575	1,575
Parking Facilities	2,500	2,500	5,183	2,683
Street Occupancy	10,000	10,000	25,695	15,695
Street and Sidewalk Permits	600	600	254	(346)
Property Mgmt - Building Rents	700	700	1,349	649
St Furniture Program Fixed Fees	1,500	1,500	1,500	-
St Furniture Program Adm Fees	900	900	1,195	295
DoIT/PWD Small Cell Revenue	600	600	1,412	812
DOIT E-Rate	1,600	1,600	1,709	109
Tuition and Transportation - Schools	1,900	1,900	2,634	734
McKinney-Vento reimbursement	1,000	1,000	-	(1,000)
Library Fees	5	5	-	(5)
Cobra / Self-pay	180	180	176	(4)
Affirmative Recovery Unit	200	200	169	(31)
Fringe-Retirement	5,768	5,768	8,958	3,190
Pensions and Annuities	6,550	6,550	8,082	1,532
Indirect Costs Reimbursement	500	500	721	221
3rd Party Fringe Reimbursement	200	200	150	(50)
Third-Party Payments	1,460	1,460	1,824	364
Prior Year Reimbursements	500	500	363	(137)
Police Detail Administration Fee	3,000	3,000	3,108	108
Administrative Fee 3rd Party Payments	350	350	567	217
Revenue class total	69,913	69,913	100,140	30,227

See accompanying independent auditors' report

GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)
 Year Ended June 30, 2023

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
FINES				
Parking Fines	\$ 50,820	\$ 50,820	\$ 56,079	\$ 5,259
60 Cents Surcharge	400	400	708	308
Boots & Tows Fees	1,100	1,100	1,703	603
Court Fines	5	5	10	5
Moving Violation Fines - Court	700	700	860	160
Fire Safety Fines	40	40	24	(16)
Code Enforcement	1,100	1,100	1,246	146
Revenue class total	54,165	54,165	60,630	6,465
PAYMENTS IN LIEU OF TAXES				
Massport	20,949	20,949	21,978	1,029
Miscellaneous PILOT's	30,150	30,150	34,399	4,249
Miscellaneous Ch 121B Section 16	6,000	6,000	11,778	5,778
Miscellaneous Ch 121A Section 6A	9,000	9,000	33,051	24,051
EDIC Chapter 121C PILOT	400	400	1,092	692
Revenue class total	66,499	66,499	102,298	35,799
INVESTMENT INCOME				
Interest on Investments	3,000	3,000	88,335	85,335
Revenue class total	3,000	3,000	88,335	85,335
LICENSES AND PERMITS				
Building Structures and Permits	48,000	48,000	80,298	32,298
Weights and Measures	260	260	250	(10)
Street and Curb Permits	2,800	2,800	1,883	(917)
Pre-rental Inspections	1,500	1,500	2,483	983
Other Departmental Licenses & Permits	400	400	1,025	625
Health Inspections	1,540	1,540	1,694	154
Alcoholic Beverages and Licenses	4,400	4,400	4,570	170
Marijuana License	25	25	57	32
Entertainment Licenses	1,600	1,600	1,883	283
Police Firearm Permits	40	40	121	81
Other Business Licenses and Permits	150	150	226	76
Cable Television	4,000	4,000	4,665	665
Dog Licenses	220	220	237	17
Revenue class total	64,935	64,935	99,392	34,457
MISCELLANEOUS				
Air Rights	267	267	267	-
Revenue class total	267	267	267	-
TRANSFERS AND OTHER AVAILABLE FUNDS				
Appropriated Cemetery Trustee	950	950	-	(950)
Appropriated Parking Meter Receipts	30,000	30,000	-	(30,000)
Appropriated Funds Balance	40,000	40,000	-	(40,000)
American Rescue Plan	40,000	40,000	40,000	-
Revenue class total	110,950	110,950	40,000	(70,950)
Total Revenues and Other financing Sources	\$ 4,002,989	\$ 4,002,989	\$ 4,252,240	\$ 249,251

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)
Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			Favorable (Unfavorable) Variance
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Costs of Issuance - RANS	\$ 500	\$ 157	\$ 157	\$ -
Annual Audit Costs	750	1,593	1,593	-
Mayor's Office	6,148	7,595	7,595	-
City Council	7,689	7,079	7,079	-
Office of New Bostonians	3,109	2,954	2,954	-
Consumer Affairs and Licensing	1,805	1,784	1,784	-
Election Department - Election Division	6,089	5,136	5,136	-
Election Department - Listing Board	726	601	601	-
Auditing Department	3,255	3,449	3,449	-
Assessing Department	8,223	7,466	7,466	-
Treasury Department - Collecting Division	3,620	3,581	3,581	-
Treasury Department - Treasury Division	2,090	1,982	1,982	-
Office of Budget Management	3,355	2,751	2,751	-
Human Resources	6,564	5,647	5,647	-
Purchasing Division	2,083	2,470	2,470	-
Office of Administration & Finance	2,649	1,588	1,588	-
Office of People Operations	496	470	470	-
Office of Labor Relations	1,961	1,453	1,453	-
Department of Innovation & Technology	41,945	47,466	47,466	-
Intergovernmental Relations	1,550	1,103	1,103	-
Law Department	9,773	9,746	9,746	-
Labor Compliance & Worker Prot	3,479	1,942	1,942	-
Risk Retention Reserved	2,500	3,881	3,881	-
Housing Trust Fund	618	547	547	-
City Clerk	1,779	1,458	1,458	-
Registry Division	1,182	1,196	1,196	-
Finance Commission	321	312	312	-
Tregor Reserve Fund	2,069	4,318	4,318	-
Office of Equity	1,371	881	881	-
Office of Civil Rights	533	405	405	-
Commission for Persons with Disabilities	688	633	633	-
Office of Resiliency & Racial Equity	1,127	896	896	-
Language & Community Access	1,849	1,748	1,748	-
Police Accountability & Transparency	1,489	1,134	1,134	-
Neighborhood Services	4,659	4,261	4,261	-
Arts & Cultural Develop	4,078	3,523	3,523	-
Arts, Tourism & Special Events	1,582	1,093	1,093	-
Women's Commission	476	355	355	-
Participatory Budgeting	2,000	2,000	2,000	-
Black Male Advancement	1,804	1,397	1,397	-
Office of Food Justice	1,358	1,003	1,003	-
Office of Historic Preservatio	1,296	1,253	1,253	-
LGBTQ+ Advancement	445	477	477	-
Reserve for Collective Bargaining	42,688	40,000	40,000	-
Function Total	193,771	190,784	190,784	-
HUMAN SERVICES				
Boston Centers for Youth & Families	29,795	26,575	26,575	-
Elderly Commission	6,002	6,520	6,520	-
Office of Health & Human Service	5,786	5,535	5,535	-
Human Right Commission	631	275	275	-
Veterans Services Department	4,697	2,463	2,463	-
Function total	46,911	41,368	41,368	-

(continued)

See accompanying independent auditors' report

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
PUBLIC SAFETY				
Police Department	\$ 395,095	\$ 395,907	\$ 422,132	\$ (26,225)
Fire Department	276,903	276,903	280,621	(3,718)
Mayor's Office - Emergency Preparedness	1,288	1,192	1,192	-
Transportation - Traffic Division	34,144	35,443	35,443	-
Transportation - Parking Clerk	7,950	7,338	7,338	-
Inspection Services Department	22,886	21,826	21,826	-
Youth Fund	17,715	17,165	17,165	-
Function total	755,981	755,774	785,717	(29,943)
PUBLIC WORKS				
Public Works Department	108,556	108,364	108,364	-
Central Maintenance Facility	3,324	3,532	3,532	-
Snow & Winter Management	23,531	22,993	22,993	-
Function total	135,411	134,889	134,889	-
PROPERTY AND DEVELOPMENT				
Property Management	34,554	36,000	36,000	-
Neighborhood Development	44,284	43,719	43,719	-
Function total	78,838	79,719	79,719	-
PARKS AND RECREATION				
Parks and Recreation Department	28,252	32,520	32,520	-
Environment Department	3,807	6,641	6,641	-
Cemetery Division	2,994	2,994	2,870	124
Function total	35,053	42,155	42,031	124
LIBRARY				
Library Department	43,274	44,106	43,962	144
Function total	43,274	44,106	43,962	144
SCHOOLS				
Boston Public Schools	1,374,030	1,379,457	1,379,456	1
Function total	1,374,030	1,379,457	1,379,456	1
PUBLIC HEALTH				
Public Health Commission	117,884	120,802	120,802	-
Function total	117,884	120,802	120,802	-

(continued)

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2023

(Amounts in thousands)

Classification	2023			
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
JUDGMENTS AND CLAIMS				
Execution of Courts	\$ 5,000	\$ 5,000	\$ 32,026	\$ (27,026)
Function total	5,000	5,000	32,026	(27,026)
OTHER EMPLOYEE BENEFITS				
Medicare Payments	12,636	12,193	12,193	-
Health Benefits & Insurance	1,069	1,052	1,052	-
Health Insurance	217,310	212,934	212,934	-
Unemployment Compensation	350	207	207	-
Workers' Compensation Fund	2,000	1,916	1,916	-
OPEB Stabilization Fund	40,000	40,000	40,000	-
Function total	273,365	268,302	268,302	-
PENSION COSTS				
Boston Retirement System	353,856	381,919	381,919	-
Pensions and Annuities - City	3,900	5,572	5,572	-
Function total	357,756	387,491	387,491	-
DEBT REQUIREMENTS				
Redemption of City Loans	145,484	136,457	136,457	-
City Debt and Interest Payments	67,608	59,421	59,421	-
Temporary Notes	3,000	-	-	-
MWPAT Principal	688	688	688	-
MWPAT Interest	222	222	222	-
Debt Service Sinking Funds	1,455	1,455	1,455	-
Function total	218,457	198,243	198,243	-
STATE & DISTRICT ASSESSMENTS				
Health Insurance/Retirement	1	1	1	-
Parking Surcharge	2,195	1,986	1,986	-
Mosquito Control Projects	291	291	291	-
Special Education Chapter 766	597	655	655	-
Metropolitan Air Pollution Center	304	304	304	-
Metropolitan Area Planning	376	376	376	-
MBTA Assessments	93,613	93,613	93,613	-
MDC Assessments	12	12	12	-
School Choice	2,473	2,992	2,992	-
Charter School Sending Tuition	264,498	251,771	251,771	-
Suffolk County Jail	2,898	2,898	2,898	-
Function total	367,258	354,899	354,899	-
Total Expenditures	\$ 4,002,989	\$ 4,002,989	\$ 4,059,689	\$ (56,700)

See accompanying independent auditors' report



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SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources, other than debt service, trust funds or capital projects that are legally restricted or committed for specific purposes.

This fund accounts for a number of federal and state grants administered by the City's individual departments in addition to Community Preservation Act funds.

SPECIAL REVENUE FUND

Combining Balance Sheet

June 30, 2023

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2023
ASSETS:			
Cash and investments	\$ 664,285	\$ 27,846	\$ 692,131
Receivables, net:			
Intergovernmental	168,968	-	168,968
Departmental and other	21,869	201	22,070
Total receivables	190,837	201	191,038
Due from other funds	3,384	-	3,384
Total Assets	\$ 858,506	\$ 28,047	\$ 886,553
LIABILITIES:			
Warrants and accounts payable	\$ 35,122	\$ 1,096	\$ 36,218
Accrued liabilities:			
Deposits and other	91,534	-	91,534
Unearned Revenue	382,919	-	382,919
Due to other funds	3,105	58	3,163
Total liabilities	512,680	1,154	513,834
DEFERRED INFLOWS OF RESOURCES:			
Revenue not considered available and leases	1,943	20	1,963
Total deferred inflows of resources	1,943	20	1,963
FUND BALANCE:			
Restricted	9,625	26,873	36,498
Assigned	334,258	-	334,258
Total fund balance	343,883	26,873	370,756
Total liabilities, deferred inflows of resources and fund balance	\$ 858,506	\$ 28,047	\$ 886,553

SPECIAL REVENUE FUND

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	Special Revenue	CPA Fund	Total 2023
REVENUES:			
Real and Personal Taxes	\$ -	\$ 89	\$ 89
Excise	29	-	29
Investment income	615	1,072	1,687
Licenses and permits	34	-	34
Departmental and other	51,573	26,288	77,861
Intergovernmental	607,374	9,428	616,802
Total revenues	659,625	36,877	696,502
EXPENDITURES:			
Current:			
General government	12,411	37,030	49,441
Human services	17,085	-	17,085
Public safety	35,939	-	35,939
Public works	8,167	-	8,167
Property & development	243,653	-	243,653
Parks and recreation	4,911	-	4,911
Library	4,312	-	4,312
Schools	280,881	-	280,881
Public health programs	13,505	-	13,505
Total current expenditures	620,864	37,030	657,894
Capital outlays	2,254	-	2,254
Total Expenditures	623,118	37,030	660,148
Excess of revenues over expenditures	36,507	(153)	36,354
OTHER FINANCING SOURCES (USES):			
Premiums on long-term debt issued	1,146	-	1,146
Transfer in	40,705	-	40,705
Transfer out	(40,000)	-	(40,000)
Total other financing sources (uses)	1,851	-	1,851
Net change in fund balances	38,358	(153)	38,205
Fund balance - beginning	305,525	27,026	332,551
Fund balance - ending	\$ 343,883	\$ 26,873	\$ 370,756

See accompanying independent auditors' report



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CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bonds and from federal and state grants.

CAPITAL PROJECTS FUND

Balance Sheet

June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 304,355
Cash and investment held by trustees	35,405
Intergovernmental receivables	18,731
Total Assets	\$ 358,491
LIABILITIES:	
Warrants and accounts payable	\$ 69,657
Due to other funds	183
Total liabilities	69,840
DEFERRED INFLOWS OF RESOURCES:	
Revenue not considered available and leases	11,222
FUND BALANCE:	
Restricted	277,429
Total fund balance	277,429
Total liabilities, deferred inflows of resources, and fund balance	\$ 358,491

CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
REVENUES:	
Intergovernmental	\$ 39,234
Total revenues	<u>39,234</u>
EXPENDITURES:	
Capital outlays	389,833
Total expenses	<u>389,833</u>
Deficiency of revenues under expenditures	<u>(350,599)</u>
OTHER FINANCING SOURCES (USES):	
Long-term debt and leases issued	385,669
Premiums on long-term debt issued	49,926
Total other financing sources (uses)	<u>435,595</u>
Net change in fund balances	<u>84,996</u>
Fund balance - beginning	<u>192,433</u>
Fund balance - ending	<u>\$ 277,429</u>



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OTHER GOVERNMENTAL FUNDS

Other Governmental Funds are those funds that are not defined as major funds.

Permanent Funds, established by GASB Statement No. 34, is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry. The permanent funds are composed of the following pools:

Pool#1 is a co-mingled investment fund and is used for the maintenance and improvement of the City's parks and cemeteries and the erection and maintenance of statues and monuments for the use and enjoyment of City residents.

Pool#2 is a co-mingled investment fund and is used for scholarship awards, the purchase of educational equipment, and the aid of needy students.

Pool#7 is a co-mingled investment fund of various non-testamentary pooled funds of the City of Boston.

The expendable portion of the fund is composed of donations/contributions from either individuals or organizations. Donations/ contributions are to be expended in conformity with their respective trust instruments.

Debt Service Fund is used to account for resources accumulating for principal and interest for the 2009 Qualified Construction School Bond.

Dudley Square Realty Corporation (DSRC) and Ferdinand Building Development Corporation (FBDC) – The DSRC and FBDC are non-profit organizations qualified as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. Although legally separate, both DSRC and FBDC provide services entirely, or almost entirely, to the City and thus have been reported as blended component units. DSRC and FBDC are used to account for the construction and financing of the Dudley Municipal Center.

OTHER GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2023

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2023
ASSETS:							
Cash and investments	\$ -	\$ -	\$ -	\$ 17,818	\$ -	\$ -	\$ 17,818
Cash and investments held by trustees	83,328	887	25,497	-	1,156	2,295	113,163
Receivables, net	75	3	113	-	-	142	333
Total assets	\$ 83,403	\$ 890	\$ 25,610	\$ 17,818	\$ 1,156	\$ 2,437	\$ 131,314
LIABILITIES:							
Warrants and accounts payable	\$ 275	\$ -	\$ 66	\$ -	\$ -	\$ -	\$ 341
Accrued liabilities	-	-	-	-	-	26	26
Due to other funds	-	-	169	-	-	-	169
Total liabilities	275	-	235	-	-	26	536
DEFERRED INFLOWS OF RESOURCES:							
Revenue not considered available and leases	-	-	-	-	-	112	112
Total deferred inflows of resources	-	-	-	-	-	112	112
FUND BALANCE:							
Nonexpendable	21,360	144	-	-	-	-	21,504
Restricted	61,768	746	25,375	17,818	1,156	2,299	109,162
Total fund balance	83,128	890	25,375	17,818	1,156	2,299	130,666
Total liabilities, deferred inflows of resources and leases, and fund balance	\$ 83,403	\$ 890	\$ 25,610	\$ 17,818	\$ 1,156	\$ 2,437	\$ 131,314

OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

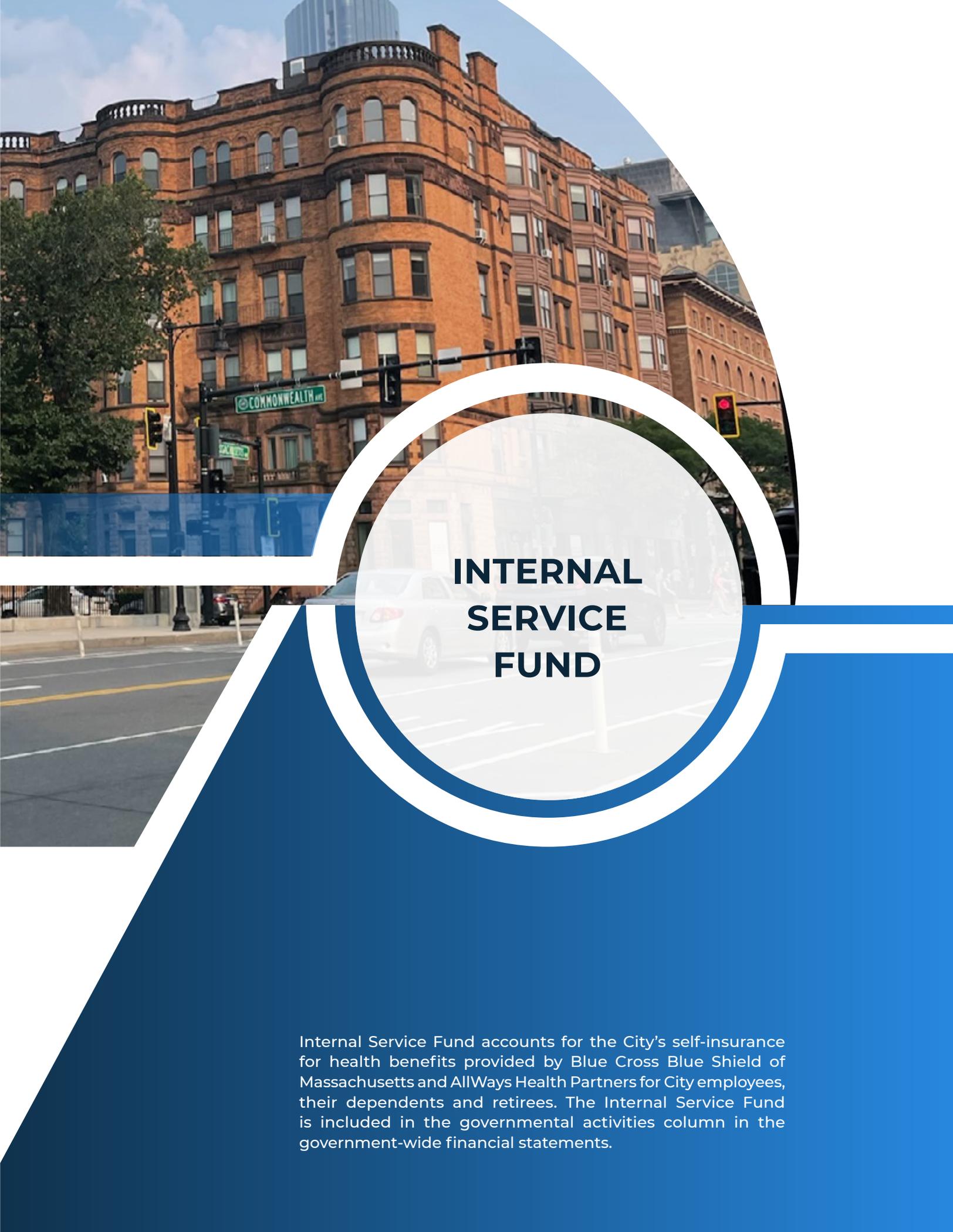
Year Ended June 30, 2023

(Amounts in thousands)

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2023
REVENUES:							
Investment income (loss)	\$ 11,049	\$ 63	\$ 4,456	\$ (851)	\$ 1	\$ 90	\$ 14,808
Departmental and other	247	-	6,022	(364)	21	74	6,000
Total revenues	\$ 11,296	\$ 63	\$ 10,478	\$ (1,215)	\$ 22	\$ 164	\$ 20,808
EXPENDITURES:							
General government	5,276	8	9,842	-	-	23	15,149
Total expenditures	5,276	8	9,842	-	-	23	15,149
Net change in fund balances	6,020	55	636	(1,215)	22	141	5,659
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	1,454	-	-	1,454
Total other financing sources	-	-	-	1,454	-	-	1,454
Net change in fund balances	6,020	55	636	239	22	141	7,113
Fund balance - beginning	77,108	835	24,739	17,579	1,134	2,158	123,553
Fund balance - ending	\$ 83,128	\$ 890	\$ 25,375	\$ 17,818	\$ 1,156	\$ 2,299	\$ 130,666



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INTERNAL SERVICE FUND

Internal Service Fund accounts for the City's self-insurance for health benefits provided by Blue Cross Blue Shield of Massachusetts and AllWays Health Partners for City employees, their dependents and retirees. The Internal Service Fund is included in the governmental activities column in the government-wide financial statements.

INTERNAL SERVICE FUND

Statement of Net Position

June 30, 2023

(amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and Investments	\$ 82,412
Due from component unit	949
Other assets	14,022
Total Assets	<u>97,383</u>
LIABILITIES:	
Accrued liabilities	26,698
Total liabilities	<u>26,698</u>
NET POSITION:	
Unrestricted	70,685
Total net position	<u><u>\$ 70,685</u></u>

INTERNAL SERVICE FUND

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
REVENUES:	
Employee contributions	\$ 91,162
Employer contributions	212,163
	<u>303,325</u>
EXPENDITURES:	
Health benefits	300,447
Total expenditures	<u>300,447</u>
Change in net position	2,878
Net position - beginning	67,807
Net position - ending	<u><u>\$ 70,685</u></u>

INTERNAL SERVICE FUND

Statement of Cash Flows

Year Ended June 30

(Amounts in thousands)

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 303,877
Cash paid to vendors	(306,485)
Net cash used in operating activities	<u>(2,608)</u>
Cash and cash equivalents, beginning of year	85,020
Cash and cash equivalents, end of year	<u>\$ 82,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating income	\$ 2,878
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	(2,174)
Due from component units / receivables	552
Accrued liabilities	(3,864)
Net cash used in operating activities	<u>\$ (2,608)</u>



FIDUCIARY FUNDS

EMPLOYEE RETIREMENT PLAN

Boston Retirement System is a defined benefit contributory retirement plan covering employees of the City of Boston, Boston Public Health Commission, Boston Housing Authority, Boston Redevelopment Authority, and the Boston Water and Sewer Commission. The System is subject to benefit provisions and financing requirements set forth primarily in Chapter 32 of the Massachusetts General Laws.

OPEB TRUST FUND

The OPEB Trust Fund is an irrevocable trust fund established for other postemployment benefits. The assets are appropriated from the General Fund and accumulate to reduce the unfunded actuarial liability for health care and other postemployment benefits.

PRIVATE PURPOSE TRUST FUNDS

Private purpose trust funds are used to report any trust arrangement not otherwise classified as pension or benefit trusts, or an investment trust fund, "under which principal and income benefit individuals, private organizations, or other governments."

Pool#1 is a co-mingled investment fund of various trust funds of the City. A number of the Pool#1 trust funds are for the maintenance and improvement of the City's parks and cemeteries for the use and enjoyment of City residents. The other portion of Pool#1 trust funds lack a general government purpose and are therefore classified here as private purpose trust funds.

Pool#2 is a co-mingled investment fund and is used for scholarship awards, the purchase of educational equipment, and the aid of needy students.

Pool#5 is formed by the will of George R. White dated May 21, 1920. The will requires that the fund's income be used for the creation of public utility and beauty for the use and enjoyment of the inhabitants of the City.

Pool#7 is a co-mingled investment fund of various non-testamentary trust funds of the City of Boston. The expendable portion of the fund is composed of donations/contributions from either individuals or organizations. Donations/contributions are to be expended in conformity with their respective trust instruments.

LAW ENFORCEMENT TRUST FUND

Law Enforcement Trust Fund accounts for proceeds from property seized from illegal drug-related activities. Funds can be used to defray the costs of protracted investigations, to provide technical equipment or expertise, and to provide matching funds for federal grants.

STUDENT ACTIVITY CUSTODIAL FUND

Student activity accounts are accounts set up for the express purpose of conducting student activities. Student activities for this purpose are broadly defined to be co-curricular in nature, contingent on a fee or fundraising, and for the sole benefit of students. Funds collected for student activities belong to the students. Funds may be received and expended by school leaders on behalf of the students through the student activity account.

BEFORE & AFTER SCHOOL PROGRAMS

The City of Boston has created a dedicated Citizens Bank account for Before/After School Accounts, known as the "Custodial Account." Participating schools will receive their own unique deposit slips. These funds will be solely used for before and after school programs.



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PENSION AND OPEB TRUST FUNDS

Combining Statement of Plan Net Position

Years Ended December 31, 2022 (Pension) and June 30, 2023 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS:			
Cash and investments	\$ 8,542,487	\$ 981,504	\$ 9,523,991
Receivables:			
Interest and dividends	13,926	-	13,926
Securities sold	6,468	-	6,468
Employer contributions	21,466	-	21,466
Other	7,152	-	7,152
Total receivables	49,012	-	49,012
Prepaid expenses	954	-	954
Securities lending short-term collateral investment pool	158,416	-	158,416
Total Assets	\$ 8,750,869	\$ 981,504	\$ 9,732,373
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 33,120	\$ -	\$ 33,120
Securities purchased	28,219	-	28,219
Collateral held on securities lending	156,770	-	156,770
Total liabilities	218,109	-	218,109
NET POSITION RESTRICTED FOR:			
Held in trust for pension and OPEB benefits and other purposes	\$ 8,532,760	\$ 981,504	\$ 9,514,264

BOSTON RETIREMENT SYSTEM

Statement of Plan Net Position
 Year Ended December 31, 2022
 (Amounts in thousands)

	Total Boston Retirement System
	2023
ASSETS:	
Cash and investments	\$ 8,542,487
Receivables:	
Interest and dividends	13,926
Securities sold	6,468
Employer contributions	21,466
Other	7,152
Total receivables	<u>49,012</u>
Prepaid expenses	954
Securities lending short-term collateral investment pool	158,416
Total Assets	<u>\$ 8,750,869</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 33,120
Securities purchased	28,219
Collateral held on securities lending	156,770
Total liabilities	<u>218,109</u>
NET POSITION RESTRICTED FOR:	
Held in trust for pension benefits	<u>\$ 8,532,760</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Plan Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ASSETS:	
Cash and investments	\$ 981,504
Total Assets	<u>981,504</u>
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ -
Total liabilities	<u>-</u>
NET POSITION RESTRICTED FOR:	
Held in trust for OPEB	<u>\$ 981,504</u>

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	Pool 1	Pool 2
ASSETS:		
Cash and investments	\$ 39,443	\$ 703
Receivables:		
Lease receivable	-	-
Other	33	2
Total receivables	33	2
Other assets	-	-
Total Assets	39,476	705
 LIABILITIES:		
Accounts payable	\$ 234	\$ -
Unearned revenue	-	-
Total liabilities	234	-
 Deferred inflows of resources:		
Deferred amount for leases	-	-
Total deferred inflow of resources	-	-
 NET POSITION RESTRICTED FOR:		
Held in trust for other purposes	\$ 39,242	\$ 705

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pool 5		Pool 7		Total Private Purpose Trust Funds 2023
\$	31,554	\$	79,154	\$ 150,854
	2,574		-	2,574
	29		2,444	2,508
	2,603		2,444	5,082
	30		-	30
	34,187		81,598	155,966
\$	964	\$	528	\$ 1,726
	-		3,077	3,077
	964		3,605	4,803
\$	2,529		-	\$ 2,529
	2,529		-	2,529
\$	30,694	\$	77,993	\$ 148,634

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CUSTODIAL FUNDS

Combining Statement of Net Position

June 30, 2023

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total Custodial Funds 2023
ASSETS:				
Cash and investments	\$ 10,457	\$ 890	\$ 215	\$ 11,562
Total assets	10,457	890	215	11,562
LIABILITIES:				
Refunds payable and other	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION:				
Total net position	10,457	890	215	11,562

PENSION AND OPEB TRUST FUNDS

Combining Statement of Changes in Plan Net Position

Years Ended December 31, 2022 (Pension) and June 30, 2023 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employers	\$ 410,093	\$ 174,842	\$ 584,935
Employees	189,082	-	189,082
Commonwealth of Massachusetts (nonemployer)	196,833	-	196,833
Net appreciation (depreciation) in fair value of investments	(1,128,596)	67,325	(1,061,271)
Interest and dividends	182,727	13,936	196,663
Management and related fees	(63,450)	(1,723)	(65,173)
Securities lending income	3,470	-	3,470
Borrower rebates and fees	(2,680)	-	(2,680)
Intergovernmental	8,805	-	8,805
Miscellaneous Income	98	-	98
Total additions	(203,618)	254,380	50,762
DEDUCTIONS:			
Benefits	711,615	132,592	844,207
Reimbursements to other systems	10,181	-	10,181
Refunds of contributions	16,920	-	16,920
Administration	8,536	-	8,536
Total deductions	747,252	132,592	879,844
Changes in net position	(950,870)	121,788	(829,082)
Net position - beginning of year	9,483,630	859,716	10,343,346
Net position - end of year	\$ 8,532,760	\$ 981,504	\$ 9,514,264

See accompanying independent auditors' report

BOSTON RETIREMENT SYSTEM
Statement of Changes in Plan Net Position
Year Ended December 31, 2022
(Amounts in thousands)

	<u>2022</u>
ADDITIONS:	
Contributions:	
Employers	\$ 410,093
Employees	189,082
Commonwealth of Massachusetts (nonemployer)	196,833
Net appreciation (depreciation) in fair value of investments	(1,128,596)
Interest and dividends	182,727
Management and related fees	(63,450)
Securities lending income	3,470
Borrower rebates and fees	(2,680)
Intergovernmental	8,805
Miscellaneous Income	98
Total additions	<u>(203,618)</u>
DEDUCTIONS:	
Benefits	711,615
Reimbursements to other systems	10,181
Refunds of contributions	16,920
Administration	8,536
Total deductions	<u>747,252</u>
Changes in net position	<u>(950,870)</u>
Net position - beginning of year	<u>9,483,630</u>
Net position - end of year	<u><u>\$ 8,532,760</u></u>

OPEB TRUST FUND

Statement of Changes in Plan Net Position

Year Ended June 30, 2023

(Amounts in thousands)

	<u>2023</u>
ADDITIONS:	
Contributions:	
Employers	\$ 174,842
Net depreciation in fair value of investments	67,325
Interest and dividends	13,936
Management and related fees	(1,723)
Total additions	<u>254,380</u>
DEDUCTIONS:	
Benefits	132,592
Administrative expenses and other	-
Total deductions	<u>132,592</u>
Changes in net position	<u>121,788</u>
Net position - beginning of year	<u>859,716</u>
Net position - end of year	<u><u>\$ 981,504</u></u>

PRIVATE PURPOSE TRUST FUNDS
 Combining Statement of Changes in Net Position
 Year Ended June 30, 2023
 (Amounts in thousands)

	Pool 1	Pool 2
ADDITIONS:		
Investment income (loss)	\$ 7,402	\$ 44
Donations and other	602	-
Total additions	8,004	44
DEDUCTIONS:		
Administrative expenses and other	3,558	7
Total operating expenses	3,558	7
Net changes in net position	4,446	37
Net position - beginning of year	34,796	668
Net position - end of year	\$ 39,242	\$ 705

Pool 5		Pool 7		Total Private Purpose Trust Funds 2023	
\$	3,441	\$	18,984	\$	29,871
	217		(475)		344
	3,658		18,509		30,215
	3,823		17,698		25,086
	3,823		17,698		25,086
	(165)		811		5,129
	30,859		77,182		143,505
\$	30,694	\$	77,993	\$	148,634

CUSTODIAL FUNDS

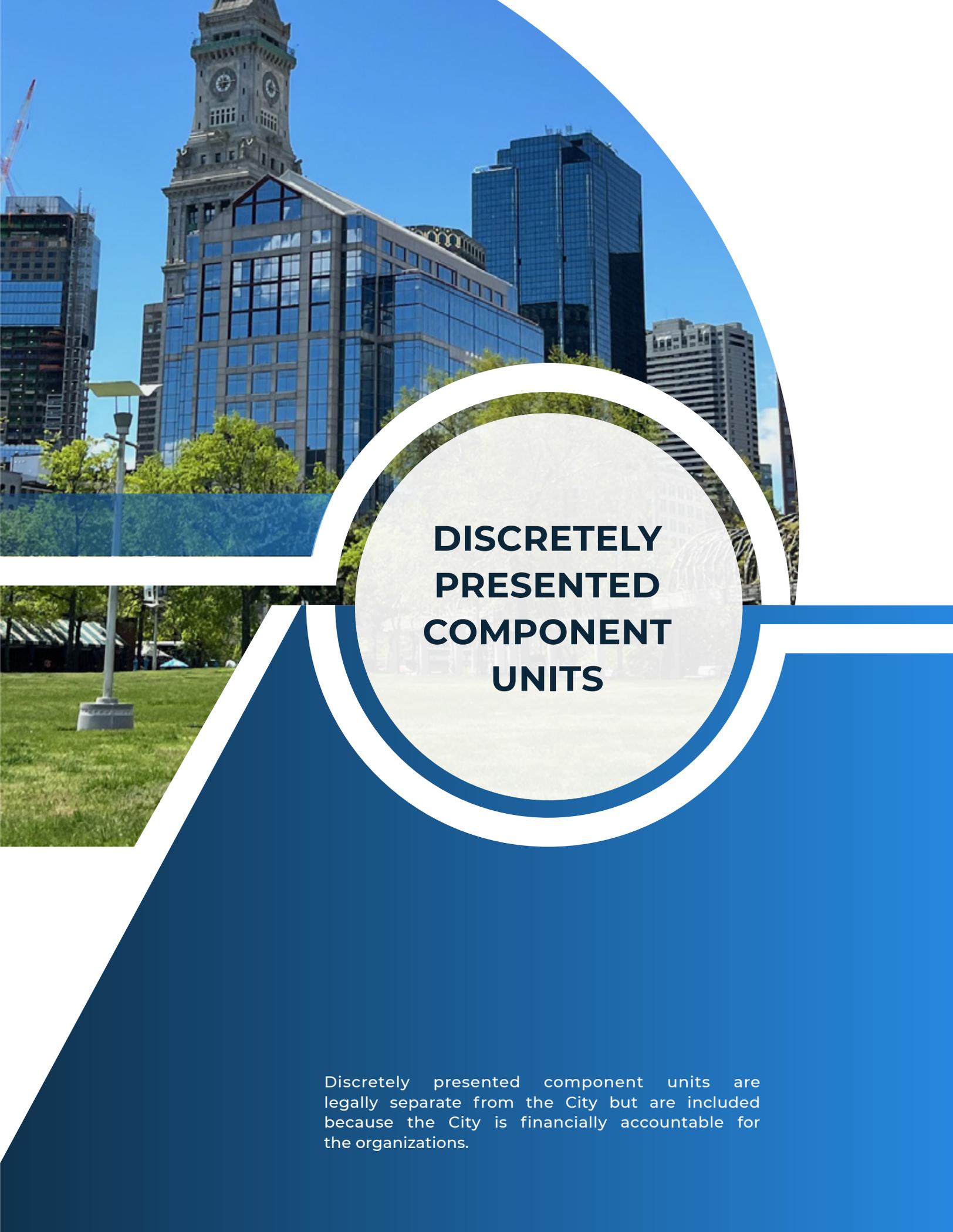
Statement of Changes in Net Position

Year ended June 30, 2023

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total
ADDITIONS:				
Contributions:				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Employers	-	-	-	-
Commonwealth of Massachusetts (nonemployer)	-	-	-	-
Employees	-	-	-	-
Donations and other	969	117	-	1,086
Total contributions	969	117	-	1,086
Investment earnings:				
Net depreciation in fair value of investments	-	-	-	-
Investment income	-	-	-	-
Less investment expenses	-	-	-	-
Net investment earnings	-	-	-	-
Securities lending activities:				
Securities lending income	-	-	-	-
Less borrower rebates and fees	-	-	-	-
Net income from securities lending activities	-	-	-	-
Total net investment income (loss)	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous income	-	-	1,512	1,512
Total additions	969	117	1,512	2,598
DEDUCTIONS:				
Benefits	-	-	-	-
Reimbursements	-	-	-	-
Refunds of contributions	-	-	-	-
Refunds payable and other	-	-	-	-
Administrative expenses and other	896	146	1,680	2,722
Total deductions	896	146	1,680	2,722
Change in net position	73	(29)	(168)	(124)
Net position - beginning of year	10,384	919	383	11,686
Net position - end of year	\$ 10,457	\$ 890	\$ 215	\$ 11,562

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, 2023

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Assets:		
Current assets:		
Cash and investments	\$ 62,297	\$ 64,291
Cash and investments held by trustee	-	-
Receivables, net:		
Leases receivable, current	-	5,585
Other	37,757	13,814
Other assets	3,229	256
Due from primary government	3,178	-
Total current assets	<u>106,461</u>	<u>83,946</u>
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables:		
Notes receivable	47,802	88,512
Lease receivable, net	39,670	183,596
Interest receivable	-	-
Accrued interest receivable on leases	-	2,344
Disposition receivable	-	30,692
OPEB Asset	-	6,052
Other	-	-
Capital assets, net:		
Nondepreciable	12,948	13,137
Depreciable assets, net	12,263	13,010
Right of use lease assets, net	1,406	5,727
Subscription IT assets, net	-	-
Total noncurrent assets	<u>114,089</u>	<u>343,070</u>
Total assets	<u>220,550</u>	<u>427,016</u>
Deferred outflows of resources:		
Deferred amount for pension costs	57,322	7,253
Deferred amount for postemployment benefit costs	5,733	1,177
Total deferred outflows of resources	<u>63,055</u>	<u>8,430</u>
Liabilities:		
Current liabilities		
Warrants and accounts payable	21,968	9,587
Accrued liabilities:		
Other	623	948
Current portion of long-term debt	2,367	-
Compensated absences	-	-
Due to primary government	1,050	2,618
Pollution remediation	-	-
Unearned revenue	5,437	1,804
Subscription agreement liability	-	-
Leases obligations/payables	529	-
Total current liabilities	<u>31,974</u>	<u>14,957</u>
Noncurrent liabilities:		
Bonds, notes and leases due in more than one year	3,378	7,511
Other noncurrent liabilities	1,725	136,796
OPEB liability	80,780	-
Subscription agreement liability LT	-	-
Unearned revenue	47,434	30,692
Net pension liability	138,512	16,729
Total noncurrent liabilities	<u>271,829</u>	<u>191,728</u>
Total liabilities	<u>303,803</u>	<u>206,685</u>
Deferred inflows of resources:		
Deferred amount for pension costs	13,685	2,852
Deferred amount for other postemployment benefits costs	42,643	4,188
Deferred amount for leases	40,215	184,543
Total deferred inflows of resources	<u>96,543</u>	<u>191,583</u>
Net Position:		
Net investment in capital assets	20,343	23,267
Restricted for:		
Restricted	-	-
Unrestricted	(137,084)	13,911
Total net position	<u>\$ (116,741)</u>	<u>\$ 37,178</u>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library of the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2023
\$ 6,781	\$ 65,198	\$ 198,567
24,225	-	24,225
171	4,670	10,426
2,418	15,821	69,810
1,035	851	5,371
-	-	3,178
<u>34,630</u>	<u>86,540</u>	<u>311,577</u>
65,526	704	66,230
466	-	136,780
275	1,527,933	1,751,474
-	33,398	33,398
-	-	2,344
-	1,784	32,476
-	-	6,052
-	-	-
-	11,813	37,898
588	33,544	59,405
1,728	1,305	10,166
-	272	272
<u>68,583</u>	<u>1,610,753</u>	<u>2,136,495</u>
<u>103,213</u>	<u>1,697,293</u>	<u>2,448,072</u>
-	-	64,575
-	-	6,910
-	-	<u>71,485</u>
1,309	8,802	41,666
542	649	2,762
-	-	2,367
-	113	113
791	-	4,459
-	-	-
-	296	7,537
567	174	741
-	233	762
<u>3,209</u>	<u>10,267</u>	<u>60,407</u>
-	-	10,889
-	4,339	142,860
-	-	80,780
1,127	45	1,172
-	-	78,126
-	-	155,241
<u>1,127</u>	<u>4,384</u>	<u>469,068</u>
<u>4,336</u>	<u>14,651</u>	<u>529,475</u>
-	-	16,537
-	-	46,831
402	1,480,921	1,706,081
<u>402</u>	<u>1,480,921</u>	<u>1,769,449</u>
622	46,934	91,166
84,779	704	85,483
13,074	154,083	43,984
<u>\$ 98,475</u>	<u>\$ 201,721</u>	<u>\$ 220,633</u>

See accompanying independent auditors' report

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Activities

Year Ended June 30, 2023

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Expenses	\$ 229,958	\$ 31,366
Program revenues:		
Charges for services	45,066	25,566
Operating grants and contributions	117,450	-
Capital grants and contributions	-	-
Total program revenues	162,516	25,566
Net expenses	(67,442)	(5,800)
General revenues:		
Investment income	2,304	3,581
Investment income from leases	1,441	372
Sale of property	118	3,345
City appropriation	120,025	-
Miscellaneous income	913	71
Total general revenues	124,801	7,369
Changes in net position	57,359	1,569
Net position - beginning of year, as restated (for BPDA and EDIC)	(174,100)	35,609
Net position - end of year	\$ (116,741)	\$ 37,178

ANNUAL COMPREHENSIVE FINANCIAL REPORT
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library of the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2023
\$ 20,351	\$ 56,544	\$ 338,219
2,883	44,061	117,576
16,264	24,229	157,943
-	923	923
19,147	69,213	276,442
(1,204)	12,669	(61,777)
6,055	1,119	13,059
-	30,175	31,988
-	-	3,463
-	-	120,025
1,947	-	2,931
8,002	31,294	171,466
6,798	43,963	109,689
91,677	157,758	110,944
\$ 98,475	\$ 201,721	\$ 220,633

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023



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Statistical
SECTION



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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	127
<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	141
<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	145
<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	151
<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	153
<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 annual comprehensive financial reports for the relevant year.	

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2023	2022	2021	2020	2019
General Government	\$ 154,252	\$ 123,041	\$ 122,106	\$ 117,152	\$ 112,998
% of Total	3.7	3.1	3.3	3.2	3.3
% Change	25.4	0.8	4.2	3.7	25.4
Public Safety	\$ 809,042	\$ 797,386	\$ 735,254	\$ 763,381	\$ 726,406
% of Total	19.5	20.0	19.8	21.0	21.1
% Change	1.5	8.5	(3.7)	5.1	5.3
Public Works	\$ 125,102	\$ 130,807	\$ 116,862	\$ 111,346	\$ 106,504
% of Total	3.0	3.3	3.1	3.1	3.1
% Change	(4.4)	11.9	5.0	4.5	(4.7)
Library	\$ 44,041	\$ 41,098	\$ 39,422	\$ 38,270	\$ 38,597
% of Total	1.1	1.0	1.1	1.1	1.1
% Change	7.2	4.3	3.0	(0.8)	7.1
Schools	\$ 1,357,011	\$ 1,324,486	\$ 1,234,353	\$ 1,176,493	\$ 1,118,332
% of Total	32.6	33.3	33.3	32.4	32.5
% Change	2.5	7.3	4.9	5.2	2.9
Retirement Costs	\$ 565,815	\$ 502,585	\$ 473,494	\$ 447,159	\$ 400,973
% of Total	13.6	12.6	12.8	12.3	11.6
% Change	12.6	6.1	5.9	11.5	12.6
Employee Benefits	\$ 259,465	\$ 258,112	\$ 260,997	\$ 259,420	\$ 264,832
% of Total	6.2	6.5	7.0	7.2	7.7
% Change	0.5	(1.1)	0.6	(2.0)	1.3
State & District Assessments	\$ 354,900	\$ 332,586	\$ 320,220	\$ 299,740	\$ 283,360
% of Total	8.5	8.4	8.6	8.3	8.2
% Change	6.7	3.9	6.8	5.8	6.0
Property & Development	\$ 41,491	\$ 37,327	\$ 32,631	\$ 32,618	\$ 41,483
% of Total	1.0	0.9	0.9	0.9	1.2
% Change	11.2	14.4	0.0	(21.4)	6.3
Other	\$ 448,073	\$ 429,654	\$ 376,539	\$ 381,936	\$ 350,195
% of Total	10.8	10.8	10.1	10.5	10.2
% Change	4.3	14.1	(1.4)	9.1	4.5
Total Expenditures	\$ 4,159,192	\$ 3,977,082	\$ 3,711,878	\$ 3,627,515	\$ 3,443,680
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.6	7.1	2.3	5.3	5.2

*General fund only

Fiscal Year						FUNCTION
2018	2017	2016	2015	2014		
\$ 90,076	\$ 85,855	\$ 80,684	\$ 58,242	\$ 102,786		General Government
2.8	2.8	2.7	2.0	3.7		% of Total
4.9	6.4	38.5	(43.3)	32.6		% Change
\$ 689,929	\$ 643,100	\$ 610,233	\$ 633,471	\$ 558,802		Public Safety
21.1	20.6	20.6	22.2	20.4		% of Total
7.3	5.4	(3.7)	13.4	0.9		% Change
\$ 111,772	\$ 106,059	\$ 101,157	\$ 123,767	\$ 113,239		Public Works
3.4	3.4	3.4	4.3	4.1		% of Total
5.4	4.8	(18.3)	9.3	10.2		% Change
\$ 36,025	\$ 35,791	\$ 33,870	\$ 33,966	\$ 33,978		Library
1.1	1.1	1.1	1.2	1.2		% of Total
0.7	5.7	(0.3)	-	10.0		% Change
\$ 1,087,192	\$ 1,048,987	\$ 1,016,412	\$ 960,228	\$ 940,276		Schools
33.2	33.6	34.3	33.6	34.2		% of Total
3.6	3.2	5.9	2.1	6.9		% Change
\$ 356,251	\$ 347,402	\$ 309,083	\$ 282,648	\$ 255,647		Retirement Costs
10.9	11.1	10.4	9.9	9.3		% of Total
2.5	12.4	9.4	10.6	8.7		% Change
\$ 261,377	\$ 247,965	\$ 236,661	\$ 230,089	\$ 234,400		Employee Benefits
8.0	7.9	8.0	8.1	8.5		% of Total
5.4	4.8	2.9	(1.8)	0.7		% Change
\$ 267,205	\$ 244,320	\$ 234,450	\$ 215,538	\$ 197,939		State & District Assessments
8.2	7.8	7.9	7.5	7.2		% of Total
9.4	4.2	8.8	8.9	12.3		% Change
\$ 39,022	\$ 42,460	\$ 33,870	\$ 35,594	\$ 33,376		Property & Development
1.2	1.4	1.1	1.2	1.2		% of Total
(8.1)	25.4	(4.8)	6.6	2.5		% Change
\$ 335,108	\$ 317,804	\$ 311,077	\$ 282,621	\$ 275,250		Other
10.2	10.2	10.5	9.9	10.0		% of Total
5.4	2.2	10.1	2.7	4.8		% Change
\$ 3,273,957	\$ 3,119,743	\$ 2,967,497	\$ 2,856,164	\$ 2,745,693		Total Expenditures
100.0	100.0	100.0	100.0	100.0		% of Total
4.9	5.1	3.9	4.0	6.2		% Change

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2023	2022	2021	2020	2019
Property Taxes	\$ 2,988,917	\$ 2,819,651	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686
% of Total	67.3	69.7	72.5	67.0	66.1
% Change	6.0	6.4	6.1	6.6	5.5
Motor Vehicle Excises	\$ 59,835	\$ 60,803	\$ 54,184	\$ 62,792	\$ 66,026
% of Total	1.3	1.5	1.5	1.7	1.9
% Change	(1.6)	12.2	(13.7)	(4.9)	26.9
Other Excises	\$ 238,242	\$ 150,005	\$ 60,227	\$ 178,976	\$ 190,203
% of Total	5.4	3.7	1.6	4.8	5.4
% Change	58.82	149.1	(66.3)	(5.9)	(0.7)
Departmental & Other	\$ 109,001	\$ 124,563	\$ 60,555	\$ 103,476	\$ 97,442
% of Total	2.5	3.1	1.7	2.8	2.7
% Change	(12.5)	105.7	(41.5)	6.2	(0.9)
State Distributions	\$ 690,938	\$ 649,471	\$ 619,709	\$ 627,590	\$ 577,458
% of Total	15.6	16.0	16.9	16.8	16.3
% Change	6.4	4.8	(1.3)	8.7	1.2
Payment in Lieu of Taxes	\$ 103,315	\$ 92,008	\$ 88,615	\$ 72,349	\$ 87,018
% of Total	2.3	2.3	2.4	1.9	2.5
% Change	12.3	3.8	22.5	(16.9)	2.4
Fines	\$ 60,429	\$ 61,591	\$ 52,302	\$ 67,367	\$ 73,792
% of Total	1.4	1.5	1.4	1.8	2.1
% Change	(1.9)	17.8	(22.4)	(8.7)	16.7
Investment Income	\$ 88,404	\$ 4,482	\$ 3,615	\$ 29,472	\$ 30,408
% of Total	2.0	0.1	0.1	0.8	0.9
% Change	1,872.4	24.0	(87.7)	(3.1)	97.6
Licenses & Permits	\$ 102,244	\$ 84,825	\$ 67,977	\$ 88,272	\$ 82,658
% of Total	2.3	2.1	1.9	2.4	2.3
% Change	20.5	24.8	(23.0)	6.8	11.5
Total Revenues	\$ 4,441,325	\$ 4,047,399	\$ 3,657,224	\$ 3,728,729	\$ 3,549,691
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	9.7	10.7	(1.9)	5.0	5.3

*General fund only

Fiscal Year						SOURCE
2018	2017	2016	2015	2014		
\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783		Property Taxes
65.9	65.7	64.4	64.0	63.6		% of Total
6.8	5.7	5.4	5.6	5.4		% Change
\$ 52,040	\$ 52,061	\$ 67,686	\$ 52,922	\$ 52,972		Motor Vehicle Excises
1.5	1.6	2.2	1.8	1.9		% of Total
-	(23.1)	27.9	(0.1)	12.5		% Change
\$ 191,541	\$ 160,736	\$ 168,577	\$ 176,040	\$ 170,161		Other Excises
5.7	5.1	5.5	6.0	6.1		% of Total
19.2	(4.7)	(4.2)	3.5	(2.3)		% Change
\$ 98,287	\$ 87,985	\$ 86,791	\$ 86,392	\$ 84,385		Departmental & Other
2.9	2.8	2.8	3.0	3.0		% of Total
11.7	1.4	0.5	2.4	(3.7)		% Change
\$ 570,753	\$ 554,661	\$ 543,683	\$ 523,256	\$ 509,199		State Distributions
16.9	17.5	17.8	17.9	18.3		% of Total
2.9	2.0	3.9	2.8	0.9		% Change
\$ 84,940	\$ 80,501	\$ 90,215	\$ 79,232	\$ 73,324		Payment in Lieu of Taxes
2.5	2.5	3.0	2.7	2.6		% of Total
5.5	(10.8)	13.9	8.1	1.4		% Change
\$ 63,206	\$ 63,046	\$ 60,953	\$ 60,116	\$ 59,922		Fines
1.9	2.0	2.0	2.1	2.2		% of Total
0.3	3.4	1.4	0.3	1.8		% Change
\$ 15,390	\$ 2,329	\$ 184	\$ 61	\$ 57		Investment Income
0.5	0.1	-	-	-		% of Total
560.8	1,165.8	201.6	7.0	(68.2)		% Change
\$ 74,144	\$ 84,470	\$ 70,005	\$ 71,205	\$ 62,257		Licenses & Permits
2.2	2.7	2.3	2.4	2.2		% of Total
(12.2)	20.7	(1.7)	14.4	31.8		% Change
\$ 3,372,178	\$ 3,165,482	\$ 3,055,781	\$ 2,916,483	\$ 2,780,060		Total Revenues
100.0	100.0	100.0	100.0	100.0		% of Total
6.5	3.6	4.8	4.9	4.1		% Change

See accompanying independent auditors' report

NET POSITION BY COMPONENT**Government-wide Financial Statements****Last Ten Fiscal Years***(Amounts in thousands)*

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental/primary government activities:					
Net investment in capital assets	\$ 1,206,883	\$ 1,101,116	\$ 1,058,576	\$ 950,089	\$ 802,391
Restricted	157,701	118,324	113,881	72,436	98,106
Unrestricted	(1,978,608)	(2,035,104)	(2,249,008)	(2,183,384)	(2,675,142)
Total governmental/primary government activities net position	\$ (614,024)	\$ (815,664)	\$ (1,076,551)	\$ (1,160,859)	\$ (1,774,645)

See accompanying independent auditors' report

					Fiscal Year				
2018		2017		2016		2015		2014	
\$	685,036	\$	648,786	\$	557,142	\$	502,985	\$	457,789
	75,098		52,746		53,200		51,446		62,701
	(2,501,770)		(1,206,488)		(1,159,303)		(1,184,987)		82,638
\$	(1,741,636)	\$	(504,956)	\$	(548,961)	\$	(630,556)	\$	603,128

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

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

EXPENSES:	Fiscal Year			
	2023	2022	2021	2020
Governmental activities:				
General government	\$ 260,589	\$ 209,435	\$ 217,654	\$ 202,347
Human services	69,950	65,555	56,814	47,648
Public safety	1,262,121	1,172,308	1,112,320	968,853
Public works	171,610	173,842	158,722	161,598
Property and development	324,015	291,461	186,903	140,930
Parks and recreation	67,172	54,430	53,824	52,148
Library	71,312	57,149	58,717	51,348
Schools	2,575,648	2,123,695	2,083,935	1,874,077
Public health programs	148,884	142,341	123,473	99,414
Interest on long-term debt	45,056	36,821	36,213	47,039
Total governmental activities expenses	<u>4,996,357</u>	<u>4,327,037</u>	<u>4,088,575</u>	<u>3,645,402</u>
Business-type activities:				
Total primary government expenses	<u>\$ 4,996,357</u>	<u>\$ 4,327,037</u>	<u>\$ 4,088,575</u>	<u>\$ 3,645,402</u>
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
Public safety	172,392	178,866	128,307	184,364
Public works	33,230	23,003	19,760	30,192
Schools	11,821	15,165	10,996	9,444
Other	57,829	87,842	67,914	81,892
Operating grants and contributions	1,129,258	864,380	770,430	788,801
Capital grants and contributions	57,370	42,584	54,589	38,382
Total governmental activities program revenues	<u>1,461,900</u>	<u>1,211,840</u>	<u>1,051,996</u>	<u>1,133,075</u>
Business-type activities:				
Total primary government program revenues	<u>\$ 1,461,900</u>	<u>\$ 1,211,840</u>	<u>\$ 1,051,996</u>	<u>\$ 1,133,075</u>

See accompanying independent auditors' report

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 175,161	\$ 156,670	\$ 128,465	\$ 128,288	\$ 103,923	\$ 161,913	
57,359	58,494	49,974	52,056	49,884	49,291	
1,113,749	1,048,825	962,654	941,313	941,531	821,196	
160,918	163,337	130,182	139,816	178,569	157,491	
146,886	137,296	168,276	118,582	134,506	118,816	
48,804	48,861	41,236	39,769	35,890	32,297	
55,944	55,626	51,397	49,959	48,931	52,192	
2,026,241	1,931,452	1,833,105	1,803,331	1,620,851	1,554,563	
91,468	86,228	81,859	96,083	83,276	69,896	
39,562	44,263	42,321	40,995	49,300	48,188	
<u>3,916,092</u>	<u>3,731,052</u>	<u>3,489,469</u>	<u>3,410,192</u>	<u>3,246,661</u>	<u>3,065,843</u>	
<u>\$ 3,916,092</u>	<u>\$ 3,731,052</u>	<u>\$ 3,489,469</u>	<u>\$ 3,410,192</u>	<u>\$ 3,246,661</u>	<u>\$ 3,065,843</u>	
158,455	139,793	147,471	133,656	138,066	139,431	
28,609	31,120	28,268	24,269	23,975	19,165	
11,385	4,275	5,163	10,540	6,623	2,832	
37,547	46,350	36,647	34,730	40,718	41,811	
822,932	788,666	760,230	746,277	670,640	583,480	
36,224	64,548	52,348	39,381	53,099	11,972	
<u>1,095,152</u>	<u>1,074,752</u>	<u>1,030,127</u>	<u>988,853</u>	<u>933,121</u>	<u>798,691</u>	
<u>\$ 1,095,152</u>	<u>\$ 1,074,752</u>	<u>\$ 1,030,127</u>	<u>\$ 988,853</u>	<u>\$ 933,121</u>	<u>\$ 798,691</u>	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CHANGES IN NET POSITION (CONTINUED)

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year		
	2023	2022	2021
NET EXPENSE:			
Governmental activities	\$ (3,534,457)	\$ (3,115,197)	\$ (3,036,579)
Total primary government net expense	\$ (3,534,457)	\$ (3,115,197)	\$ (3,036,579)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	2,959,106	2,810,807	2,630,781
Excises	295,941	211,520	103,720
Payment in lieu of taxes	103,315	92,007	88,615
Grants and contributions not restricted	266,455	245,625	233,771
Investment income	109,546	11,264	32,659
Miscellaneous	1,734	4,861	3,867
Special items	-	-	-
Total governmental activities	3,736,097	3,376,084	3,093,413
Total primary government	\$ 3,736,097	\$ 3,376,084	\$ 3,093,413
CHANGES IN NET POSITION:			
Governmental activities	\$ 201,640	\$ 260,887	\$ 56,834
Total primary government	\$ 201,640	\$ 260,887	\$ 56,834

							Fiscal Year							
2020		2019		2018		2017		2016		2015		2014		
\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	\$	(2,267,152)	
\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	\$	(2,313,540)	\$	(2,267,152)	
	2,520,908		2,338,507		2,219,700		2,087,659		1,967,021		1,866,277		1,771,166	
	240,908		264,703		239,005		213,198		224,052		236,208		220,761	
	72,349		87,018		84,940		80,501		90,215		79,232		73,324	
	245,559		208,839		214,106		201,013		199,835		191,172		199,007	
	43,280		46,405		31,417		19,588		15,753		15,404		16,713	
	3,109		3,011		2,121		3,738		6,058		2,983		4,012	
	-		57,000		-		-		-		-		-	
	3,126,113		3,005,483		2,791,289		2,605,697		2,502,934		2,391,276		2,284,983	
\$	3,126,113	\$	3,005,483	\$	2,791,289	\$	2,605,697	\$	2,502,934	\$	2,391,276	\$	2,284,983	
\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	\$	17,831	
\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	\$	77,736	\$	17,831	

See accompanying independent auditors' report

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2023	2022	2021	2020
General Fund				
Assigned	\$ 420,028	\$ 320,733	\$ 313,001	\$ 359,789
Unassigned	1,186,928	994,535	898,161	911,690
Total general fund	\$ 1,606,956	\$ 1,315,268	\$ 1,211,162	\$ 1,271,479
All other Governmental Funds				
Nonspendable	\$ 21,504	\$ 21,504	\$ 21,504	\$ 10,041
Restricted	423,089	331,132	243,913	239,978
Assigned	334,258	295,901	255,852	211,308
Total all other governmental funds	\$ 778,851	\$ 648,537	\$ 521,269	\$ 461,327

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 392,000	\$ 300,652	\$ 283,208	\$ 266,222	\$ 228,236	\$ 251,353
794,610	781,402	702,080	682,781	633,936	532,955
\$ 1,186,610	\$ 1,082,054	\$ 985,288	\$ 949,003	\$ 862,172	\$ 784,308
\$ 10,041	\$ 10,041	\$ 10,041	\$ 4,974	\$ 4,974	\$ 4,974
434,893	322,950	240,172	204,810	194,044	199,703
196,634	199,537	220,359	203,134	161,742	154,667
\$ 641,568	\$ 532,528	\$ 470,572	\$ 412,918	\$ 360,760	\$ 359,344

See accompanying independent auditors' report

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2023	2022	2021	2020
REVENUES:				
Real and personal property taxes	\$ 2,989,006	\$ 2,819,773	\$ 2,650,094	\$ 2,498,435
Excises	298,106	210,808	114,411	241,768
Payments in lieu of taxes	103,315	92,008	88,615	72,349
Fines	60,429	61,591	52,302	67,367
Investment Income	104,899	4,686	26,216	34,230
Licenses and permits	102,278	84,859	68,272	88,471
Departmental and other	192,862	193,580	143,001	186,826
Intergovernmental	1,346,974	1,208,707	1,022,654	961,630
Total revenues	5,197,869	4,676,012	4,165,565	4,151,076
EXPENDITURES:				
General government	218,842	192,291	181,583	207,793
Human services	58,023	53,501	45,211	41,561
Public safety	844,981	826,121	773,699	787,128
Public works	133,269	136,647	123,469	118,424
Property and development	285,144	242,249	169,778	125,180
Parks and recreation	38,816	35,117	31,096	33,104
Library	48,353	44,419	43,491	41,624
Schools	1,637,892	1,509,522	1,374,621	1,302,764
Public health programs	140,380	136,193	117,678	95,853
Judgments and claims	27,031	30,239	11,477	11,670
Retirement costs	565,815	502,585	473,494	447,159
Other employee benefits	259,465	258,112	262,997	259,420
State and district assessments	354,900	332,586	320,220	299,740
Capital outlays	410,688	394,480	356,601	275,339
Debt service:				
Principal	139,768	138,878	124,514	126,553
Interest	60,955	49,583	51,495	57,032
Total Expenditures	5,224,322	4,882,523	4,461,424	4,230,344
Excess (deficiency) of revenues over (under) expenditures	(26,453)	(206,511)	(295,859)	(79,268)
OTHER FINANCING SOURCES (USES):				
Long-term debt and leases issued	397,383	375,675	205,418	15,998
Issuance of refunding bonds	-	-	91,405	82,590
Payments to refunded bonds escrow agent	-	-	(95,934)	(82,481)
Proceeds from sale of property	-	-	-	-
Premiums on long-term debt issued	51,072	62,210	34,910	-
Total other financing sources (uses)	448,455	437,885	235,799	16,107
Net change in fund balances	\$ 422,002	\$ 231,374	\$ (60,060)	\$ (63,161)
Debt Service as a percentage of noncapital expenditures	4.35%	4.38%	4.48%	4.87%

See accompanying independent auditors' report

Fiscal Year						
2019	2018	2017	2016	2015	2014	
\$ 2,344,686	\$ 2,221,877	\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	
256,229	243,581	212,797	236,263	228,962	223,133	
87,018	84,940	80,501	90,215	79,232	73,324	
73,792	63,279	63,046	65,223	60,116	59,952	
35,974	21,534	10,396	1,713	2,312	6,508	
82,881	74,356	84,682	70,191	71,291	62,325	
177,945	176,731	154,333	134,701	139,321	137,366	
894,522	874,737	856,911	827,100	829,582	804,289	
3,953,047	3,761,035	3,542,359	3,393,093	3,278,075	3,134,680	
130,774	106,048	99,007	92,429	67,461	113,743	
42,909	43,976	39,751	40,482	39,578	39,205	
750,072	711,621	677,471	640,599	665,655	596,239	
113,236	121,834	114,593	116,787	142,223	127,703	
125,199	127,027	136,177	102,751	111,513	107,771	
28,313	30,130	24,509	23,378	21,574	20,937	
40,734	38,477	38,971	36,641	36,518	36,026	
1,271,813	1,237,390	1,188,114	1,143,249	1,087,896	1,091,899	
88,527	83,269	79,369	80,525	74,821	68,697	
1,202	7,693	3,766	1,100	3,678	9,493	
400,973	356,251	347,402	309,083	282,648	255,647	
264,832	261,377	247,965	236,661	230,089	234,400	
283,360	267,205	244,320	234,450	215,538	197,939	
263,416	233,995	233,690	234,126	247,474	248,864	
126,469	122,041	117,527	109,825	111,381	110,949	
56,256	54,199	53,604	54,883	46,890	42,966	
3,988,085	3,802,533	3,646,236	3,456,969	3,384,937	3,302,478	
(35,038)	(41,498)	(103,877)	(63,876)	(106,862)	(167,798)	
165,836	176,698	181,935	181,193	170,190	178,444	
-	-	58,370	8,100	126,735	-	
-	-	(65,799)	(9,487)	(147,658)	-	
57,000	-	-	-	-	-	
25,798	23,522	23,310	23,059	36,875	17,172	
248,634	200,220	197,816	202,865	186,142	195,616	
\$ 213,596	\$ 158,722	\$ 93,939	\$ 138,989	\$ 79,280	\$ 27,818	
5.16%	5.20%	5.28%	5.39%	5.31%	5.31%	

See accompanying independent auditors' report

ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Real Property			Personal Property	Total Assessed Value ⁽¹⁾	Total Direct Tax Rate ^{(b) (c)}
	Residential Value ^(a)	Commercial Value	Industrial Value	Assessed Value		
2023	\$ 141,541,580	\$ 60,779,084	\$ 1,427,979	\$ 8,468,831	\$ 212,217,474	15.38
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916	15.58
2021	127,136,166	54,632,351	1,251,386	7,633,024	190,652,927	15.29
2020	115,818,106	51,958,596	1,153,868	7,268,332	176,198,902	15.48
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,120	15.52
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958	15.65
2017	93,462,191	43,571,094	1,103,888	5,804,774	143,941,947	15.77
2016	83,719,423	38,031,832	908,352	5,387,474	128,047,081	16.47
2015	72,346,068	32,451,521	785,062	5,154,211	110,736,862	18.15
2014	64,541,403	29,631,863	707,564	4,951,983	99,832,813	19.16

⁽¹⁾ Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2023 assessed values are as of January 1, 2022.

^(a) Exempt residential properties not included.

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

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

Source: City of Boston Assessing Department

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS ^{(1) (2)}**Last Ten Fiscal Years**

Fiscal Year	Class	City General	Total	% Change	Total Direct ⁽³⁾
2023	Residential	\$ 10.74	\$ 10.74	(0.1) %	\$ 15.38
	C.I.P.	24.68	24.68	(0.3) %	
2022	Residential	10.88	10.88	0.2 %	15.58
	C.I.P.	24.98	24.98	0.4 %	
2021	Residential	10.67	10.67	0.1 %	15.29
	C.I.P.	24.55	24.55	(0.4) %	
2020	Residential	10.56	10.56	0.2 %	15.48
	C.I.P.	24.92	24.92	(0.3) %	
2019	Residential	10.54	10.54	0.6 %	15.52
	C.I.P.	25.00	25.00	(0.8) %	
2018	Residential	10.48	10.48	(1.0) %	15.65
	C.I.P.	25.20	25.20	(0.7) %	
2017	Residential	10.59	10.59	(3.7) %	15.77
	C.I.P.	25.37	25.37	(5.4) %	
2016	Residential	11.00	11.00	(9.2) %	15.77
	C.I.P.	26.81	26.81	(9.2) %	
2015	Residential	12.11	12.11	(3.7) %	18.15
	C.I.P.	29.52	29.52	(5.3) %	
2014	Residential	12.58	12.58	(4.3) %	19.16
	C.I.P.	31.18	31.18	(2.4) %	

⁽¹⁾ Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters

⁽²⁾ Real and personal property tax rates are per \$1,000 of assessed value.

⁽³⁾ Total direct tax rate is the weighted average calculation of the residential, commercial, and industrial values. C.I.P. = Commercial, Industrial, and Personal Property.

Source: City of Boston Assessing Department

LARGEST PRINCIPAL TAXPAYERS ^{(1) (2)}
 Current and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	\$4,359,548,151	1	2.05%	\$2,645,041,500	2	2.68%
Eversource	3,147,561,090	2	1.48%			
Oxford Properties	2,243,860,250	3	1.06%			
Rockpoint Group	1,908,210,730	4	0.90%			
Tishman Speyer Properties	1,865,615,206	5	0.88%	917,083,700	4	0.92%
Teacher’s Insurance and Annuity Association	1,731,216,410	6	0.82%	854,932,000	5	0.86%
Equity Residential	1,588,537,280	7	0.75%			
PGIM Real Estate fka Fort Hill Associates	1,396,495,100	8	0.66%	702,097,100	7	0.70%
MetLife Real Estate Investments	1,234,690,760	9	0.58%			
National Grid	1,161,873,850	10	0.55%	577,742,700	9	0.58%
Blackstone Real Estate Partners	1,159,353,340	11	0.55%	2,679,804,900	1	2.68%
Diversified Healthcare Trust fka Senior Housing	1,104,558,900	12	0.52%			
Synergy Investments	1,027,070,623	13	0.48%			
John Hancock Financial	886,449,640	14	0.42%			
Morgan Stanley	851,138,510	15	0.40%			
Fortis Property Group	780,977,800	16	0.37%			
Clarion	760,499,700	17	0.36%			
Beacon Capital	744,896,620	18	0.35%	826,872,480	6	0.83%
NSTAR				1,860,353,661	3	1.86%
Fallon Company/MA Mutual				587,326,070	8	0.59%
UIDC of Massachusetts, Inc				487,308,180	10	0.49%
	<u>\$27,952,553,960</u>		<u>13.18%</u>	<u>\$12,138,562,291</u>		<u>12.19%</u>

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

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

Source: City of Boston Assessing and Treasury Departments

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(amounts in millions)

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2023		
	Gross ⁽¹⁾	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
2023	\$ 2,996.1	\$ 2,966.3	99.0%	\$ 3,001.1	100.2%	101.2%	\$ 2,971.1	99.2%	100.2%
2022	2,826.2	2,793.0	98.8	2,809.3	0.994	1.006	2,801.0	0.991	100.3
2021	2,678.1	2,674.4	99.9	2,665.8	99.5	99.7	2,647.5	98.9	99.0
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7
2018	2,223.2	2,192.6	98.6	2,216.2	99.7	101.1	2,207.1	99.3	100.7
2017	2,093.9	2,055.2	98.2	2,083.3	99.5	101.4	2,075.4	99.1	101.0
2016	1,963.1	1,924.8	98.0	1,958.4	99.8	101.7	1,949.3	99.3	101.3
2015	1,869.0	1,833.1	98.1	1,865.6	99.8	101.8	1,853.6	99.2	101.1
2014	1,779.8	1,744.9	98.0	1,784.7	100.3	102.3	1,765.8	99.2	101.2

⁽¹⁾ Includes omitted assessments billed in June of each fiscal year and subsequently reduced through residential exemption.

Source: City of Boston Treasury Department

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Amounts in thousands, except per capita amount)

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Notes Payable ⁽¹⁾	Equipment Financing Payable	Leases	Subscription IT Arrangements
2023	\$ 1,907,077	\$ 18,069	\$ 74,545	\$ 15,587	\$ 12,521
2022	1,661,956	20,286	67,863	16,372	-
2021	1,418,056	21,725	61,608	-	-
2020	1,348,339	23,308	56,410	-	-
2019	1,491,091	65,822	64,096	-	-
2018	1,457,450	67,398	69,626	-	-
2017	1,416,971	74,266	69,465	-	-
2016	1,395,367	76,619	62,266	-	-
2015	1,339,367	63,361	56,425	-	-
2014	1,296,153	75,680	45,887	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Includes Bond Anticipation Notes, MWPAT Notes, and Other Notes.

⁽²⁾ See page 151 for the City's total personal income data.

⁽³⁾ See page 151 for the City's population data.

	Total Primary Government	% of Total Personal Income ⁽²⁾	Per Capita ⁽³⁾
\$	2,027,799	5.36%	2,932.33
	1,766,477	5.15	2,530.77
	1,501,389	4.42	2,171.11
	1,428,057	4.73	2,052.02
	1,621,009	5.37	2,329.28
	1,594,474	5.28	2,291.15
	1,560,702	5.41	2,285.02
	1,534,252	5.55	2,280.26
	1,459,153	5.55	2,179.57
	1,417,720	5.72	2,160.99

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

RATIOS OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA

Last Ten Fiscal Years

(Amounts in thousands, except per capita amount)

Calendar Year	General Bonded Debt Outstanding	Assessed Value⁽¹⁾	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita⁽²⁾
2023	\$ 1,907,077	\$ 212,217,474	0.9%	\$ 2,757.76
2022	1,661,956	197,826,916	0.8	2,403.30
2021	1,418,056	190,652,927	0.7	2,050.60
2020	1,348,339	176,198,902	0.8	1,937.47
2019	1,491,091	164,514,120	0.9	2,142.60
2018	1,457,450	153,925,958	1.0	2,094.26
2017	1,416,971	143,941,947	1.0	2,074.58
2016	1,395,367	128,047,081	1.1	2,073.85
2015	1,339,367	110,736,862	1.2	2,000.64
2014	1,296,153	99,832,813	1.3	1,975.69

⁽¹⁾ See page 141 for the City's total assessed value of property.

⁽²⁾ See page 151 for the City's population data.



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LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts in thousands)

	2023	2022	2021	2020	2019
Debt limit	\$ 11,318,383	\$ 10,194,726	\$ 10,194,726	\$ 8,989,652	\$ 8,989,652
Total net debt applicable to limit	<u>3,455,346</u>	<u>3,071,258</u>	<u>2,869,764</u>	<u>2,470,631</u>	<u>2,311,238</u>
Legal debt margin	<u>\$ 7,863,037</u>	<u>\$ 7,123,468</u>	<u>\$ 7,324,962</u>	<u>\$ 6,519,021</u>	<u>\$ 6,678,414</u>
Total net debt applicable to the limit as a percentage of debt limit	30.53%	30.13%	28.15%	27.48%	25.71%

Legal Debt margin Calculation for Fiscal Year 2022

Fiscal year 2023 equalized valuation, 2022 ⁽¹⁾	\$ 226,367,657
Debit limit (5% of assessed value) ⁽²⁾	<u>11,318,383</u>
Debit applicable to limit:	
General obligation bonds	(1,238,218)
Total authorized/unissued	<u>(2,217,134)</u>
Total debt outstanding plus authorized/unissued	(3,455,352)
Less new authorization adjustments approved through June 30, 2023	<u>6</u>
Amount within debt limit	-
Debt incurring capacity as of June 30, 2023	<u>\$ 7,863,037</u>

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

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

⁽³⁾ The debt authorized but unissued as of June 30, 2022 and City Council authorizations during fiscal year 2023 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management

	2018	2017	2016	2015	2014
\$	7,178,810	\$ 7,178,810	\$ 5,540,530	\$ 5,540,530	\$ 5,156,374
	2,122,823	1,913,350	1,809,054	1,388,019	1,590,189
\$	<u>5,055,987</u>	<u>\$ 5,265,460</u>	<u>\$ 3,731,476</u>	<u>\$ 4,152,511</u>	<u>\$ 3,566,185</u>
	29.57%	26.65%	32.65%	25.05%	30.84%

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Fiscal Year	Population ⁽¹⁾	Total Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income	Unemployment Rate ⁽³⁾
2023	N/A	N/A	N/A	N/A
2022	650,706	37,822,286	58,125	3.6
2021	654,776	32,959,460	50,337	5.8
2020	691,531	*N/A	*N/A	9.2
2019	694,295	34,005,181	48,978	2.60
2018	695,926	30,180,223	43,367	3.00
2017	683,015	28,847,822	42,236	3.40
2016	672,840	27,625,465	40,237	3.40
2015	669,469	26,273,980	39,246	4.40
2014	656,051	24,804,632	36,395	5.30

N/A = Information not available for this fiscal year

⁽¹⁾ 1 Source: U.S. Census Bureau, Population Estimates Program, Vintage 2019 Population Estimates (for 2011-2019), 2020 Decennial Census (for 2020) and Vintage 2022 Population Estimates (for 2021-2022); BPDA Research Division Analysis.

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

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

* Due to data collection challenges during the pandemic, the Census Bureau released only experimental American Community Survey estimates for 2020. They caution against comparing these to other years.

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	18,798	1	2.27%	17,036	1	2.48%
Brigham and Women's Hospital	14,584	2	1.76%	13,120	2	1.91%
Boston University	10,468	3	1.27%	10,797	3	1.57%
Boston Children's Hospital	9,198	4	1.11%	8,363	4	1.22%
Beth Israel Deaconess Medical Center	8,737	5	1.06%	7,435	6	1.08%
State Street Bank & Trust Company	7,500	6	0.91%	7,800	5	1.14%
Boston Medical Center	7,156	7	0.87%	5,285	8	0.77%
Harvard University Graduate Schools	6,934	8	0.84%	5,571	7	0.81%
Northeastern University*	6,699	9	0.81%	4,767	10	0.69%
Dana-Farber Cancer Institute	6,013	10	0.73%			
Fidelity Investments	-			5,000	9	0.73%
Total	96,087		11.62%	85,174		12.40%
Total Boston Employment **	826,967					

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

* Northeastern's employment includes Northeastern University Professional Programs.

** Boston's total payroll and non-payroll employment as of 2021. Total employment for the city for 2022 is not available until the release of U.S. Bureau of Economic Analysis (BEA) data in late November 2023.

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

	Fiscal Year				
	2023	2022	2021	2020	2019
CITY-FUNDED:					
Public safety ⁽²⁾	4,287	4,369	4,460	4,518	4,476
Public works	308	331	349	358	357
Other city departments ⁽³⁾	2,755	2,641	2,727	2,715	2,708
Boston Public Health Commission ⁽⁴⁾	824	857	872	847	832
Schools	9,623	9,559	9,528	9,303	9,249
Total city-funded	17,797	17,757	17,936	17,741	17,622
GRANT-FUNDED:					
Schools	1,096	756	621	654	636
All others ⁽⁵⁾	343	284	299	287	270
Total grant-funded	1,439	1,040	920	941	906
Total employees	19,236	18,797	18,856	18,682	18,528

- ⁽¹⁾ All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.
- ⁽²⁾ Public Safety includes the Police Department and the Fire Department and starting in FY15 the Office of Emergency Management
- ⁽³⁾ Includes Boston State Retirement System funded solely from the investment income account of the system.
- ⁽⁴⁾ Boston Public Health Commission employees are funded by the City, but are not employees of the City.
- ⁽⁵⁾ All Suffolk County Registry of Deedsemployees became employees of the Commonwealth as of July 1, 1999.
- ⁽⁶⁾ Does not include grants managed by the Boston Public Health Commission.
- ⁽⁷⁾ All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.

Fiscal Year					
2018	2017	2016	2015	2014	
4,442	4,501	4,456	4,529	4,541	
362	373	377	394	366	
2,730	2,688	2,650	2,678	2,696	
845	827	777	770	762	
9,005	8,782	8,746	8,789	8,664	
17,384	17,171	17,006	17,160	17,029	
595	610	656	601	698	
358	385	370	282	277	
953	995	1,026	883	975	
18,337	18,166	18,032	18,043	18,004	

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Service calls answered	634,765	572,844	598,470	568,707	497,728
Moving/traffic violations	19,640	26,354	28,519	61,731	103,485
Parking violations as of June 30	1,004,736	1,080,858	908,581	1,067,501	1,289,023
Fire					
Calls answered	93,301	85,572	75,346	84,357	83,173
Inspections conducted	23,804	22,530	21,614	21,350	25,896
Library					
Personnel full-time	445	407	400	416	410
Personnel part-time	36	28	38	36	43
Central and branch libraries	26	26	26	26	26
Books, audio and video materials, newspapers, and magazines in circulation	4,148,898	4,382,562	3,898,416	3,629,323	4,223,612
Library cards in force	450,902	590,793	504,138	383,240	332,468
Schools					
Student enrollment as of June 30	48,927	49,970	51,434	53,094	54,300
Streets, sidewalks, and bridges					
Streets in miles	988	988	988	988	988
Hospitals					
Births as of June 30	20,303	21,015	20,340	20,532	20,217
Deaths as of June 30	8,001	8,561	8,347	8,771	7,763

Source: City of Boston Auditing Department

Fiscal Year				
2018	2017	2016	2015	2014
494,226	516,741	408,144	421,573	566,297
92,111	95,865	107,204	110,254	90,180
1,414,184	1,358,385	1,346,400	1,272,107	1,326,235
86,103	85,598	82,438	80,079	73,443
24,009	24,332	25,519	23,019	23,896
411	411	413	417	408
45	45	50	58	59
25	25	24	24	25
3,806,215	3,796,379	3,707,607	3,715,079	3,732,000
292,763	281,439	268,275	323,789	361,939
55,594	56,433	56,531	57,102	56,975
988	988	988	988	988
20,686	20,089	20,968	19,586	20,392
7,790	7,526	7,383	7,438	7,330

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2023

CAPITAL ASSET STATISTICS BY DEPARTMENT

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Officers and personnel	2,754	2,857	2,883	2,754	2,936
Stations	11	11	11	11	11
Fire					
Officers and personnel	1,604	1,650	1,644	1,855	1,649
Stations	35	34	34	34	34
Parks and Recreation					
Personnel (Parks Division)	212	253	255	298	274
Neighborhood (city) parks	266	258	258	257	257
Neighborhood (city) playgrounds – Tot Lots	140	137	137	137	137
Community Centers – (BCYF operated)	29	29	30	28	36
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	18	18	20	17	19
Tennis courts	70	64	64	55	58
Public Education					
Total number of Boston Public Schools employees	10,386	9,987	10,149	10,380	10,695
Total number of schools	115	121	123	125	125
Public Works					
Traffic signals (signalized intersections)	896	886	883	847	872
Parking meters (approximately)	6,018	5,960	6,258	6,603	6,736
Bridges	40	40	40	40	40
Hospitals					
Number of hospitals	20	20	20	20	19
Patient beds	6,234	6,152	6,140	6,113	6,108

Source: City of Boston Auditing Department

Fiscal Year					
2018	2017	2016	2015	2014	
2,869	2,896	2,895	2,907	2,933	
11	11	11	11	11	
1,652	1,623	1,618	1,604	1,604	
34	35	35	35	35	
269	280	251	306	233	
257	258	251	251	262	
132	131	129	127	129	
36	30	29	29	29	
2	2	2	2	2	
19	18	18	17	18	
65	65	65	65	66	
10,344	10,255	9,634	9,530	9,374	
125	124	125	128	128	
866	859	854	849	841	
6,722	6,420	7,626	7,699	7,614	
40	40	40	36	37	
19	20	20	20	21	
6,053	6,021	5,227	6,049	5,402	

See accompanying independent auditors' report