

*In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.*

## CITY OF BOSTON, MASSACHUSETTS

\$335,215,000

General Obligation Bonds

2022 Series A

Dated: Date of Delivery

Due: November 1, as shown below

Maturity	Amount	Interest		CUSIP Number*	Maturity	Amount	Interest		CUSIP Number*
		Rate	Yield				Rate	Yield	
2022	\$10,930,000	5.00%	1.35%	100853F39	2032	\$14,540,000	5.00%	2.24%	100853G53
2023	20,425,000	5.00	1.69	100853F47	2033	15,265,000	5.00	2.31**	100853G61
2024	21,455,000	5.00	1.83	100853F54	2034	16,035,000	5.00	2.35**	100853G79
2025	22,520,000	5.00	1.92	100853F62	2035	16,830,000	5.00	2.40**	100853G87
2026	23,645,000	5.00	1.97	100853F70	2036	17,675,000	5.00	2.42**	100853G95
2027	12,860,000	5.00	2.00	100853F88	2037	15,355,000	5.00	2.45**	100853H29
2028	13,505,000	5.00	2.07	100853F96	2038	16,120,000	5.00	2.47**	100853H37
2029	14,180,000	5.00	2.11	100853G20	2039	16,925,000	5.00	2.49**	100853H45
2030	14,885,000	5.00	2.15	100853G38	2040	17,775,000	5.00	2.50**	100853H52
2031	15,630,000	5.00	2.21	100853G46	2041	18,660,000	5.00	2.51**	100853H60

The City of Boston, Massachusetts (the "City") \$335,215,000 General Obligation Bonds, 2022 Series A (the "Bonds"), will be issued by means of a book-entry system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the Bonds are set forth in this Official Statement. Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2022, until maturity or earlier redemption. The Bonds will be subject to redemption prior to maturity as more fully described herein.

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

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

The Bonds are offered when, as and if issued and received by the original purchaser thereof, and subject to the final approving opinion of Locke Lord LLP, Bond Counsel to the City and to certain other conditions described herein and in the Official Notice of Sale. PFM Financial Advisors LLC, Boston, Massachusetts serves as Municipal Advisor to the City. See "MUNICIPAL ADVISOR" herein. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York, on or about April 13, 2022.

March 30, 2022

\* Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the City does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

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

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

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

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**OFFICIAL STATEMENT**  
*of the*  
**CITY OF BOSTON, MASSACHUSETTS**  
*relating to*

**\$335,215,000**  
**General Obligation Bonds**  
**2022 Series A**

This Official Statement (which includes the cover page and Appendices hereto) provides certain information concerning the City of Boston, Massachusetts (the “City”) in connection with the issuance of its \$335,215,000 General Obligation Bonds, 2022 Series A (the “Bonds”) as described herein. Certain credit factors concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. This Official Statement speaks only as of its date and the information contained herein is subject to change after this date.

**THE CITY**

The City of Boston, incorporated as a town in 1630 and as a city in 1822, is the largest city in Massachusetts and the capital of The Commonwealth of Massachusetts (the “Commonwealth”). The City and its component governmental units are responsible for the provision of a wide range of government services, including education, public safety, public health, urban planning and development and the maintenance of the City’s infrastructure, and for funding certain employee benefits, state authority assessments and debt service requirements. Its primary sources of revenue are property taxes, state aid and certain excises. Management of the City’s finances includes preparation of annual operating and capital budgets, the exercise of expenditure controls and cash management. For a full discussion concerning the City, and its finances, see Appendix A—City of Boston, Massachusetts, Information Statement dated March 21, 2022 (the “Information Statement”).

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

**RECENT DEVELOPMENTS – COVID-19**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state and local governments, as well as private organizations, have implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations are causing, and are expected to continue to cause, severe disruption in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. stock and bond markets. See “Appendix A - City of Boston, Massachusetts, Information Statement dated March 21, 2022 – DEVELOPING MATTERS - COVID-19.”

**SECURITY FOR THE BONDS**

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

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

in the Information Statement. Holders of City obligations do not have a statutory priority with respect to or a security interest in the portion of the tax levy attributable to such obligations. See “City Indebtedness—Classification of City Debt” in the Information Statement.

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

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

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

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

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

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

## **THE BONDS**

### **Description**

The Bonds will be dated the date of delivery thereof and will mature at the times and in the amounts, and will bear interest calculated on the basis of 30-day months and a 360-day year at the rates, all as shown on the cover of this Official Statement. Interest on the Bonds will be payable semiannually on each May 1 and November 1, commencing November 1, 2022, until maturity or earlier redemption. If any interest payment date is not a business day, interest will be payable on the next business day.

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

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

### **Authorization and Purpose**

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

### **Redemption Prior To Maturity**

#### *Optional Redemption*

The Bonds maturing on or before November 1, 2032 will not be subject to redemption prior to maturity. The Bonds maturing after November 1, 2032 will be subject to redemption prior to maturity at the option of the City, on and after November 1, 2032, as a whole or in part at any time, in such order of maturity as the City may determine and by lot within each maturity as selected by DTC and its participants, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

#### *Notice of Redemption*

Notice of redemption of Bonds, specifying the numbers, series and maturities of the Bonds or portions thereof to be redeemed and the redemption date, will be given by the Paying Agent not more than 60 days nor less than 30 days prior to the redemption date by notice mailed to DTC or its nominee, or in such other manner acceptable to DTC, as registered owner of the Bonds to be redeemed. The City will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee. Notice having been given, the Bonds or portions thereof called for redemption will become due and payable on the designated redemption date. If on the redemption date monies are available for the redemption of the Bonds or portions thereof to be redeemed, together with interest accrued to the redemption date, then interest on such Bonds or portions thereof shall thereafter cease to accrue.

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

#### *Record Date*

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

#### **Book-Entry Transfer System**

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

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

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

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

are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

Principal or redemption price and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or, its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

## DEBT SERVICE REQUIREMENTS

The following table sets forth the gross debt service requirements for the City's outstanding general obligation debt as of March 1, 2022, the gross debt service requirements on the Bonds and the resulting net gross debt service requirements on the general obligation debt of the City following the issuance of the Bonds.

### Schedule of Debt Service Payments (\$ in thousands)\*

Fiscal	Outstanding Debt As of March 1, 2022		The Bonds		QSCB 2009A Sinking Fund <sup>(1)</sup>	Total Principal and Interest
	Principal	Interest	Principal	Interest		
2022	\$ 70,095	\$14,674	-	-	-	\$ 84,769
2023	128,838	43,629	\$10,930	\$17,326	-	200,723
2024	116,893	37,883	20,425	15,704	-	190,905
2025	130,878	32,553	21,455	14,657	(20,000.00)	199,543
2026	108,639	27,608	22,520	13,557	-	152,324
2027	87,190	22,991	23,645	12,403	-	146,229
2028	76,251	19,918	12,860	11,491	-	120,520
2029	68,988	17,050	13,505	10,831	-	110,374
2030	61,945	14,690	14,180	10,139	-	100,954
2031	59,552	12,497	14,885	9,413	-	96,347
2032	56,145	10,351	15,630	8,650	-	90,775
2033	52,823	8,551	14,540	7,896	-	83,809
2034	44,291	6,817	15,265	7,150	-	73,524
2035	37,680	5,345	16,035	6,368	-	65,428
2036	31,935	3,913	16,830	5,546	-	58,224
2037	25,440	2,711	17,675	4,684	-	50,510
2038	20,965	1,760	15,355	3,858	-	41,938
2039	14,620	946	16,120	3,071	-	34,757
2040	8,300	453	16,925	2,245	-	27,923
2041	8,515	184	17,775	1,377	-	27,851
2042	-	-	18,660	467	-	19,127
<b>Totals</b>	<b>\$1,209,981</b>	<b>\$284,525</b>	<b>\$335,215</b>	<b>\$166,831</b>	<b>(20,000.00)</b>	<b>\$1,976,553</b>

\* Rows and columns may not add due to rounding.

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

Source: City of Boston Auditing Department.

### Rate of Principal Retirement

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

Term of Retirement	Debt Outstanding as of March 1, 2022 to be retired (in thousands)	Percentage of Debt Outstanding as of March 1, 2022 to be retired	Debt Outstanding After Issuance of the Bonds to be retired (in thousands)	Percentage of Debt Outstanding After Issuance of the Bonds to be retired
Fiscal 2022-2027	\$ 642,532	53.1%	\$ 741,507	48.0
Fiscal 2028-2032	322,880	26.7	393,940	25.5
Fiscal 2033-2037	192,169	15.9	272,514	17.6
Fiscal 2038-2042	52,400	4.3	137,235	8.9
<b>Total</b>	<b>\$1,209,981</b>	<b>100.0%</b>	<b>\$1,545,196</b>	<b>100.0%</b>

Source: City of Boston Auditing Department.



## LITIGATION

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

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

## TAX EXEMPTION

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

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

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

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

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

#### **Risk of Future Legislative Changes and/or Court Decisions**

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

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

#### **CREDIT RATINGS**

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

#### **COMPETITIVE SALE OF BONDS**

The Bonds were offered for sale by competitive bidding on March 30, 2022, in accordance with the Official Notice of Sale dated March 21, 2022 (the “Official Notice of Sale”) attached hereto as Appendix D. BofA Securities, Inc. was the successful bidder for the Bonds. Information provided by BofA Securities, Inc. regarding the interest rates and reoffering yields of the Bonds is set forth on the front cover of this Official Statement. The Bonds are being purchased from the City by BofA Securities, Inc. at an aggregate price of \$396,851,312.39, reflecting the aggregate

principal amount of \$335,215,000, plus original issue premium of \$62,208,288.40, less Underwriter's discount of \$571,976.01.

BofA Securities, Inc. and any of their respective associates underwriting the Bonds may offer to sell the Bonds to certain dealers and others at prices other than the initial offering prices, and the public offering prices may be changed from time to time by the underwriters.

### **LEGAL MATTERS**

All legal matters incidental to the authorization and issuance of the Bonds are subject to the approval of Locke Lord LLP, Bond Counsel to the City. Reference should be made to the form of opinion of Bond Counsel set forth in Appendix B for the matters to be covered therein. In addition, Corporation Counsel of the City will certify as to the accuracy of the statements contained in the first paragraph under the caption "Litigation."

### **INDEPENDENT AUDITORS**

The financial statements of the City of Boston included as Exhibit I to Appendix A of this Official Statement have been audited by KPMG LLP, independent auditors, to the extent and for the period indicated in their report thereon.

### **MUNICIPAL ADVISOR**

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

### **CONTINUING DISCLOSURE**

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

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

### **MISCELLANEOUS**

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

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the City and the Commonwealth of Massachusetts, receipt of state aid and federal grants, litigation, arbitration, cybersecurity threats, terrorist events, force majeure events, changes in law, and various other factors that are beyond the control of the City and its various departments and agencies. Because of the inability to predict all factors that may affect future decisions,

actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

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

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

## CITY OF BOSTON, MASSACHUSETTS

By: /s/ Justin Sterritt\*  
Chief Financial Officer and Collector-Treasurer

Dated: March 30, 2022

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\* Mr. Sterritt has announced he will be leaving City government effective April 15, 2022. The City will be conducting a search for his successor.

CITY OF  
BOSTON, MASSACHUSETTS



INFORMATION STATEMENT  
Dated March 21, 2022

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

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

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

If and when included in this Information Statement, the word “expects,” “forecasts,” “projects,” “plans,” “intends,” “anticipates,” “estimates” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, force majeure events, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. Forward looking statements contained herein may also be particularly impacted by the COVID-19 pandemic, which is addressed more specifically in the section entitled “**DEVELOPING MATTERS – COVID-19**”. These forward-looking statements speak only as of the date of this Information Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

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

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### **DEVELOPING MATTERS – COVID-19**

As of February 14, 2022, according to the Boston Public Health Commission, the City has suffered from 1,678 deaths from COVID-19 and over 162,683 infected cases, with 152,946 recovered. Over 70% of City of Boston residents are now fully vaccinated, but the impacts of the COVID-19 pandemic are expected to be long-lasting.

The City has had a strong partner in both relief and recovery in the federal government. The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, became law on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act is a broad-based economic stimulus bill, and the City was a direct recipient from a \$150 billion program called the Coronavirus Relief Fund (CRF) specifically for states, tribal governments and units of local government paid in advance by the United States Treasury. Boston, with a population in excess of 500,000, received a direct payment totaling \$120.8 million. These funds were appropriated in the Boston City Council on May 6, 2020.

The three requirements for CARES-CRF fund expenditures were:

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

The City has reported \$97 million in CARES-CRF expenditures as of December 31, 2021 with the full allotment of \$120.8 million fully obligated and expected to be fully expended by June 30, 2022.

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

The second stimulus bill, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), provided an additional \$900 billion in stimulus relief nationwide and extended the availability of CARES-CRF funding by one year, through December 31, 2021. This second stimulus package provided an additional \$123 million of Elementary and Secondary School Emergency Relief (ESSER II) funding to the Boston Public Schools, as well as a new Emergency Rental Assistance program awarded to the Department of Neighborhood Development.

The American Rescue Plan Act of 2021 (ARPA), which became law in March 2021, has provided another significant federal resource to the City. ARPA is the latest federal stimulus bill to aid public health and economic recovery from the COVID-19 pandemic. The City is a direct recipient of a part of ARPA called the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, which delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. As an identified metropolitan city, the City was eligible for a direct payment totaling \$558.7 million in ARPA-SLFRF funding.

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

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

Ineligible uses of this funding include:

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

In partnership with the Boston City Council, the City has authorized \$149.5 million, or about 27% of

total expected ARPA-SLFRF funds. Of the \$149.5 million in authorized funds, the City has dedicated \$55 million in the fiscal 2022 operating budget to offset local revenue declines during the pandemic to ensure flexibility, stability and fiscal resiliency. Additionally, \$94.6 million has been appropriated as emergency relief to City and community programs and initiatives, focused on public health, the economy and resources for individuals and families hardest hit by the pandemic. The City has reported \$14.6 million in ARPA-SLFRF expenditures as of December 31, 2021, with \$75.3 million fully obligated and \$59.6 million authorized but not yet obligated or spent. Given continued economic headwinds, the Office of Budget Management projects that \$60 million in additional funds will be needed for revenue replacement in the City's Operating Budget for fiscal 2023 and fiscal 2024.

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

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

The full financial impact of COVID-19 on the City, its economy, and its financial position will likely continue to change as circumstances and events evolve. The City cannot now project with any reasonable degree of certainty the short-term and long-term impact of COVID-19 on the Boston and regional economy, its residents and businesses and all levels of government. No assurance can be given regarding future events or impacts arising from the pandemic or changes in demographic and economic patterns or behavior because many actions and events are unpredictable, unknowable at this time, and outside the control of the City.

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**THE CITY**

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

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

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

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

The current members of the City Council, all of whose terms will end in January 2024, are set forth below.

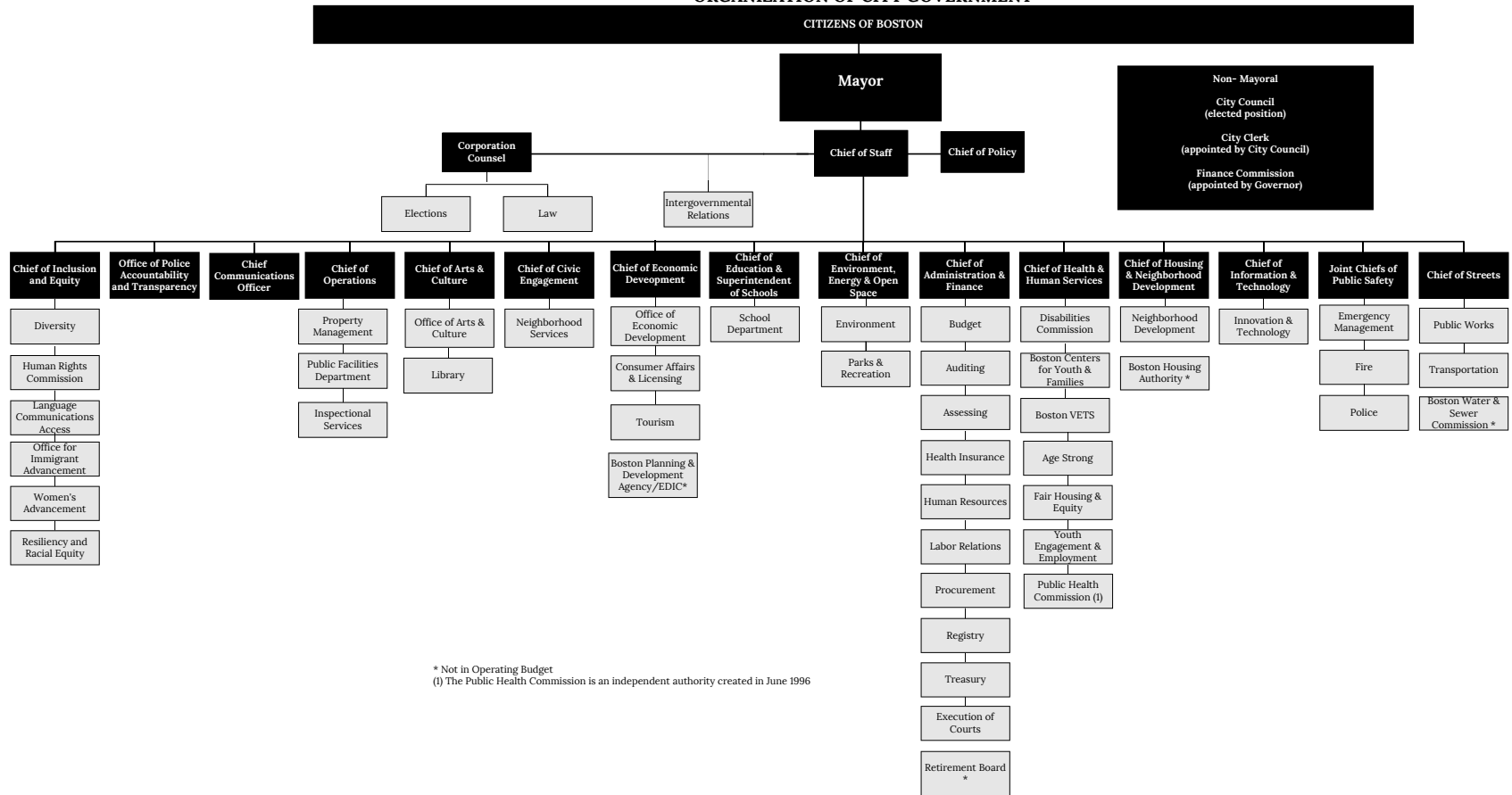
Edward Flynn (President) .....	District 2
Michael F. Flaherty .....	At Large
Ruthzee Louijeune .....	At Large
Julia Mejia .....	At Large
Erin Murphy .....	At Large
Lydia Edwards .....	District 1
Frank Baker.....	District 3
Brian Worrell .....	District 4
Ricardo Arroyo .....	District 5
Kendra Lara .....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

**Organization of City Government**

The City of Boston operates under a cabinet form of government to recognize the major functional responsibilities of City government, to facilitate improvements in the conduct of the executive and administrative business of the City, and to eliminate duplication and waste.

The structure of the Mayor’s cabinet is set forth in the organizational chart on the following page. The organization chart was submitted as a part of fiscal 2022 budget in April 2021 and is subject to change.

# ORGANIZATION OF CITY GOVERNMENT



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

#### *Chief of Staff*

Tiffany Chu was appointed as Chief of Staff in January 2022, effective February 14, 2022. Ms. Chu is the former CEO & Co-founder of Remix, a software platform for transportation planning, and a former Commissioner of the San Francisco Department of the Environment. The Chief of Staff is charged with supervising and directing the operations of the Mayor's Office, including but not limited to scheduling, security, policy and planning, press, constituent services and intergovernmental relations.

#### *Chief of Policy*

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

#### *Chief of Operations*

Dion Irish was appointed Chief of Operations in March 2021. Prior to his appointment, Mr. Irish served as Commissioner of the Inspectional Services Department. Mr. Irish is a veteran of city government in Boston with 25 years in various leadership positions. As Chief of Operations, Mr. Irish oversees the development and maintenance of relationships, procedures and strategic operations necessary to implement the Mayor's goals and priorities for her Administration. The Chief of Operations also supervises the Property Management Department, the Public Facilities Department, and the Inspectional Services Department.

#### *Corporation Counsel*

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

#### *Chief Communications Officer*

Jessica Pierre was appointed Chief Communications Officer in January 2022. As a member of the Mayor's Cabinet, Ms. Pierre oversees all press activity and serves as an advisor on all overall communications and media relations strategy. Previously, Pierre served on Mayor Wu's campaign as the press secretary and as communications staff in Wu's City Council office. In addition to her work with Mayor Wu, she has been a publicist, business strategist, and writer who has used her public relations and entrepreneurial skills to build community and elevate the work of organizations like the Black Economic Council of MA and the Institute for Policy Studies.

#### *Chief of Information and Technology*

Alex Lawrence was appointed Interim Chief Information Officer in November 2021. The Chief Information Officer oversees the Department of Innovation and Technology ("DoIT"). DoIT is responsible for supporting and expanding the use of technology to improve the business of government and delivery of service. Ms. Lawrence is currently on leave from her position as Director of Growth and Operations at Bloom Works, a women-owned digital services firm that helps governments and other mission-driven agencies provide human-centered technology solutions to the communities they serve. She previously served as Chief of Staff for DoIT.

*Chief Financial Officer and Collector-Treasurer*

Justin Sterritt was appointed Chief Financial Officer, Collector-Treasurer and Chief of Administration and Finance in April 2021. Prior to his appointment, Mr. Sterritt served as the City's Budget Director for three years. Before that, Mr. Sterritt served as Budget Director for the Massachusetts House Committee on Ways and Means. Mr. Sterritt also served in a variety of policy and finance roles for the Commonwealth at the Executive Office for Administration and Finance and the Executive Office of Housing and Economic Development. As a member of the Mayor's Cabinet, Mr. Sterritt is responsible for the City's human and financial resources, including Human Resources, Labor Relations, Treasury, Collecting, Assessing, Auditing, Budget, Registry, and Purchasing. The Collector-Treasurer is also the custodian of over 300 City trust funds and is an *ex-officio* member of the Massachusetts Convention Center Authority Board.

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

*Budget Director*

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

*City Auditor*

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

*Commissioner of Assessing*

Nicholas P. Ariniello, Esq. was appointed Interim Commissioner of Assessing in June 2019. Prior to his appointment, Mr. Ariniello worked for the City of Boston Assessing Department for thirteen years, serving as counsel to the department and then as the Director of Tax Policy. The Commissioner of Assessing is responsible for supervision of the City's Assessing Department; and the valuation, for purposes of the tax levy, of real and personal property located in the City; administration of tax incentive agreements; administration of the motor vehicle excise and the boat excise; and the administration of the Payment in Lieu of Tax (PILOT) program.

*First Assistant Collector-Treasurer*

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

*Chief of Economic Opportunity & Inclusion*

Segun Idowu was appointed Chief of Economic Opportunity and Inclusion in January 2022. Prior to his appointment, Mr. Idowu served as the President and CEO of the Black Economic Council of Massachusetts. The Chief of Economic Opportunity and Inclusion is responsible for spurring economic development in all neighborhoods across the City. The Economic Opportunity and Inclusion Cabinet is comprised of the Office of Consumer Affairs & Licensing, Office of Tourism, and the Office of Economic

Opportunity and Inclusion, which includes the Office of Small and Local Business and the administration of the Boston Residents Jobs Policy. The Chief of Economic Development works in tandem with the Boston Redevelopment Authority (“BRA”) d/b/a Boston Planning & Development Agency (“BPDA”), a public body politic and corporate constituting the City’s redevelopment authority.

*Superintendent of Schools*

The Boston School committee appointed Dr. Brenda Cassellius as Superintendent of Schools effective May 2019. Previously, Dr. Cassellius served as Minnesota Commissioner of Education where she worked to lead comprehensive education reforms that resulted in historic new state funding for schools, the enactment of all-day kindergarten, state-funded preschool for 25,000 children, and the highest high school graduation rates on record for all student groups. Prior to serving as Commissioner, Dr. Cassellius served in a variety of administrative capacities in the Minneapolis and Memphis school districts. Dr. Cassellius holds an Ed.D. in Organizational Leadership from the University of Memphis, a master’s degree in Secondary Education and Teaching from the University of St. Thomas, and a bachelor’s degree in Psychology from the University of Minnesota. Dr. Cassellius has resigned as Superintendent effective at the end of the school year in June 2022.

*Joint Chiefs of Public Safety*

Gregory Long has served as Acting Police Commissioner since February 2021. Commissioner Long has been a member of the Boston Police Department in various roles for over 25 years. Prior to being appointed Commissioner, he served as Superintendent-in-Chief and was in charge of all the department’s commanders. Commissioner Long is serving as an advisor to the search committee for a permanent Commissioner and will remain in this role until a successor is chosen.

John Dempsey was appointed Fire Commissioner/Chief of the Boston Fire Department in April 2020. Commissioner Dempsey has been a member of the Boston Fire Department for over 35 years and has previously served the Department in various capacities including Chief of Operations where he oversaw all divisions of the Boston Fire Department and also Boston Fire Marshall where he was responsible for all fire code and regulation enforcement.

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

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

*Chief of Environment, Energy and Open Space*

Reverend Mariama White-Hammond was appointed Chief of Environment, Energy and Open Space in April 2021. She is the founding pastor of New Roots AME Church in Dorchester, a multi-racial, multi-class community, and a fellow with the Green Justice Coalition, which brings together eight social/environmental justice groups from around Massachusetts. The Chief of Environment, Energy and Open Space is responsible for environmental and energy policy. She oversees the Environment Department and the Parks & Recreation Department. Rev. White-Hammond also serves as the liaison to Boston’s utility companies and the Boston Water and Sewer Commission (“BWSC”), and as a board member of the Massachusetts Water Resources Authority, the Boston Groundwater Trust, the Boston Harbor Islands Partnership, and is co-chair of the Groundwater Working Group.

*Chief of Housing and Neighborhood Development*

Sheila Dillon was appointed Chief of Housing and Neighborhood Development in September 2012. Prior to her appointment, Ms. Dillon served as Director of the Rental Assistance Bureau at the Massachusetts Department of Housing and Community Development. Ms. Dillon previously held housing-

related positions at the City of Boston, including Mayor’s housing advisor and Deputy Director of Housing at the Department of Neighborhood Development, where she oversaw both affordable housing development and homeless programs. The Chief of Housing and Neighborhood Development is responsible for housing policy. Ms. Dillon also serves as Director of the Department of Neighborhood Development which is responsible for business development, homeowner/homebuyer programs, housing development, surplus land and building management and disposition, certain City capital construction projects, and rental housing assistance to tenants and owners.

*Chief of Equity*

Mariangely Solis Cervera serves as the Chief of Equity & Inclusion, starting January 2022. In this role, Ms. Solis Cervera will lead the Equity Cabinet, which seeks to advance racial justice and social, economic, and health equity in the City of Boston. She is charged with ensuring that work across City departments is equitable and connected to the energy and voices of Boston residents across every neighborhood. Prior to this role, Ms. Solis Cervera served on Mayor Wu’s campaign as the Constituency Director, where she developed and implemented accessible, culturally competent community engagement strategies within traditionally neglected communities in the electoral system.

*Chief of Arts and Culture*

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

*Chief of the Streets, Transportation and Sanitation*

Jascha Franklin-Hodge was appointed Chief of the Streets, Transportation and Sanitation in January 2022. As a member of the Mayor’s Cabinet, he works with the Public Works and Transportation Departments to deliver exceptional City services, build great streets, and implement a transportation plan that works for everyone. Prior to serving in this role, Mr. Franklin-Hodge was the Executive Director of the Open Mobility Foundation. He previously worked for the City of Boston as Chief Information Officer.

*Chief of Community Engagement*

Brianna Millor was appointed Chief of Community Engagement in January 2021. As a member of the Mayor’s Cabinet, Ms. Millor will work to improve the delivery of City Services as well as create opportunities for all Boston residents to participate in local government. In this role, Ms. Millor oversees the Office of Neighborhood Services, the Office of Public Service and Community Outreach, Boston 311, and Spark Boston. Prior to this role, Ms. Millor served in Mayor Wu’s Council Office as Administrative Director and then Civic Engagement Director.

**Principal Government Services**

The following table shows the distribution of the City’s fiscal 2022 appropriations by primary government functions and departments.



**Purposes of City Appropriations—Fiscal 2022 <sup>(1)</sup>**  
**(Budgetary Accounting Basis) <sup>(2)</sup>**  
**(\$ in thousands)**

	<u>Amount</u>	<u>Percent of Total Appropriations</u>
General Government .....	\$140,941	3.74%
Public Safety .....	751,883	19.94%
Public Works .....	128,743	3.41%
Property and Development .....	63,104	1.67%
Parks and Recreation .....	33,141	0.88%
Library .....	42,243	1.12%
Human Services.....	45,810	1.21%
Schools .....	1,294,720	34.33%
Boston Public Health Commission.....	110,698	2.94%
Judgments and Claims .....	5,000	0.13%
Employee Benefits.....	268,147	7.11%
Current Period Retirement Contributions .....	327,584	8.69%
Debt Requirements .....	205,115	5.44%
State and District Assessments .....	<u>354,146</u>	<u>9.39%</u>
<b>Total .....</b>	<b><u>\$3,771,275</u></b>	<b><u>100.00%</u></b>

(1) Represents the fiscal 2022 Budget as of January 1, 2022 following the Tax Rate setting process. Totals may not add due to rounding.

(2) See “Financial Operations–Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2018 to 2021 Actual Results and Fiscal 2022 Budget” below for a definition of budgetary accounting basis.

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

A description of certain City principal governmental services follows:

*Schools*

The City’s School Department provides both basic education and college preparatory curricula as well as specialized vocational educational programs. The school system enrolled 48,957 students for the 2021-2022 school years, which is a decrease from the previous year. There are 121 schools in the Boston Public Schools, including: 7 schools for early learners, 41 elementary schools (K-5 or K-6), 31 elementary/middle schools (K-8), 4 middle schools (6-8), 4 middle/high schools (6-12), 1 K-12 school, 18 high schools (7-12 or 9-12), 3 exam schools (7-12), 6 special education schools, and 5 alternative (at-risk) schools and programs.

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

*Public Safety*

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

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

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

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

#### *Public Health*

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

#### *Public Works*

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

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

#### *Other Services*

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

#### *Suffolk County*

While existing state law provides that the Mayor and City Council serve as the Commissioners of Suffolk County, which includes the cities of Boston, Chelsea, Revere and the Town of Winthrop, all of the functions and costs of county government (including the county courts, registry of deeds and the Office of the Suffolk County Sheriff) have been assumed by the Commonwealth, except for an annual assessment by the Commonwealth for the purpose of funding the unfunded portion of pension liability for retirees of the Office of the Suffolk County Sheriff who retired prior to January 1, 2010. This annual assessment can be no greater than the City's fiscal 2009 appropriation to support the Office of the Suffolk County Sheriff of approximately \$4.0 million, and will terminate when the pension liability of these retirees is fully funded.

#### **City Employees**

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

**Full-Time Equivalent  
City Employees by Department <sup>(1)</sup>**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>City Funded:</i>			
Public Safety <sup>(2)</sup> .....	4,518	4,460	4,369
Public Works.....	358	349	331
Other City Departments <sup>(3)</sup> .....	2,715	2,727	2,641
Boston Public Health Commission <sup>(4)</sup> .....	<u>847</u>	<u>872</u>	<u>857</u>
Subtotal .....	<u>8,438</u>	<u>8,407</u>	<u>8,198</u>
Schools.....	<u>9,303</u>	<u>9,528</u>	<u>9,559</u>
Total City Funded.....	<u>17,741</u>	<u>17,935</u>	<u>17,757</u>
<i>Grant Funded:</i>			
Schools .....	654	621	756
All Others <sup>(5)</sup> .....	<u>287</u>	<u>299</u>	<u>284</u>
Total <sup>(6)</sup> .....	<u>18,682</u>	<u>18,856</u>	<u>18,797</u>

(1) All data are as of January 1 in the year stated. The methodology used in compiling these data was established jointly by the City and the Boston Municipal Research Bureau.

(2) Includes the Police Department, the Fire Department, and the Office of Emergency Management.

(3) Includes Boston Retirement System employees.

(4) While funded by the City, Boston Public Health Commission employees are not City employees.

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

(6) Jan 1, 2021 FTEs were restated to increase by 9 after an error was corrected.

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

### Employee Relations

Under Massachusetts General Laws Chapter 150E, most municipal employees in the Commonwealth enjoy the right to join labor unions and bargain collectively over wages and other terms and conditions of employment. The Office of Labor Relations represents the Mayor and the City in all collective bargaining matters with all unions that represent City employees except School Department employees. While reporting to the Executive Director of the Office of Labor Relations, the School Department's labor relations personnel similarly represent the School Committee concerning the unions that represent School Department employees. Additionally, the Office of Labor Relations has actively assisted the Boston Public Health Commission in collective bargaining negotiations with its 9 bargaining units and regularly interfaces with the Boston Public Health Commission on labor and employment matters.

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

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

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

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

The table below represents a summary of the bargaining units representing City employees, the number of City employees represented by each bargaining unit, and the status of the City's contract with each bargaining unit.

### Collective Bargaining Units (City and Schools)

Union	Department	Number of Employees Represented <sup>(1)</sup>	Contract Expiration Date
Boston Police Patrolmen's Association	Police	1,485	6/30/20
Boston Police Superior Officers Federation	Police	261	6/30/20
Boston Police Detectives Benevolent Society	Police	280	6/30/20
Superior Detective Benevolent Society	Police	135	6/30/20
Forensic Group	Police	34	9/30/20
Police Cadet Association	Police	21	9/30/19
School Traffic Supervisors Assoc	Police	171	8/31/20
International Association of Firefighters, Local 718	Fire	1,525	6/30/21
Municipal Police Patrolmen's Association	Property & Construction Mgmt	51	6/30/20
Municipal Police Superior Officers Association	Property & Construction Mgmt	7	6/30/20
SEIU, Local 888	Citywide	887	9/30/20
SENA, Locals 9158 and 9158E <sup>(2)</sup>	Citywide	680	9/30/23
AFSCME C93 (Citywide & various locals)	Citywide	1,043	6/30/20
AFSCME Local 1526	Library	208	9/30/20
Professional Staff Association	Library	160	9/30/20
Park Rangers	Parks	10	6/30/20
Typographical Union	Police	2	9/30/20
OPEIU AFL-CIO L16 (Housing Inspectors)	Inspectional Services	28	6/30/20
IBEW, Local 103	Inspectional Services	9	6/30/20
Teamsters Local 2	Property & Construction Mgmt	3	6/30/20
Boston Teachers Union	School	8,767	8/31/21
BASAS (School Administrators & Supervisors)	School	233	8/31/20
Administrative Guild	School	262	8/31/20
Planning & Engineering	School	28	8/31/20
Boston School Police	School	34	8/31/20
School Police Superior Officers Assoc.	School	14	6/30/20
School Custodians Local 1952, Painters & Allied			
Trades District Council #35	School	519	8/31/20
Plant Administrators Association	School	15	8/31/20
School Bus Monitors USWA Local 8751	School	562	6/30/20
Lunch Hour Monitors Association	School	305	8/31/20
AFSCME C93, Local 230 Cafeteria Workers/Mgrs	School	468	8/31/20
AFSCME C93, Storekeepers & Deliverymen	School	5	8/31/20
<b>Total</b>		<b>18,212</b>	

(1) Number of bargaining unit members (not Full-Time Equivalents) as of January 1, 2022.

(2) Agreement has been ratified but is subject to appropriation by City Council.

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

The City has begun negotiations with unions whose contracts have expired. The City budgets for the costs of future contracts through the collective bargaining reserve.

## FINANCIAL OPERATIONS

### Budget Process

#### *Charter Amendment*

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

#### *Operating Budget*

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

Under the terms of the charter amendment discussed above, the City Council and Mayor are to create by ordinance an independent Office of Participatory Budgeting, including an external oversight board, to further public engagement with public spending. This office would in turn create and oversee an equitable and binding decision-making process open to all Boston residents. Such an ordinance has not yet been enacted.

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

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

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

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

#### *Capital Budget*

The Office of Budget Management manages the City’s capital plan, including evaluating the condition of the City’s capital assets, forecasting the timing and financial requirements of new construction and rehabilitation, and assessing the allocation of current and future resources to meet the City’s infrastructure needs. Through an annually updated five-year capital plan, the City refines its capital needs and resources each fiscal year. In April 2021, the Mayor released the fiscal 2022-2026 capital plan and initiated loan orders for City Council consideration. See “City Indebtedness – Capital Planning and Borrowing Program - Current Capital Investment Plans” below for additional information. There is no statutory time frame for requesting or approving such orders. All fiscal 2022 capital authorizations have been approved by the City Council.

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

#### **Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2018 to 2021 Actual Results and Fiscal 2022 Budget**

The following table shows the City’s General Fund budget for fiscal 2022, together with budgetary actual results for fiscal 2018 through 2021. In accordance with state law and regulations, the City’s General Fund budget as shown below is prepared on the “budgetary basis” instead of accounting principles generally accepted in the United States of America (“GAAP”). Among the key differences between these two sets of accounting principles are that “budgetary” records property tax as it is levied while GAAP records it as it becomes susceptible to accrual, “budgetary” records certain activities and transactions in the General Fund that GAAP records in separate funds, “budgetary” records as an expenditure any amount raised to cover a prior year deficit, and as a revenue any available funds drawn from accumulated prior year surpluses, while GAAP ignores these impacts from prior years. “Budgetary” records encumbrances and continuing appropriations as the equivalent of expenditures but has no effect on GAAP expenditures. The difference in accounting principles inevitably leads to varying results in excess or deficiency of revenues over expenditures.

**Summary and Comparison of Operating Results**  
**Fiscal 2018 to 2021 Actual Results and Fiscal 2022 Budget**  
**General Fund—Budgetary Basis**  
**(\$ in millions)\***

	Fiscal 2018 Actual Results	Fiscal 2019 Actual Results	Fiscal 2020 Actual Results	Fiscal 2021 Actual Results	Fiscal 2022 <sup>(1)</sup> Budget
Revenues:					
Recurring Revenue:					
Property Taxes	\$2,222.6	\$2,354.1	\$2,514.2	\$2,680.0	\$2,823.3
Overlay Reserve <sup>(2)</sup>	(30.6)	(33.3)	(47.3)	(3.7)	(33.2)
Excises	223.2	236.5	226.0	94.9	115.1
Fines	63.6	74.1	67.4	52.2	51.8
Interest on Investments	15.4	30.4	29.5	3.6	2.8
Payments in Lieu of Taxes	52.7	54.0	44.9	63.1	49.6
Urban Redevelopment Chapter 121A	72.5	54.4	41.5	47.0	28.7
Misc. Department Revenue	68.3	72.4	66.6	67.5	56.8
Licenses and Permits	74.6	82.6	88.4	67.3	62.4
Penalties & Interest	11.4	11.4	10.1	10.3	9.0
Available Funds <sup>(3)</sup>	-	-	-	20.0	31.0
State Aid	439.7	434.4	458.8	468.8	478.9
Total Recurring Revenue	\$3,213.3	\$3,371.1	\$3,500.0	\$3,571.1	\$3,676.3
Budgetary Fund Balance	-	-	-	\$40.0	\$40.0
Sale of Surplus Property	-	-	-	-	-
American Rescue Plan	-	-	-	-	55.0
Total Non-Recurring Revenue <sup>(4)</sup>	-	-	-	-	\$95.0
Total Revenues	\$3,213.3	\$3,371.1	\$3,500.0	\$3,611.1	\$3,771.3
Expenditures:					
Total Departmental Expenditures					
City Departments	\$1,291.6	\$1,365.0	\$1,412.3	\$1,390.1	\$1,431.3
Boston Public Health Commission	79.6	88.0	93.4	106.5	110.7
School Department	1,093.3	1,126.7	1,178.6	1,260.5	1,294.7
Collective Bargaining Reserve	15.5	2.5	2.2	14.0	10.0
OPEB Trust Fund <sup>(5)</sup>	40.0	40.0	40.0	40.0	40.0
Total Department Expenditures	\$2,519.9	\$2,622.1	\$2,726.4	\$2,811.1	\$2,886.7
Fixed Costs:					
Pensions <sup>(6)</sup>	\$233.3	\$263.1	\$280.6	\$292.1	\$323.7
Debt Service <sup>(7)</sup>	170.9	177.3	178.0	172.3	205.6
State Assessments	264.1	278.7	295.9	316.4	351.2
Suffolk County Sheriff Reserve	3.9	3.9	3.8	3.8	2.9
Reserve	-	3.4	-	-	1.1
Total Fixed Costs	\$672.2	\$726.4	\$758.3	\$784.6	\$884.6
Total Expenditures	\$3,192.1	\$3,348.5	\$3,484.8	\$3,595.7	\$3,771.3
Excess of Revenues Over Expenditures	\$21.2	\$22.6	\$15.3	\$15.3	\$0.0

\* Columns may not add due to rounding.

- (1) Represents the fiscal 2022 budget as of January 1, 2022 following the Tax Rate setting process.
- (2) If the City's reserves for abatements prove at the end of the fiscal year to be insufficient to cover the City's abatement liability, the City is required to raise in the following year's tax rate in an amount sufficient to generate additional reserves to cover the shortfall. In fiscal 2022, the City has reserved 1.2% of the gross levy for abatements.
- (3) Available Funds is comprised of appropriations from the Parking Meter Fund and the Cemetery Trust Fund. Appropriations from these funds are restricted to specific uses.
- (4) Non-recurring revenue represents the use of available Budgetary Fund Balance of \$40.0 million and the use of \$55.0 million in American Rescue Plan Act (ARPA) federal relief funding for the purpose of revenue replacement in fiscal 2022.
- (5) The City's appropriation to the OPEB Trust Fund is currently not mandated by statute. However, the liability it addresses is substantial and recognized by the City. Fiscal 2022 represents the fifteenth consecutive year that the City has made a substantial appropriation for the OPEB Trust Fund. See "Employee Benefits-Other Post Employment Benefits."
- (6) Excludes noncontributory pensions and annuities included in City Departments with expenditures of \$3.7 million in fiscal 2018, \$3.7 million in fiscal 2019, \$3.5 million in fiscal 2020, \$3.4 million in fiscal 2021 and budgeted expenditures of \$3.9 million in fiscal 2022. In addition, the Boston Public Health Commission's funding supports the general fund portion of their pension obligation. Such amounts are \$18.6 million in fiscal 2018, \$20.0 million in fiscal 2019, \$20.7 million in fiscal 2020, \$21.9 million in fiscal 2021, and \$24.7 million is budgeted in fiscal 2022.

(Continued on following page)

- (7) The debt service amount is derived from principal and interest, less certain offsetting revenues. The revenues utilized to offset debt for budgetary and tax rate setting purposes vary from those used in the table "Debt Service Requirements-Fiscal 2018-2021 See "City Indebtedness-Debt Service Requirements."

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

### **Fiscal 2018-2020 Actual Results**

During the fiscal 2018 to 2020 period, the City continued its pattern of producing annual budget surpluses as shown in the prior table. During this period the City's property tax base continued to experience notable growth as commercial construction projects came online, combined with an increase in residential development linked to Mayor Walsh's housing production goals. More detail on these efforts can be found in the *Imagine Boston 2030* plan at <https://www.boston.gov/departments/mayors-office/imagine-boston-2030>. *Imagine Boston 2030* is a strategic roadmap that focuses on housing affordability, new development, and the preservation of existing housing units. Several properties also moved from tax-exempt to taxable status during this time period. In addition, growth in local revenue in fiscal 2018 and 2019 was mainly driven by increases in local option taxes, i.e. room occupancy tax and restaurant meal tax, motor vehicle excise tax, as well as growth in building permit revenue and payments in lieu of taxes. However, in fiscal 2020 the COVID-19 pandemic and the economic disruption it caused led to a decline in local revenue.

Fiscal 2018 ended with a \$21.2 million general fund budget surplus. While there was an appropriations deficit of \$34.5 million driven by deficits in public safety, snow removal and a reserve established for legal judgements and settlements, these deficits were sufficiently covered by a \$55.7 million revenue surplus. In fiscal 2018, the City's expenditures totaled \$3.2 billion including direct expenditures for departmental services and fixed costs, which increased \$202.0 million or 6.8% from fiscal 2017 expenditures. Fiscal 2018 actual expenditures compared with actual fiscal 2017 expenditures are as follows: City Departments increased \$90.9 million or 7.6%; the Public Health Commission increased \$2.3 million or 3.0%; the School Department increased \$61.7 million or 6.0%. Actual fixed costs for fiscal 2018 compared with actual fiscal 2017 fixed costs are as follows: Pensions increased \$34.0 million or 17.1%; Debt Service increased \$5.6 million or 3.4%; and State Assessments increased \$23.7 million or 9.8%. The larger increase in pension expenditures for fiscal 2018 as compared to fiscal 2017 is a result, in part, from a \$12 million additional payment having been made in fiscal 2018 above the scheduled payments.

The fiscal 2018 budget ended with deficits for public safety departments with the Police Department having a \$14.4 million deficit and Fire having a \$1 million deficit. These deficits were primarily related to overtime spending, but also reflect decisions made at year-end to accelerate equipment purchases. Additionally, there were deficits related to Snow Removal account at \$5.6 million and Execution of Courts account at \$14.5 million resulting from a reserve set aside to pay for possible adverse legal rulings.

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

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

Fiscal 2020 ended with a \$15.3 million general fund budget surplus. The overall surplus was made up of an appropriations surplus of \$8.8 million and a revenue surplus of \$6.5 million, paced by collections exceeding budgeted amounts for Licenses and Permits, Excises, and Interest on Investments. In fiscal 2020, the City's expenditures totaled \$3.5 billion including direct expenditures for departmental services and fixed costs, which increased \$136.3 million or 4.1% from fiscal 2019 expenditures. Fiscal 2020 actual



expenditures compared with actual fiscal 2019 expenditures are as follows: City Departments increased \$47.3 million or 3.5%; the Public Health Commission increased \$5.4 million or 6.2%; the School Department increased \$51.9 million or 4.6%. Actual fixed costs for fiscal 2020 compared with actual fiscal 2019 fixed costs are as follows: Pensions increased \$17.5 million or 6.7%; Debt Service increased \$ .7 million or 5.4 %; and State Assessments increased \$17.2 million or 6.2 %.

The fiscal 2020 budget ended with deficits for public safety departments with the Police Department having an \$11.2 million deficit and Fire having a \$5.4 million deficit. These deficits were primarily related to overtime spending, but also reflect decisions made at year-end related to equipment purchases. Additionally, there was a deficit related to the Execution of Courts account at \$2 million resulting from a reserve set aside to pay for possible adverse legal rulings. In the spring of fiscal 2020, the City of Boston established two central grant-funded appropriations for COVID-19 related expenditures for the Coronavirus Aid, Relief, and Economic Security (CARES), Coronavirus Relief Fund (CRF) and the Federal Emergency Management Agency (FEMA) Public Assistance Grant provided from the Federal Government through the Commonwealth of Massachusetts. While the vast majority of new coronavirus or COVID-19 expenses were directed to those two grants, approximately \$2.8 million of COVID-19 expenses were absorbed into the fiscal 2020 budget.

In both fiscal 2019 and 2020, the City was able to fund the appropriation to the Other Post Employment Benefits (“OPEB”) Trust Fund using recurring revenue sources instead of Budgetary Fund Balance, which is available for appropriation only after certification of its value by the Massachusetts Department of Revenue.

### **Fiscal 2021 Actual Results**

The following is a summary of the City’s fiscal 2021 general fund actual results on a budgetary accounting basis.

#### *Expenditures*

Fiscal 2021 ended with a \$15.3 million general fund budget surplus. In fiscal 2021, the City’s expenditures totaled \$3.6 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$110.9 million or 3.2% from fiscal 2020 expenditures. Budgeted fiscal 2021 departmental expenditures compared with fiscal 2020 expenditures are as follows: City Departments decreased \$22.2 million or -1.6%; the Public Health Commission increased \$13.1 million or 14.0%; the School Department increased \$81.9 million or 6.9%. In fiscal 2021, the negative growth in City Departments was a result of targeted budget cuts and controlled employee hiring and operational disruptions related to the pandemic. These targeted budget cuts were implemented directly to respond to revised revenue estimates impacted by the coronavirus emergency and its economic impact. Actual fixed costs for fiscal 2021 compared with actual fiscal 2020 fixed costs are as follows: Pensions increased \$11.5 million or 4.1%; Debt Service decreased \$5.7 million or -3.2%; and State Assessments increased \$20.5 million or 6.9%.

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

#### *Revenues*

Actual revenues for fiscal 2021 totaled \$3.6 billion, an increase from fiscal 2020 actual revenues of \$111.1 million or 3.2%. Selected fiscal 2021 actual revenues compared with fiscal 2020 actual revenues as follows: The Gross Property Tax Levy (including new growth) increased \$165.9 million or 6.6%; Excises decreased \$131.1 million or -58.0%; Interest on Investments decreased \$25.9 million or -87.7%; Licenses and Permits decreased by \$21.1 million or -23.8%; Fines decreased by \$15.2 million or -22.6%; voluntary Payment In Lieu of Taxes (“PILOT”) revenues increased \$18.2 million or 40.6%; Chapter 121A revenues increased \$5.5 million or 13.1%; and State Revenue increased \$10.0 million or 5.6%.

Excises, Interest on Investments, Licenses and Permits, and Fines decreased due to the continued impact of the COVID-19 pandemic on economic activity, financial markets, and revenue-generating City functions. The increase in PILOTs was due to deferred payments from fiscal year 2020 that were received in fiscal 2021. Timing of payments also largely explains the increase in Chapter 121A revenues, while the

increase in State Revenue is attributable to the State budget being finalized late, with Unrestricted General Government Aid in particular ultimately coming in higher than budgeted by the City.

In fiscal 2021, a transfer of \$20 million from the Parking Meter Fund was made and Budgetary Fund Balance in the amount of \$40 million was used to fund the appropriation to the Other Post Employment Benefits (“OPEB”) Trust Fund.

### **Fiscal 2022 Budget**

The following is a summary of expectations regarding the City’s fiscal 2022 budget on a budgetary accounting basis. The figures cited below are comparisons to fiscal 2021 actual figures. All financial information presented in this Information Statement for fiscal year 2022 is unaudited, preliminary and subject to change. Federal funds from ARPA have been designated for general fund revenue replacement and are not directly connected to specific expenditures; however, spending targeted for recovery efforts are generally made possible with the introduction of federal revenue replacement dollars.

#### *Expenditures*

In fiscal 2022, the City’s currently budgeted expenditures total \$3.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$175.6 million or 4.9% from fiscal 2021 actual expenditures. Budgeted fiscal 2022 departmental expenditures compared with fiscal 2021 expenditures are as follows: City Departments increased \$41.2 million or 3.0%. In fiscal 2022 the growth in City Departments is a result of strategic investments to create an environment of equity along with targeted approaches to recover from the social and economic impacts brought on by the COVID-19 pandemic focusing on hard-hit populations and industries.

School Department budgeted expenditures increased \$34.2 million or 2.7%. The School Department continues to experience expenditure pressure particularly in the area of student transportation and the increasing costs related to a high needs student population but will continue to explore identifying efficiencies to reduce costs. The School Department much like City Departments made targeted investments to recover from the COVID-19 pandemic with additional supports for families and additional social worker and counselors focused on the students. The School Department is not currently anticipating a budget deficit in fiscal 2022.

The Collective Bargaining Reserve decreased by \$4.0 million or 28.6% which reflects a larger reserve established at year end for fiscal 2021 and with a modest amount to support fiscal 2022 contract settlements.

The appropriation to the OPEB Trust Fund is level-funded at \$40.0 million. Budgeted fixed expenses for fiscal 2022 compares with fiscal 2021 actual expenditures as follows: Pensions increased \$31.6 million or 10.8%; Debt Service increased \$33.3 million or 19.3%; and State Assessments increased \$34.8 million or 11.0%.

Pension expenses are mandated by the City’s pension funding schedule and are a legal obligation of the City. For more on Pensions, see “Employee Benefits—Retirement Systems.” State assessments are also mandatory; the amounts are determined by the Commonwealth. Most of the increase in State Assessments is for charter school tuition totaling \$33.9 million, followed by the assessment to the City for Massachusetts Bay Transportation Authority (“MBTA”) service increasing by \$0.8 million.

#### *Revenues*

Budgeted revenues for fiscal 2022 are expected to total \$3.8 billion, an increase of \$160.2 million or 4.4% from fiscal 2021 actual revenues.

Selected fiscal 2022 budgeted revenues compare with fiscal 2021 actual revenues as follows: The budgeted Gross Property Tax Levy (including new growth) increased \$143.3 million or 5.3%; in fiscal 2022, the City reserved 1.2% of the gross levy for abatements; Excises increased \$20.2 million or 21.3%; Fines are nearly flat with a small decrease of \$0.4 million or -0.7%; Interest on Investments decreased \$0.8 million or -22.5%; Payments in Lieu of Taxes decreased \$13.5 million or -21.3%; Chapter 121A revenues decreased \$18.3 million or -38.9%; Misc. Department Revenues decreased by \$10.7 million or -15.9%; Licenses and Permits decreased \$5.0 million or -7.4%; Penalties and Interest decreased by \$1.3 million or -12.8%; State Aid increased by \$10.1 million or 2.2% and Non-Recurring Revenue increased by \$55 million in anticipation of the use of federal American Rescue Plan Act (ARPA) funds to replace lost revenue.

The growth in budgeted Property Tax is due to the allowable increase of the City’s levy by 2.5% and strong new growth that is excluded from the levy limit. New growth, as certified by the Commonwealth’s

Department of Revenue during the Tax Rate setting process, is \$81.8 million in fiscal 2022, as compared to \$102.7 million in fiscal 2021. Although fiscal 2022 new growth is less than fiscal 2021, \$81.8 million represents the third highest growth number in the City's history. The Property Tax, the City's largest source of revenue, has become increasingly important to the City's revenue growth given recent fluctuations in state aid from the Commonwealth—the City's second largest single source of revenue, see "City Revenues—State Aid." The City has always increased the Property Tax levy annually by the maximum amount allowed under statutory limits.

The decreases in budgeted Misc. Department Revenue, Licenses and Permits, Fines, and Penalties are based on conservative assumptions regarding the city's gradual recovery from the COVID-19 pandemic and the persistence of the pandemic's effects with the emergence of new variants. In contrast, excises are budgeted slightly higher due to signs of recovery in areas such as hospitality and travel. The decrease in Interest on Investments is due to short-term market rates remaining low. PILOTs are expected to come in below fiscal 2021 due to that year having included deferred payments from fiscal 2020. Chapter 121A revenue is expected to decline as expiring 121A projects are converted to property taxes. State Aid is budgeted based on the final fiscal 2022 State Aid budget. For more detailed information regarding State Aid, see "City Revenues—State Aid."

Based on revenue collections year-to-date through January 2022, the budgeted increase in Excises appears achievable and the City currently appears likely to meet or exceed budgeted levels for other local receipts categories, such as Misc. Department Revenue, Licenses and Permits, and Fines.

#### *Federal Sequestration*

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

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

#### **Fiscal 2023 and 2024 Forecasts**

At the time of publishing of the fiscal 2022 adopted budget, the City conservatively projected budget deficits in fiscal 2023 and fiscal 2024 of \$22.9 million in fiscal 2023 and \$42.0 million in fiscal 2024. These projected shortfalls are driven in large part by fixed costs, which are expected to increase by approximately \$64.2 million or 7.3% in fiscal 2023, and by expected increases in City Departments and the School Department totaling \$54.8 million or 2.0% in fiscal 2023. Within the City's fixed costs, the Office of Budget Management continues to project increasing Charter School tuition assessment, moderately growing debt service, and scheduled pension cost increases. The forecast projected conservative property tax growth in fiscal 2023 and 2024, with additional expected increases in State Aid, Excises, Fines, and Licenses and Permits.

As the City examines projected expenditures for fiscal 2023 and fiscal 2024, expenditures are anticipated to grow at a faster rate than the City's revenue growth requiring active management to balance the budget. In addition to the growth in fixed costs, the City continues to project considerable appropriations growth due to rising employee-related costs.

#### **Financial Statements**

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

The City's audited financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP"). The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses. For a discussion of the significant accounting policies employed in preparing the City's fiscal 2021 audited financial statements, see Note 2 to such

audited financial statements, which are attached hereto as Exhibit I. The City’s fiscal 2021 financial statements received an unmodified opinion.

GAAP accounting differs from the “statutory” accounting or “budgetary” accounting basis prescribed by the Bureau of Accounts of the Commonwealth, for the annual budget and property tax certification process. The major differences are explained in Note 4 to the fiscal 2021 audited financial statements, attached hereto as Exhibit I.

Attached hereto as Exhibit II are Schedules of Comparative Financial Statements for the fiscal years ended June 30, 2021, 2020, 2019, 2018, and 2017, which have been prepared by the City’s Auditing Department based on information taken from the City’s audited financial statements for those fiscal years.

**Summary and Comparison of Operating Results (GAAP Basis)—Fiscal 2017-2021**

The following table is a summary of the City’s General Fund operating results as derived from the City’s audited financial statements for fiscal 2017 through 2021, which were prepared in accordance with the GAAP basis of accounting by the City and audited by KPMG LLP, as independent auditor.

**Summary of General Fund Statements of Revenues, Expenditures, Other Financing Sources and Changes in Fund Equity Fiscal Years 2017-2021 (GAAP Basis)  
(\$ in millions)\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total revenues .....	\$3,165.5	\$3,372.2	\$3,549.7	\$3,728.7	\$3,657.2
Total expenditures .....	<u>3,119.7</u>	<u>3,274.0</u>	<u>3,443.7</u>	<u>3,627.5</u>	<u>3,711.9</u>
Excess (deficiency) of revenues over expenditures.....	45.7	98.2	106.0	101.2	(54.7)
Total other financing (uses) sources .....	<u>9.5</u>	<u>(1.5)</u>	<u>(1.5)</u>	<u>(16.3)</u>	<u>(5.7)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	<u>36.3</u>	<u>96.8</u>	<u>104.6</u>	<u>84.9</u>	<u>(60.3)</u>
Fund balance, beginning of year.....	<u>949.0</u>	<u>985.3</u>	<u>1,082.1</u>	<u>1,186.6</u>	<u>1,271.5</u>
Fund balance, end of year <sup>(1)</sup> .....	<u>\$ 985.3</u>	<u>\$1,082.1</u>	<u>\$1,186.6</u>	<u>\$1,271.5</u>	<u>\$1,211.2</u>

\* Columns may not add due to rounding.

(1) The unassigned fund balances for the General Fund for fiscal 2017, 2018, 2019, 2020, and 2021 were \$682.8 million, \$702.1 million, \$781.4 million, \$794.6 million, and \$898.2 million, respectively.

Source: City of Boston Auditing Department.

The following is a summary analysis of the City’s financial operations on a GAAP basis over the period fiscal 2017 through fiscal 2021. The figures appearing in this section for the period are derived from the City’s audited financial statements. The analyses of revenues and expenditures in the text that follows are stated using data derived from the audited financial statements. For an explanation of the differences between the GAAP basis and budgetary basis of accounting, see the audited financial statements at Exhibit I, Note 4, “Budgetary Data.”

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

*Fiscal 2017*

General Fund revenue increased by \$109.7 million, or 3.6%, from fiscal 2016. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.37 billion or 75.0% of total revenue. Property taxes increased \$112.0 million, representing a positive change of 5.7% from fiscal 2016. Licenses and permits increased by \$14.5 million or 20.7%. Departmental revenue increased \$1.2 million or 1.4% since fiscal year 2016.

Fiscal 2017 expenditures increased \$152.2 million or 5.1% from fiscal 2016. The City’s largest expenditures were for schools (\$1.05 billion), public safety (\$643.1 million), retirement costs (\$347.4 million), other employee benefits (\$248.0 million), and state and district assessments (\$244.3 million).

School expenditures increased from fiscal year 2016 by \$32.6 million or 3.2%, public safety increased by \$32.9 million or 5.4%, other employee benefits increased by \$11.3 million or 4.8%, and retirement costs increased by \$38.3 million or 12.4%.

The General Fund's equity balance as of June 30, 2017 was \$985.3 million, an increase of \$36.3 million from fiscal 2016.

#### *Fiscal 2018*

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

Fiscal 2018 expenditures increased \$154.3 million or 5.0% from fiscal 2017. The City's largest expenditures were for schools (\$1.09 billion), public safety (\$689.9 million), retirement costs (\$356.3 million), state and district assessments (\$267.2 million), and other employee benefits (\$261.4 million). School expenditures increased from fiscal year 2017 by \$38.2 million or 3.6%, public safety increased by \$46.8 million or 7.3%, retirement costs increased by \$8.9 million or 2.6%, state and district assessments by \$22.9 million or 9.37%, and other employee benefits increased by \$13.4 million or 5.4%.

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

#### *Fiscal 2019*

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

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

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

#### *Fiscal 2020*

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

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

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

#### *Fiscal 2021*

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

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

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

**Cash Balances**

The following table represents the end-of-month unaudited cash balances for the City’s General Fund and Special Revenue Accounts, commencing with July of fiscal 2019 and ending with January of fiscal 2022, the most recent month for which data is available.

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

**End-of-Month Cash Balances for Fiscal 2019-2022**  
**(\$ in thousands)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
July.....	\$1,459,003	\$1,658,735	\$1,794,376	\$1,990,059
August.....	1,502,184	1,655,530	1,839,630	2,059,649
September.....	1,508,589	1,575,874	1,692,467	1,951,312
October.....	1,660,396	1,778,617	1,821,211	2,014,092
November.....	1,626,104	1,740,502	1,813,036	1,976,046
December.....	1,501,307	1,642,624	1,585,417	1,807,610
January.....	1,782,185	1,925,867	1,765,309	1,998,273
February.....	1,847,781	1,938,678	2,030,316	
March.....	1,661,054	1,766,409	1,767,692	
April.....	1,811,993	1,937,975	1,979,650	
May.....	1,840,520	1,958,843	2,252,956	
<u>June.....</u>	1,803,187	1,976,378	2,172,617	

Source: City of Boston Treasury Department.

**Financial Administration**

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

*Revenue Collections*

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

*Debt Management*

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

### *Financial Management*

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

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

### *Investment Policy*

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

### *Performance Management and Program Evaluation*

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

These efforts are summarized in CityScore and are designed to inform the Mayor, City managers, and the public about the quality of life and the performance of City government by aggregating key performance metrics into one number.

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

### *Risk Management*

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

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

Health benefits for over 30,000 City employees and retirees are managed by the Health Benefits Program. 100% of the City’s share of health benefit costs are self-insured through internal service funds established in compliance with M.G.L. Chapter 32B Section 3A. Actuarially determined reserves are maintained in the funds to stabilize rate increases and protect against large claims or cost increases.

Building damages are managed by individual departments, assisted by the Public Facilities Department. Large damages are insured through a catastrophic all risk property insurance policy, which provides \$100.0 million coverage after a \$10.0 million deductible. Separate policies provide \$150 million coverage for fine arts, and \$50 million per incident for equipment breakdown.

For unexpected large costs in all categories just described, the City maintains a catastrophic risk reserve, which had an available balance of \$38.5 million at the end of fiscal 2021.

#### *Climate Action, Energy Management and Resilience*

As a coastal city, Boston is exposed to the effects of rising sea levels, coastal flooding and increasingly extreme weather conditions, all of which may adversely affect the property of the City, its businesses and residents in the future. The City has developed a number of initiatives in recent years to manage the changing environment and to make the City's infrastructure and property, including that of its businesses and residents, more resilient and able to withstand these effects. Climate change is an ongoing and evolving process and many of its longer-term impacts cannot yet be accurately predicted.

The City's efforts to address these changes include:

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

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

The Environment, Energy and Open Space Cabinet works with departments across the City to implement the Boston Climate Action Plan and develop policies, design standards and operational guidelines which will reduce carbon emissions from the City's operations and increase resilience. In October 2021, with the adoption of a citywide carbon under the Building Emissions Reduction and Disclosure Ordinance, all buildings in Boston 20,000 square feet and larger, will be subject to declining emissions standards that put them on the path to achieve net zero by 2050. This policy is expected to eliminate 37 million metric tons of Greenhouse Gas emissions by 2050. All buildings under jurisdiction also need to report their emissions, energy and water use data to the City annually enabling us to track progress. The Chief of Environment, Energy and Open Space supports other initiatives that will improve the energy performance of all buildings in Boston, including municipal buildings, including new Zero Net Carbon Zoning Initiative underway at the Boston Planning and Development Agency and the advanced energy technologies policies included in the Boston Smart Utilities Policy required by the development review process required by the Boston Zoning Code. Other Green New Deal initiatives include increased access to public transportation and mode shift, municipal fleet electrification, and citywide electric vehicle (EV) charging infrastructure. Boston is also hiring a Green New Deal Senior Advisor who will work closely with the Chief of Environment, Energy and Open Space to support expansion of our cross-departmental approach to climate and equity-led governance.

The Municipal Energy Unit is housed within the Environment, Energy and Open Space Cabinet, and works with City operating departments, the Public Facilities Department and the Office of Budget Management to develop design standards and implement measures that enhance the energy efficiency of the City's buildings and other fixed assets. A significant Green New Deal initiative that will be led by the Municipal Energy Unit will be to develop and implement a strategy to procure 100% renewable energy for municipal needs. This work will build on the City's record of cost-effective purchasing of its electricity requirements from third-party suppliers, which it has undertaken since March, 2005 and has savings of \$29.3 million compared to the amount it would have paid to its local electric utility to supply identical quantities of electricity.

Among other things, the Municipal Energy Unit is responsible for an initiative entitled "Renew Boston Trust." The Renew Boston Trust is not a trust in the traditional sense, but a program to identify and finance municipal utility cost saving projects. The initiative commenced with the selection of an Energy Service Company ("ESCO") to conduct Investment Grade Audits ("IGAs") of the City's facilities portfolio and identify projects with sufficient utility savings potential. The City selects utility cost savings projects based upon the IGA analysis and the ESCO that conducted the audits provides a long-term financial guarantee on the net savings it has projected for those projects. The City finances the program with general



obligation bonds with debt service offset by the long-term energy savings guaranteed by the ESCO. In fiscal 2019, the City implemented energy conservation improvements in 14 buildings. The second phase of RBT is underway for 31 buildings and is expected to be completed in 2022. Work on planning the third phase has also begun with energy conservation measure design and construction expected in spring 2022. The ESCO has guaranteed an annual utility cost savings of approximately \$1,300,000 for the first two phases of Renew Boston Trust. It is expected to reduce 1,800 Metric Tons of Carbon Equivalent each year.

In addition, the Municipal Energy Unit is in the process of developing and implementing a similar program for its nearly 80,000 street lights and other exterior lights, and hopes to announce a contract for the Investment Grade Audit Agreement in spring 2022. When the ESCO undertakes the Investment Grade Audit to plan for the self-funded energy improvement program, the Municipal Energy Unit will lead an interagency process to maximize the benefits of a comprehensive assessment and mapping of all municipally-owned exterior lighting. Smart city technologies and digital equity strategies will be integrated with the self-funding energy improvements to municipal exterior lighting under the second Renew Boston Trust performance contract.

The Municipal Energy Unit is responsible for tracking the City's energy consumption and expenditures. To accomplish this, the Municipal Energy Unit uses an Enterprise Energy Management System ("EEMS") capable of monitoring and reporting on the energy consumed by the City's 314 buildings and other fixed assets, and its vehicle fleet. The EEMS is used to monitor the City's continuing progress meeting the greenhouse gas reduction goals stated in its Climate Action Plan and fulfill its municipal and state energy reporting obligations, and facilitates the identification of energy efficiency projects for the Renew Boston Trust program. The EEMS is also a valuable financial management tool that is used to verify the accuracy of utility bills, develop department energy budgets, and compare budgeted to actual energy expenditures.

The Municipal Energy Unit also runs the Community Choice Electricity program. Since its launch in February 2021, the Community Choice Electricity program has become the electricity supplier for an average of nearly 200,000 residents, institutions, and businesses. More than 98.5% of the customers are on the default rate which has 10% more renewable content than utility basic service. This program is expected to reduce Community Choice Electricity customers' carbon emissions by approximately 41,000 Metric Tons Carbon Equivalent compared to Eversource basic service in its first full year of operations.

In addition to the City of Boston's work to reduce greenhouse gas emissions, as part of the City's Climate Ready Boston program, the City is preparing for the effects of climate change, including sea level rise, coastal storms, extreme precipitation, and extreme heat. Since 2016, the City has conducted detailed climate resilience planning, design, and implementation work to ensure that the residents of Boston can continue to thrive in the face of climate change. Boston has identified implementation pathways for about 70 projects over the coming decades that can significantly reduce the risks associated with coastal flooding and sea level rise. The City is actively implementing projects identified through this process using capital investments in combination with Commonwealth and other resources. The City is also in the process of finalizing its citywide heat resilience plan - and collaborates closely with the Boston Water and Sewer Commission on opportunities to improve the drainage system and manage future extreme precipitation events. Fulfilling key steps outlined in Climate Ready Boston, in October of 2021 the Boston Planning and Development Agency implemented a Coastal Flood Resilience Zoning Overlay District requiring new development and retrofits to practice resilient planning and design and to take specific additional steps (elevation, flood proofing, etc.) to limit the damage and displacement related to the impacts of coastal storms and sea level rise and increase the resilience of the City.

## **Other Matters**

### *Cyber Threats*

As is the case with many organizations, the City of Boston faces continuing exposure to cyber risk with respect to its information technology infrastructure. These cyber threats come in a number of forms but most commonly present themselves as denial of service attacks, phishing and spear phishing attempts, ransomware attacks and malware. While the City has not yet experienced any attacks that have impacted liquidity or affected its business operations in any extended, meaningful way, it continues to take steps to attempt to protect itself against what are expected to be continued threats. These steps include employee trainings focused on how to identify spear phishing and phishing emails, the importance of protecting and creating strong passwords, and the protection and storing of sensitive data. The City also applies a multi-layered security approach, including two-factor authentication in which it maintains multiple lines of

defense in each layer of its technology architecture and has adopted best practices such as those recommended by the National Institute of Standards and Technology Cyber Security Framework and the Center for Internet Security 20 Critical Controls. In the event of an attack, the City has an incident response policy in place. Further, the City maintains an incident response retainer with cyber security third parties and remains in contact with federal, state and local agencies to provide best practices and support in the case of a serious cyber-attack. Nonetheless, the City cannot assure that future incidents or possible unknown prior events will not have a material impact on the City's operations or financial condition.

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## CITY REVENUES

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

### Property Taxes

Real and personal property taxes are the largest single source of the City's revenue. The City's gross property tax levy for fiscal 2022 equals \$2.82 billion, or 74.9% of expected General Fund revenues of \$3.77 billion budgeted for such period. Certain properties are subject to arrangements that suspend the imposition of real property taxes at normal rates in order to encourage development. See "City Revenues—Property Taxes—Revenues from Chapter 121A Corporations" below.

As discussed below, Proposition 2½ limits the level of property taxation in the City. In fiscal 2022, the City has again levied taxes below the 2.5% ceiling on the overall effective tax rate. The City is not expected to reach the levy ceiling in the foreseeable future due to previous growth in the real estate market.

#### *Proposition 2½*

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

Within the limits of the 2½ ceiling, the Growth Levy Limit is a secondary limitation imposed by Proposition 2½. The Growth Levy Limit prohibits the levy in a fiscal year from exceeding an amount equal to 102.5% of the maximum allowable limit for the preceding year, subject to exceptions for the following: property newly added to the tax rolls and valuation increases other than as a result of a general revaluation ("new growth"); temporary exclusions from the tax levy limitation to pay for capital costs or debt service on indebtedness; and "overrides," which are permanent increases in the tax levy for general expenditures of the city or town. Exclusions and overrides must be approved by a referendum of the voters of the city or town. The levy is permanently increased by the addition of new growth and overrides, except that any override to fund a stabilization fund will not be taken into account in calculating the maximum levy limit in subsequent fiscal years unless the City Council votes to appropriate such increased amount in such subsequent year to the stabilization fund. The exclusion of debt service by referendum temporarily increases the levy amount and the duration of the specific debt excluded. The Growth Levy Limit may be exceeded by an override in any year by a majority vote of the voters. An increase in the Growth Levy Limit under this procedure, however, does not permit a tax levy in excess of the 2½ ceiling since the two limitations apply independently. The applicable tax limits may also be reduced in any year by a majority vote of the voters. The City's gross levy in fiscal 2022 equals \$2.82 billion. In fiscal 2022, the allowable 2.5% increase is \$66.9 million, and "new growth," as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$81.8 million.

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

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

**Proposition 2½ Property Tax Levy Limits, Fiscal 2018-2022 <sup>(1)</sup>**  
**(\$ in thousands)**

	2018	2019	2020	2021	2022
Total Assessed Valuation ....	\$153,925,958	\$164,514,121	\$176,198,905	\$190,652,930	\$197,826,916
Growth Levy Limit <sup>(2)</sup> .....	2,216,601	2,350,783	2,509,115	2,675,124	2,823,729
Levy Ceiling <sup>(3)</sup> .....	3,848,149	4,112,853	4,404,973	4,766,323	4,945,673
Tax Levy <sup>(4)</sup> .....	2,216,491	2,349,909	2,508,767	2,674,860	2,823,323
Under Levy Ceiling .....	1,631,658	1,762,944	1,896,206	2,091,463	2,122,350

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

Source: City of Boston Assessing Department.

*Revaluation*

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

In November 2020, the City concluded work on its last scheduled revaluation for fiscal 2021, with an assessment date of January 1, 2020. The next revaluation is scheduled for fiscal 2025. For fiscal 2022, assessments are based on market activity leading up to the assessment date of January 1, 2021. Fiscal 2022 assessments reflected the local real estate market as impacted by the ongoing Covid-19 pandemic. Commercial values were stable with some value softening due to uncertainty while residential values experienced continued growth due to strong demand.

*Taxation by Use; Tax Rates*

The property tax base in the City consists of personal property and classes of real estate. The following table shows the classes of taxable real property assessed as of January 1, 2021. The fiscal 2022 tax rates were applied to the January 1, 2021 valuation to determine levy and tax liability for fiscal 2022.

**Assessed Valuation of Taxable Real Property by  
Real Estate Classes, Assessment Dated January 1, 2021**

Real Estate Classes	Parcel Count	Residential Valuation	Commercial Valuation	Industrial Valuation	Total Valuation
1-Family (101)	30,455	\$22,379,054,009			\$22,379,054,009
Residential Condominium (102)	68,677	\$53,577,272,965			\$53,577,272,965
Misc. (103, 108, 109, 110)	7,862	\$650,246,600			\$650,246,600
2-Family (104)	16,955	\$13,600,994,787			\$13,600,994,787
3-Family (105)	13,416	\$13,410,973,600			\$13,410,973,600
4-Family & Apartments (111-125)	5,438	\$15,024,600,195			\$15,024,600,195
Residential Land (130-132, 106)	6,229	\$356,021,900			\$356,021,900
Commercial (300-393)	7,572		\$52,939,947,920		\$52,939,947,920
Industrial (400-452)	718			\$1,313,020,700	\$1,313,020,700
Agricultural	3		\$395,000		\$395,000
Mixed Use (012-043)	2,934	\$12,901,818,237	\$3,848,104,890		\$16,749,923,127
<b>Total</b>	<b>160,259</b>	<b>\$131,900,982,293</b>	<b>\$56,788,447,810</b>	<b>\$1,313,020,700</b>	<b>\$190,002,450,803</b>

Source: City of Boston Assessing Department.

**Tax Rates, Fiscal 2018-2022**  
**(per \$1,000 of assessed value)**

<u>Fiscal Year</u>	<u>Commercial, Industrial and Personal Property</u>	<u>Residential Property</u>
2022 .....	\$24.98	10.88
2021 .....	24.55	10.67
2020 .....	24.92	10.56
2019 .....	25.00	10.54
2018 .....	25.20	10.48

Source: City of Boston Assessing Department.

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

The City may also exempt a portion of the assessed valuation of residential real property when used as the taxpayer's principal residence. For fiscal 2022, the Mayor and City Council elected to set the minimum residential exemption at 35% of the average assessed value of all residential property. For fiscal 2022, each qualifying resident who receives the maximum residential exemption has their taxable assessed value reduced by \$303,787. The residential exemption only has an impact on the residential rate.

*Tax Base*

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

**Assessed Valuations—Fiscal Years 2018-2022<sup>(1)</sup>**  
**(\$ in thousands)\***

<u>Fiscal Year</u>	<u>Residential Valuation</u>	<u>Commercial Valuation</u>	<u>Industrial Valuation</u>	<u>Personal Property Valuation</u>	<u>Total Valuation</u>
2022	\$131,900,982	\$56,788,448	\$1,313,021	\$7,824,465	197,826,916
2021	127,136,167	54,632,352	1,251,386	7,633,025	190,652,930
2020	115,818,107	51,958,597	1,153,869	7,268,332	176,198,905
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,121
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958

\* Rows may not add due to rounding.

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

Source: City of Boston Assessing Department.

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

The Assessing Department has executed a contract with Patriot Properties ("Patriot") for a new computer-assisted mass appraisal ("CAMA") system. The Assessing Department successfully executed the conversion to the new Patriot CAMA system in fiscal 2020. The conversion was reviewed and approved by the Commonwealth, and the Patriot CAMA system was used in finalizing property values for fiscal years 2020-2022.

The following table is a list of all of the taxpayers in the City that had an aggregate tax liability in excess of \$15.0 million for fiscal 2022. Assessed valuations and fiscal 2022 taxes reflect the valuation of property as of January 1, 2021 and the tax liability using applicable tax rates.

**Largest Taxpayers: City of Boston, Fiscal 2022<sup>(1)(2)</sup>**

<b>Owner</b>	<b>Personal Property Value</b>	<b>Real Property Value</b>	<b>Total Assessed Value</b>	<b>Fiscal 2022 Tax Liability</b>
Boston Properties	\$6,040,900	\$4,334,743,001	\$4,340,783,901	\$105,957,815
Eversource	2,867,277,690	160,831,500	3,028,109,190	75,642,168
Oxford Properties	48,500	2,166,096,600	2,166,145,100	53,230,019
Rockpoint Group	6,180,670	1,705,351,200	1,711,531,870	42,754,066
TIAA	143,780	1,619,603,200	1,619,746,980	40,461,280
Tishman	961,560	1,548,093,726	1,549,055,286	38,062,201
PGIM Real Estate	-	1,342,518,900	1,342,518,900	32,198,146
MetLife	516,990	1,198,130,300	1,198,647,290	29,942,209
Diversified Healthcare Trust	-	1,050,119,600	1,050,119,600	26,167,980
National Grid	975,728,350	36,356,100	1,012,084,450	25,281,870
Synergy	244,390	872,917,283	873,161,673	21,804,561
Morgan Stanley	6,451,550	814,723,000	821,174,550	20,512,940
John Hancock	1,263,490	850,039,300	851,302,790	19,303,423
Equity Residential	1,973,250	1,453,901,800	1,455,875,050	18,036,940
Fortis Property	58,830	713,178,600	713,237,430	17,550,070
Beacon Capital	379,760	644,550,500	644,930,260	16,110,358
Clarion	-	728,161,500	728,161,500	15,713,338
Verizon	504,954,310	113,812,100	618,766,410	15,451,830
<b>TOTAL</b>	<b>\$4,372,224,020</b>	<b>\$21,353,128,210</b>	<b>\$25,725,352,230</b>	<b>\$614,181,213</b>

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

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

Source: City of Boston Assessing and Treasury Departments.

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*Real Estate Tax Levies and Collections*

The following table shows the level of property tax levies, tax levies net of budgeted reserves for abatements (“Net % Gross”), the gross amount and proportion of each levy collected during the year of levy, the cumulative amount (net of refunds) and proportion of each levy collected as of June 30, 2021 and the total amount (net of refunds) of taxes (current and all prior levies) collected during fiscal 2017 through 2021. Excluded from the following table are receipts from PILOTs and receipts on account of Chapter 121A corporations.

**Tax Collections In Relation To Property Tax Levies Fiscal 2017-2021  
(Statutory Accounting Basis)  
(\$ in millions)**

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30		
	Gross <sup>(1)</sup>	Net	Net Gross	Gross Amount	Gross Levy	Net Levy	Net Amount	Gross Levy	Net Levy
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	2,342.7	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

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

Source: City of Boston Auditing Department.

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

*Delinquent Taxes and Tax Titles*

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

Tax title receipts were \$13.4 million, \$9.8 million and \$12.6 million in fiscal 2019, 2020, and 2021, respectively.

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

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

There are also instances allowed by statute where the City enters into a contractual payment in lieu of taxes with a private developer. These occur when the development is on property owned by a chapter 121B or 121C entity. These entities and their property are exempt from taxation; however, the enabling legislation under these chapters of the General Laws allows the City to enter into a contractually binding payment in lieu of tax agreement with the exempt entity and the private developer or occupant of the

exempt entity's real estate. These payments are different from the voluntary PILOT payments made by hospitals and universities, which are not included in the amounts below.

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

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

Fiscal Year Ended June 30	Excise Payments In Lieu of Taxes (Section 10)	Contractual Payments <sup>(1)(2)</sup>	Total*
2021 .....	\$21,410	\$25,561	\$46,971
2020 .....	13,923	27,592	41,516
2019 .....	19,709	34,697	54,406
2018 .....	41,576	30,939	72,515
2017 .....	18,949	28,562	47,512

\* Totals may not add due to rounding.

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

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

Source: City of Boston Office of Budget Management.

In August 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures." The objective of this Statement is to make the nature and magnitude of a government's tax abatement transactions more transparent to a user of the financial statements. The City enters into tax abatement agreements that meet the reporting requirements of GASB Statement No. 77. The GASB No. 77 standard went into effect in fiscal 2017. [See Note 7 to the City's fiscal 2021 audited financial statements attached hereto as Exhibit I.]

*Community Preservation Act*

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

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

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

The amounts raised by the surcharge on real property taxes and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each municipality that accepts the



provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the municipality regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the municipality may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

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

The City accepted the CPA in November 2016 and set the rate at 1%. The City is utilizing CPA revenues to help achieve its housing and economic goals of creating affordable housing units, restoring parks and recreational open space, and preserving historical sites. The City collected \$20.3 million in revenues in fiscal year 2018, \$23.3 million in fiscal year 2019, \$27.0 million in fiscal year 2020, and \$29.5 million in fiscal year 2021. For fiscal 2022, the City initially estimated that it would receive approximately \$22.5 million attributable to this surcharge with state matching funds in the amount of \$3.3 million. In April 2021, the City appropriated \$25.5 million to 67 projects including: 34 Historic Preservation projects, 5 Affordable Housing projects and 28 Recreational Use and Open Space projects. In fiscal 2022 the City plans to appropriate \$28.5 million to additional projects.

### **State Revenue**

State revenue from the Commonwealth comprises the second largest single revenue source to the City's General Fund after the Property Tax. Over the course of the previous decade, support to municipalities from the Commonwealth has been consistently reduced.

The City experienced reductions in actual state revenue totaling \$102.9 million or -20.8% between fiscal 2008 and fiscal 2012. While state revenue began to recover in fiscal 2013 and 2014, state revenue declined again in fiscal 2015 by \$9.0 million due to the Commonwealth underfunding the charter school reimbursement account. Since fiscal 2016 state revenue has generally increased annually, driven by increases in Unrestricted General Government Aid. However, net state aid – defined by total state revenue net of state assessments including charter school assessment, MBTA, and others declined in fiscal years 2017, 2018, and 2019 by \$6.5 million, \$8.9 million and \$20.0 million, respectively. After increasing by \$7.3 million in fiscal year 2020, net state aid dropped again in fiscal year 2021 by \$10.5 million. The City is budgeting net state aid to decline by \$24.8 million in fiscal year 2022.

Distributions from the Commonwealth charter school reimbursement account are based on a formula to provide transitional dollars to municipalities when a student leaves a district school for a charter school, but this account is subject to appropriation. In recent years the Commonwealth underfunded the charter school reimbursement account; as a result, Boston received \$12.2 million less in fiscal 2015, \$17.0 million less in fiscal 2016, \$18.8 million less in fiscal 2017, \$25.6 million less in fiscal 2018, \$21.9 million less in fiscal 2019, \$24.1 million less in fiscal 2020, and \$11.0 million less in fiscal 2021 for Boston than it would have received if full funding of the formula had been provided. The Student Opportunity Act (Chapter 132 of the Acts of 2019), "the Act," ushered in a new phase in the Commonwealth's commitment to ensuring that every student in the state experiences high-quality learning opportunities that lead to success in school and in postsecondary success. With the implementation of the Act, the Commonwealth has committed to phasing in full funding of the formula over three years, beginning with a commitment of 75% in fiscal 2022. While the fiscal year 2022 projected reimbursement is \$16.9 million short of full funding, it is within \$1.7 million of the promised 75% funding level.

In fiscal 2018, state revenue increased by \$14.8 million, though it decreased by \$5.3 million in fiscal 2019 due to missing payments for the last month of the fiscal year. The missing payments were received in fiscal 2020, causing state revenue to increase by \$24.5 million in that year. State aid increased by \$10.0 million in fiscal 2021, driven by Unrestricted General Government Aid, and is budgeted to increase an additional \$10.1 million in fiscal year 2022. Adjusting for these changes, the total loss in state revenue between fiscal 2008 and fiscal 2022 (budgeted) in nominal terms amounts to \$14.4 million or -2.9%.

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

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

“Net state aid” or total state revenue net of “assessments,” has declined more than state revenue due to the rapidly increasing assessment for charter school tuition mentioned above. Between fiscal 2008 and fiscal 2021, net state aid declined by \$212.6 million or -58.2%. State Assessments are budgeted to increase to \$351.2 million in fiscal 2022, compared to \$316.4 million in fiscal 2021.

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

#### *State School Building Assistance*

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved project costs included the interest expense incurred on debt issued by a municipality to finance the school project.

Due to demand for school building assistance grants far exceeding available funds, the state legislature created the Massachusetts School Building Authority (“MSBA”) in 2004 to finance and administer the school building assistance program. The MSBA has assumed all powers and obligations of the State Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

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

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

Currently, the City has three school projects in the Core Program. The Boston Arts Academy project will receive a grant (70.36%) up to \$48.9 million of eligible project costs and is expected to be completed in the spring of 2022. The City expects to receive up to \$54.0 million in grant reimbursements (65.94%) for the Josiah Quincy Upper School project and up to \$26.2 million in grant reimbursements (64.31%) for the Carter School project. These projects are expected to be completed in 2024.

Since 2015, the MSBA Board has invited 33 City of Boston projects into the ARP program. Twenty-seven projects are complete or nearly complete. Design will begin in 2022 on four projects that were recently invited into the ARP. Two projects will be withdrawn from the ARP. Altogether, the ARP project budgets total \$71.9 million of which up to \$39.8 million may be eligible for reimbursement by the MSBA. The City’s share of total project costs is approximately \$32.1 million.

## **Excise Revenues**

In addition to the major sources of revenue described above, the City receives various other types of revenues. See “DEVELOPING MATTERS- COVID-19” and “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2018 to 2021 Actual Results and Fiscal 2022 Budget.” The following is a description of those and other significant excise revenue sources of the City. The impact of the COVID-19 pandemic is evident in the marked decline in collections for these revenue sources in fiscal year 2021, with activities related to travel, tourism, and hospitality being particularly affected.

### *Room Occupancy Excise*

As is its option under state law approved in 1985, the City imposed a 4.0% local room occupancy excise upon the transfer of occupancy of any room in a hotel, lodging house or motel. The Commonwealth granted authority to municipalities in 2009 to increase the local option room occupancy excise up to 6.0% (6.5% for Boston). The City increased the local option room occupancy excise to 6.0%, effective October 1, 2009 and again to 6.5%, effective July 1, 2019. The Massachusetts Department of Revenue is responsible for collecting and remitting local option room occupancy excise receipts to the City in arrears. The City’s room occupancy excise receipts totaled \$100.6 million, \$99.3 million, and \$15.6 million in fiscal 2019, 2020, and 2021, respectively. Based on distributions received from the Commonwealth through January 2022, the \$32 million budgeted for Room Occupancy Excise revenue in fiscal 2022 appears achievable.

### *Aircraft Fuel Excise*

The City also assesses an aircraft fuel excise upon the sale of jet fuel. The Commonwealth collects this tax and distributes it to the City. The City’s aircraft fuel excise receipts totaled \$34.5 million, \$32.5 million, and \$8.5 million in fiscal 2019, 2020, and 2021, respectively. Based on distributions received from the Commonwealth through January 2022, the \$12 million budgeted for Aircraft Fuel Excise revenue in fiscal 2022 appears achievable.

### *Motor Vehicle Excise*

The Commonwealth assesses an excise on the registration of motor vehicles, the proceeds of which are received by the municipality where the vehicle is principally garaged. The excise is a uniform rate of \$25 per \$1,000 of vehicle valuation. The City’s annual motor vehicle excise receipts totaled \$66.0 million, \$62.8 million, and \$54.2 million in fiscal 2019, 2020, and 2021, respectively.

### *Meals Excise*

In 2009, the Commonwealth granted the option to municipalities to levy a 0.75% excise on locally sold prepared food and beverages. The Massachusetts Department of Revenue is responsible for collecting and remitting meals excise receipts to the City. The City’s annual meals excise receipts totaled \$33.0 million, \$28.9 million, and \$14.2 million in fiscal 2019, 2020, and 2021, respectively. Based on distributions received from the Commonwealth through January 2022, the \$17.5 million budgeted for Meals Excise revenue in fiscal 2022 appears achievable.

### *Vehicular Rental Surcharge*

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

## **Departmental Revenues**

Several City departments generate significant revenues from fines, fees, charges and reimbursements.

### *Parking Fines*

The City’s annual parking fine receipts totaled \$70.1 million, \$62.7 million, and \$48.5 million in fiscal 2019, 2020, and 2021, respectively. Additional information on these efforts can be found in the Go Boston 2030 plan (see “City Indebtedness — Capital Planning and Borrowing Program — Capital Investment Plans) as well as the Carbon Free Boston report available at <https://www.boston.gov/departments/environment/carbon-free-boston>. The decreases seen in fiscal 2020 and 2021 are due to reduced economic activity caused by the COVID-19 pandemic.

### *Building Permit Fees*

The Inspectional Services Department performs a variety of functions for which fees are imposed such as the granting of building permits. The City's annual building permit fees totaled \$61.8 million, \$69.6 million, and \$48.7 million in fiscal 2019, 2020, and 2021 respectively, with fiscal 2021 reflecting disruption due to the COVID-19 pandemic. Based on collections through January 2022, the \$45 million budgeted for Building Permit Fees in fiscal 2022 appears achievable.

### *Municipal Medicaid Reimbursement*

The Office of Budget Management oversees a vendor contract to collect federal reimbursements for Medicaid eligible services provided through the Boston Public Schools. The City's annual municipal Medicaid reimbursement revenue totaled \$7.5 million, \$6.8 million, and \$6.0 million in fiscal 2019, 2020, and 2021, respectively. School closures and remote learning arrangements led to a reduction in reimbursable services in fiscal years 2020 and 2021.

### **Other Available Revenues**

Under state law, proceeds of the sale of City facilities must be applied to the Surplus Property Disposition Fund to be used to finance capital projects, unless the City Council, with the approval of the Mayor, votes to credit to the General Fund the difference between the sale proceeds and the amount of debt (both principal and interest) incurred in acquiring or improving the sold facility. As of June 30, 2021 there was \$35.4 million remaining in the Surplus Property Disposition Fund.

### **Grants**

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

#### *Federal Grants*

Some major sources of federal grant funds in fiscal 2021 included: a Coronavirus State & Local Fiscal Recovery Fund under the American Rescue Plan Act of \$558.7 million; an Emergency Rental Assistance Fund under the Consolidated Appropriations Act of 2021 of \$20.7 million; an Emergency Rental Assistance Fund 2 under the American Rescue Plan Act of \$30.1 million; a Community Development Block Grant ("CDBG") Entitlement Program award of \$17.7 million; a Home Investment Partnership Program ("HOME") award of \$6.0 million; a Housing Opportunities for Persons with AIDS Program ("HOPWA") award of \$3.2 million; and an Emergency Services Grant award of \$1.5 million. The Department of Neighborhood Development received an additional \$38.7 million in federal competitive grants, mainly related to the Continuum of Care Program.

Major sources of federal grant funds for programs of the Boston Public Schools included: a Title I Elementary & Secondary Education Act of 1965 award of \$38.9 million; Special Education Entitlement Grant awards of \$18.2 million; School Lunch Program and Summer Food Program awards of \$44.8 million; and a Title II teacher quality award of \$3.3 million. The Boston Public Schools were also awarded \$20.6 million from a variety of other federal grant sources during the 2021 fiscal year. Total federal aid to Boston Public Schools in fiscal 2021 was \$125.8 million compared to \$142.5 million in fiscal 2020. The decrease in federal aid to Boston Public Schools from fiscal 2020 to fiscal 2021 is due the timing of awards for the Elementary and Secondary Emergency Relief (ESSER) Fund I and II. ESSER I funding was awarded to the City during fiscal 2020 and ESSER II funding was awarded to the City in fiscal 2022.

#### *State Grants*

In addition to State Revenue, the City also receives state grants. In fiscal 2021, the Boston Police Department received Community Services grant awards that totaled \$7.1 million from the Massachusetts Executive Office of Public Safety and Security.

Boston Public Schools was awarded approximately \$10.7 million for early childhood, elementary and secondary, and adult education which including additional funding related to COVID-19 relief. In addition, the State paid \$17.7 million in Special Education Reimbursement to the Boston School Department which amount is consistent with prior fiscal years.

## CITY INDEBTEDNESS

### **Classification of City Debt**

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

### **General Obligation Debt**

On June 30, 2021, the City had outstanding approximately \$1.28 billion of general obligation long-term bonds, all of which bear fixed rates of interest. On March 1, 2022, the City had approximately \$1.21 billion of general obligation long-term bonds outstanding.

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

### *Debt Limits*

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

The statutory debt limit for the City consists of a debt limit and a double debt limit. The debt limit is 5%, and the double debt limit is 10%, of the valuation of taxable property in the City as last equalized by the State Department of Revenue. Biennially, prior to January 31st, the Commissioner of Revenue establishes a final equalized valuation which is the basis for determining the debt limit for the following two-year period or until another equalization has been established. The equalized valuation of taxable property in the City established by the Commissioner of Revenue in January 2021 equals \$203.89 billion as of January 2020. Based on the current equalized valuation, the City's debt limit equals approximately \$10.19 billion, and its double debt limit equals \$20.39 billion as of March 1, 2022.

The City may authorize debt up to its debt limit without state approval. The City may authorize debt over the debt limit up to the double debt limit with the approval of the Municipal Finance Oversight Board, composed of the State Treasurer and Receiver-General, the State Auditor, the Attorney General and the Director of Accounts. As of June 30, 2021, the City had outstanding debt of \$1.18 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$1.66 billion. As of March 1, 2022, the City had outstanding debt of \$1.12 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$1.99 billion. Based on the City's current debt limit of \$10.19 billion, the City had the statutory capacity to authorize an additional \$7.06 billion of debt as of March 1, 2022.

In addition to statutory constraints, the City has imposed certain policy constraints on its issuance of general obligation debt. Reviewed annually and subject to change, the City's debt management policies currently require the repayment of 40% of principal within five years and 70% of principal within 10 years. Additionally, annual debt service may not exceed 7% of general fund expenditures and variable rate debt outstanding may not comprise more than 20% of the City's total debt portfolio. As of March 1, 2022, the City has no variable rate debt outstanding.

**Debt Incurring Capacity  
As of March 1, 2022**

	<u>Debt Limit</u>
Normal Debt Limit as of June 30, 2021 .....	\$ 10,194,726,305
Debt Outstanding as of June 30, 2021 .....	(1,183,534,981)
Debt Authorized but Unissued as of June 30, 2021 .....	<u>(1,686,228,526)</u>
Available Debt Incurring Capacity under the Debt Limit as of June 30, 2021 .....	\$ 7,324,962,798
New Authorizations approved through March 1, 2022 .....	(330,738,341)
Authorization Adjustments approved through March 1, 2022 .....	(8,200)
Net Adjustment due to Refunding.....	-
Principal paid through March 1, 2022.....	<u>62,649,360</u>
Available Debt Incurring Capacity under the Debt Limit as of March 1, 2022 .....	\$ 7,056,865,617

Source: City of Boston Office of Budget Management.

There are many categories of general obligation debt which are not subject to the debt limit and are therefore not included in the Debt Incurring Capacity table above. Some such debt is, however, subject to other debt limits, dollar limitations or state approval. As of March 1, 2022, the City had a total of \$1.21 billion in long-term debt outstanding, of which \$89.1 million was exempt from the debt limit. As of that date the City also had \$99.0 million of long-term debt that was authorized but unissued and exempt from the debt limit.

**Summary of Authorized but Unissued Debt – Within and Outside Debt Limit  
As of June 30, 2021 and March 1, 2022\***

	<u>Authorized/ Unissued 6/30/21</u>	<u>New Authorizations and Adjustments 7/1/21 to 3/1/22</u>	<u>Authorized/ Unissued 3/1/22</u>
“Within” Debt Limit	\$1,656,194,276	\$330,746,541	\$1,986,940,817
“Outside” Debt Limit	<u>74,792,961</u>	<u>24,240,242</u>	<u>99,033,203</u>
<b>TOTAL:</b>	\$1,730,987,237	\$354,986,783	\$2,085,974,020

\* Some columns may not add due to rounding.

Source: City of Boston Office of Budget Management.

*Debt Statement*

The following table sets forth the City’s outstanding general obligation debt as of March 1, 2022.

**Debt Statement as of March 1, 2022  
General Obligation Debt \***

<u>Purpose for Which Issued</u>	<u>Principal Outstanding as of 6/30/2021</u>	<u>Issued in Fiscal 2022 as of 3/1/2022</u>	<u>Retired in Fiscal 2022 as of 3/1/2022</u>	<u>Principal Outstanding as of 3/1/2022</u>	<u>Deemed Payable from Related Revenues <sup>(1)</sup></u>	<u>Net Principal Amount</u>
General Purpose .....	\$891,418,576	--	\$(40,626,231)	\$850,792,345	-	\$850,792,345
MCWT .....	11,789,493	-	(673,237)	11,116,256	-	11,116,256
Economic Development	8,413,240	--	(243,884)	8,169,356	-	8,169,356
State Urban Development						
Relocation .....	38,829,101	--	(1,916,819)	36,912,282	-	36,912,282
Schools.....	2,934,826	--	(1,961,393)	973,433	(105,666)	867,767
Public Buildings.....	189,772,000	--	(12,598,107)	177,173,893	(1,989,780)	175,184,113
Public Works.....	135,525,553	--	(10,762,588)	124,762,965	-	124,762,995
Cemeteries .....	81,721	-	(1,007)	80,714	-	80,714
<b>TOTAL .....</b>	\$1,278,764,511	\$0	\$(68,783,237)	\$1,209,981,274	\$(2,095,446)	\$1,207,885,827

\* Columns may not add due to rounding.

- (1) Includes revenues related to, or derived from facilities for which the debt was incurred. Such revenues include:
- Receipts from the Boston Public Health Commission for debt attributable to projects undertaken on behalf of the former Department of Health and Hospitals, and rental income from a City-owned building at 1010 Massachusetts Ave.; and
  - Grants from the MSBA for school construction projects.

Source: City of Boston Auditing Department

*Debt Service Requirements*

The following table sets forth the City’s debt service requirements for general obligation debt for each fiscal year 2019 through 2022. The debt service requirements table shows the gross Debt Service Requirements, offset by revenues received from related sources.

**Debt Service Requirements—Fiscal 2019-2022 \***

Gross Debt Service Requirements Bonded Debt:	2019	2020	2021	2022 (Projected)
Principal .....	\$125,831,184	\$125,914,890	\$124,513,912	\$138,878,237
Interest .....	56,255,406	57,032,466	51,494,709	49,583,590
Total .....	182,086,590	182,947,356	\$176,008,621	\$188,461,827
<u>Less Revenue Deemed Available From Related Sources:</u> <sup>(1)</sup>				
Boston Medical Center and Public Health Commission.....	—	—	—	—
Fund for Parks & Recreation/Irrigation Project.....	9,149	—	—	—
1010 Massachusetts Ave Project.....	1,954,914	1,924,363	2,409,288	2,644,951
Interest on Loans to BOA Fund and BOA Dudley Fund .....	—	—	—	—
Pension Management System.....	1,902,668	1,967,481	—	893,752
Room Occupancy Excise Fund .....	—	—	—	—
Renew Boston Trust Energy Savings .....	—	—	—	909,073
Accrued Interest .....	—	—	—	—
Premium and Subsidies .....	3,455,802	3,353,734	3,082,788	2,902,386
<u>Plus Interest On Temporary Loan Notes and Additional Items:</u>				
Revenue Anticipation.....	—	—	—	3,000,000
Anticipated Bond Issuance – G.O. ....	—	—	—	19,549,218
Cost of Issuance .....	109,856	109,318	333,123	500,000
QSCB of 11/09 Sinking Fund .....	1,454,545	1,454,545	1,454,545	1,454,545
2010C Sinking Fund Redemption .....	—	—	—	—
Dudley Square Site/Sec. 108.....	—	—	—	—
COB Lease Payment – Bolling Municipal Building.....	638,000	638,000	—	—
Total Debt Service/Budget Summary .....	\$176,966,458	\$177,903,641	\$172,304,213	\$205,615,427
<u>Additional Adjustments:</u>				
Less:				
School Construction Assistance <sup>(1)</sup> .....	5,107,351	2,461,330	—	—
<b>Total Net Debt Service Requirements.....</b>	<b>\$171,859,107</b>	<b>\$175,442,311</b>	<b>\$172,304,213</b>	<b>\$205,615,427</b>

\* Columns may not add due to rounding.

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

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

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

### Certain Debt Ratios

The following table sets forth information as March 1, 2022 with respect to the approximate ratio of the City's long-term general obligation debt to certain economic factors.

#### Debt Ratios As of March 1, 2022

	<u>Amount</u>	<u>Per Capita <sup>(1)</sup></u>	<u>Ratio to Assessed Property Value <sup>(2)</sup></u>	<u>Debt Per Capita as a % of Personal Income Per Capita <sup>(3)</sup></u>
Gross General Obligation Long-Term Debt	\$1,209,981,274	\$1,749.71	.63%	1.93%
<u>Net General Obligation Long-Term Debt <sup>(4)</sup></u>	<u>1,207,885,827</u>	<u>1,746.68</u>	<u>.63</u>	<u>1.93</u>

(1) Estimated Population as of fiscal 2020: 691,531– Source: U.S. Census Bureau, Population Estimates Program, Vintage 2020 Population Estimates: BPDA Research Analysis Division.

(2) Assessed Property Value equaled \$190.65 billion as of January 1, 2021. State law requires that property be assessed at fair cash value. See "City Revenues—Property Taxes—Revaluation."

(3) U.S. Department of Commerce, Bureau of Economic Analysis, November, 2021, Suffolk County's 2020 Per Capita Personal Income = \$90,571.

(4) As represented in "Debt Statement as of March 1, 2022."

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

### Three-Year Debt Summary

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

#### Debt Summary, Fiscal 2019 - 2021 (\$ in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Outstanding General Obligation Debt.....	\$1,342,693	\$1,220,808	\$1,278,765
Authorized But Unissued Debt, Budgetary Basis .....	<u>\$1,096,319</u>	<u>\$1,390,625</u>	<u>\$1,730,987</u>
Debt Service, Budgetary Basis .....	\$176,857	\$177,794	\$171,791
Debt Service as a % of Total General Fund Revenues, and Other Available Funds, Budgetary Basis .....	5.2%	5.1%	4.8%
Debt Service as a % of Total General Fund Expenditures, Budgetary Basis.....	5.3%	5.1%	4.8%
Debt Service as a % of Total Net Tax Levy, Budgetary Basis .....	7.6%	7.2%	6.4%
Bonds Issued:			
General Obligation – New Bonds.....	\$145,130	–	\$180,545
General Obligation – Refunding Bonds.....	–	<u>\$82,590</u>	<u>\$91,405</u>
Total Bonds Issued.....	<u>\$145,130</u>	<u>\$82,590</u>	<u>\$271,120</u>

Source: City of Boston Auditing Department.

### Short-Term Borrowings

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

### Special Obligation Debt

In addition to general obligation indebtedness, the Bond Procedure Act of 1983 and various other special acts authorize the City to incur indebtedness which is secured by and payable solely from certain revenues of the City which are pledged for the payment of such indebtedness or which are subject to annual appropriation by the City for such purpose. As of March 1, 2022, the City has no special obligation debt.

### Debt of Agencies Related to the City

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



#### *Boston Water and Sewer Commission*

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

#### *Economic Development and Industrial Corporation of Boston*

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

#### *Boston Planning and Development Agency*

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

#### *Boston Public Health Commission*

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

The BPHC is also obligated to reimburse the City for debt service paid on all outstanding general obligation bonds of the City issued for public health and hospital purposes, which was paid in full in prior fiscal years. The BPHC has required, and can be expected to continue to require, substantial financial support from the City to maintain its public health mission and programs, including satisfaction of its obligations described above.

#### *Other Agencies and Corporations*

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

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

### **Major Contractual Obligations**

In addition to its debt obligations, the City has substantial contractual obligations. Included in this category are the City’s obligation for pension benefit payments to its contributory retirement system for City employees and other post-employment benefits which are included in the annual tax levy (see “Employee Benefits”); and agreements for the provision of sanitation, solid waste collection and disposal services (see “The City—Principal Government Services—Public Works”). The City has also executed several equipment lease agreements in order to finance the acquisition of departmental equipment. As of March 1, 2022, the amount outstanding under the lease agreements equals \$82.4 million. Lease payments are subject to annual appropriation and are not included in the City’s debt statement and other related debt tables shown above.

The City has also entered into transactions for four development programs under the Commonwealth’s Infrastructure Investment Incentive (“I-Cubed”) program. See Note 16 to the City’s audited financial statements for the fiscal year ended June 30, 2021, which are attached as Exhibit I to this Appendix A, for information regarding this program and the City’s contingent obligations under it.

### **Capital Planning & Borrowing Program**

#### *Capital Planning Process*

The capital planning process coincides with the annual budget cycle and provides an opportunity for City departments to identify their facility, equipment, infrastructure, technology and planning needs in a systematic manner and to forward their proposals to the Office of Budget Management (“OBM”) for funding consideration. The first phase concludes with the release of an updated five-year capital plan published as part of the City’s annual budget document. The process allows for a continuing reassessment of capital needs. On April 14, 2021, the Mayor submitted the fiscal 2022 budget to the City Council and filed \$288.1 million in new capital authorizations which were subsequently approved by the City Council.

#### *Capital Funding Plan*

The City funds its capital plan primarily through general obligation bonds, other City sources such as appropriations from the Surplus Property Fund and the Parking Meter Fund, and from external grants. This year’s plan assumes \$1.58 billion in new general obligation borrowings over the next five years. The City awards construction contracts and incurs capital outlay costs based upon appropriations to be funded from bond proceeds and grant receipts. In circumstances where project expenditures occur prior to the receipt of bond proceeds or grant reimbursements, the City temporarily pays such costs from available funds.

#### *Current Capital Investment Plans*

The fiscal 2022-2026 capital plan makes critical investments in the City’s infrastructure in every neighborhood, guided by *Imagine Boston 2030*, the City’s master plan, and the schools, streets, arts, climate and resilience plans under its umbrella. The City is investing in the core goals of *BuildBPS* (which can be found at <https://www.bostonpublicschools.org/buildbps>), *Go Boston 2030* (which can be found at <https://www.boston.gov/departments/transportation/go-boston-2030>), *Boston Creates* (which can be found at <http://plan.bostoncreates.org/>), and *Climate Ready Boston* (which can be found at <https://www.boston.gov/departments/environment/climate-ready-boston>). An estimated 90% of the investment detailed in the fiscal 2022-2026 capital plan is aligned with the City’s long-term planning

efforts, with the remainder of such investment focused primarily on addressing deferred maintenance for City-owned assets.

The City is committed to investing \$1.0 billion over ten years to bring Boston's school buildings into the 21<sup>st</sup> century. Construction began in October 2018 on a new \$137 million facility for the Boston Arts Academy. The City acquired property in East Boston and in Chinatown on which to build new school facilities. The City continues to make investments in existing school buildings including major renovations, capital maintenance, and technology.

Major investments are underway in the City's parks system including a \$9 million renovation of McConnell Playground, \$23 million that will be invested in Boston Common, and \$23 million in Franklin Park. The City also expects to spend approximately \$78 million over the next five years renovating or replacing branch libraries.

The City's investments in its roads and sidewalks reflect the core initiatives outlined in *Go Boston 2030* by building roads and sidewalks that are safer for all users, particularly pedestrians and cyclists, travel that is more reliable, and quality transportation choices that improve access. The capital plan focuses on roadway corridors, safe crossings, and traffic calming measures on residential streets and in small-business districts, roadway resurfacing and reconstruction, sidewalk repairs, pedestrian ramp installations and other work needed to maintain a state of good repair. Rehabilitation or replacement of bridges is another area where the City is making substantial infrastructure investments.

The City is making progress in advancing its climate resilience strategy to reduce the City's risk to short-term and long-term climate change impacts including sea level rise, increased precipitation, and extreme temperatures. The challenges from climate change are substantial and complex but can be addressed through actions that support the City's vitality and livability. Leveraging outside funding, the capital plan supported the development of more detailed climate plans for Boston neighborhoods, especially those most at risk for coastal flooding, such as Charlestown, East Boston, South Boston, and Dorchester. These plans are essential for protecting the safety of existing residents, businesses, and institutions, and for ensuring the implementation of continued growth and development. The reports identify climate resilience projects that the City will need to fund in the coming years. Already, planning is underway to enhance the resilience of waterfront parks and advance designs for coastal flood protection in areas with near-term flood pathways such as Lewis Street and Carlton Wharf in East Boston. Related urban forestry and heat resilience plans are in development as well. The Boston Planning and Development Agency also asks all large, new developments to plan for at least 40 inches of sea level rise as part of the Climate Change Preparedness and Resilience Checklist under the Article 80 review process. This level of protection is consistent with *Climate Ready Boston* sea level rise projections through the end of the century. The City plans to update these projections and standards regularly to make its building stock more resilient and reduce risk.

In addition to the initiatives described above, the capital plan supports the Boston Housing Authority (the "BHA") in projects that will replace and create affordable housing units in Charlestown and in East Boston. Through fiscal 2022, the City has authorized \$49 million for these improvements. The capital plan also commits \$10 million through fiscal 2022 for capital improvements in several of the BHA's elderly and disabled public housing communities.

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

## EMPLOYEE BENEFITS

### Retirement Systems

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

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

The City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB No. 68*, which extends the financial reporting requirements to pension benefits provided outside a trust or equivalent agreement. The Accounting Valuation Report for the City’s Non-contributory and Special Legislation Retirees as of June 30, 2021 reports that the City is providing such benefits to 40 pensioners as of July 1, 2020. These benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$3.7 million. Since the benefits of these pensioners and beneficiaries are not pre-funded, the Plan’s fiduciary net position is \$0, and therefore the net pension liability is equal to the total pension liability. The City’s net pension liability for the noncontributory retirees and beneficiaries is \$103.1 million, as of June 30, 2021. As of January 1, 2021, the City is providing such benefits to 33 pensioners; these benefits are funded on a pay as you go basis with monthly pension payments of \$278,844.

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

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

The following table reflects amounts expended or budgeted by the City for pension payments for fiscal 2018 through fiscal 2022. These numbers include contributions for both contributory and non-contributory members. The contributory numbers are primarily driven by amortization of the BRS unfunded liability, which is on a schedule that targets reducing this liability to zero by fiscal 2027, 13 years earlier than the statutory deadline at the end of fiscal 2040.

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

<b>Fiscal Year Ending June 30</b>	<b>BRS Contributory System</b>	<b>Predecessor/ Noncontributory System</b>	<b>Net Pension Cost</b>	<b>Percentage of Total General Fund Expenditures</b>
2022 (Budgeted) .....	\$323.7	\$3.9	\$327.6	8.7%
2021 .....	292.1	3.4	296.2	8.2
2020 .....	280.6	3.5	284.1	8.2
2019 .....	263.1	3.7	266.8	8.0
2018 .....	233.3	3.7	237.0	7.4

Source: City of Boston Office of Budget Management

The City's 2022 budgeted contribution of \$323.7 million includes \$309.9 million allocable to City employees, other than teachers, \$13.4 million allocable to the Boston Water and Sewer Commission (BWSC) of which approximately \$6.6 million will be reimbursed to the City for employee service accrued after BWSC became an independent commission, and \$.4 million allocable to the Boston Public Health Commission (BPHC). BPHC's contribution towards their pension obligation in fiscal 2022 totals \$24.7 million. BPHC's fiscal 2022 pension obligation is paid in large part from BPHC's fiscal 2022- general fund appropriation in the amount of \$19.8 million while the remainder is funded by grant resources.

The actuarial accrued liability of the BRS exceeds the actuarial value of the assets of the BRS as of the most recent valuation dated January 1, 2020. The following table summarizes the results of the last four actuarial valuations for BRS—Excluding Teachers.

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b - a) / c)</b>
January 1, 2020	\$5,703,890	\$7,545,117	\$1,841,217	75.60%	\$1,063,526	173.1%
January 1, 2018	5,038,742	6,550,967	1,512,225	76.92	978,060	154.6
January 1, 2016	4,440,480	5,924,067	1,483,587	74.96	909,133	163.2
January 1, 2014	3,989,922	5,682,673	1,692,751	70.20	869,004	194.8

Source: Boston Retirement System.

The most recent actuarial valuation is as of January 1, 2020 (the "2020 Valuation") and is available at <https://www.boston.gov/departments/retirement>. The January 1, 2020 valuation assumes a long-term rate of return of 7.05% for BRS—Excluding Teachers assets. The long-term rate of return assumption was lowered from 7.5% to 7.05% beginning with the 2020 Valuation. The actuarial valuation of assets is determined annually by recognizing 20% of gains or losses, and to the extent necessary, by also recognizing any additional portion of gains or losses, which keeps the actuarial valuation of assets between 80% and 120% of market value. The net effect is a smoother trend of annual pension funding during volatile short-term periods of asset gains or losses. The following table shows the market and actuarial value of the plan's non-teacher assets.

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

<b>Actuarial Valuation Date</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Value as Percentage of Market Value</b>
January 1, 2020	\$5,583,428	\$5,703,890	102.2%
January 1, 2018	5,072,440	5,038,742	99.3
January 1, 2016	4,108,995	4,440,480	108.1
January 1, 2014	4,044,721	3,989,922	98.6

Source: Boston Retirement System.

As of December 31, 2021, the estimated market value of assets not held for teacher benefit payments was approximately \$6.7 billion. This amount is an estimate based upon then current market values of certain assets held by the BRS and prior period values for certain other assets for which the current market

value is not readily ascertainable. This amount is unaudited and subject to change. It should be noted that the annual required contribution of the City is based, in part, upon the actuarial value of assets, not market values. This is commonly done in computing annual funding requirements in order to prevent extreme fluctuations that might otherwise arise from temporary or cyclical economic and market conditions.

In accordance with Chapter 68 of the Acts of 2007, the state regulatory agency for pensions, PERAC, annually reviews the investment performance and funded ratio of systems as of January 1st. If a system is: (i) less than 65% funded, and (ii) has trailed the investment performance of the PRIT fund by 2% or more on an average annualized basis over the previous ten year period, PERAC will declare the system underperforming and the system shall transfer its assets to the PRIT fund. For reasons unrelated to Chapter 68, the BRS–Teachers assets are invested in the PRIT fund; the BRS–Excluding Teachers is currently funded at 75.60% based on the actuarial value of assets.

For additional information concerning a comparison of the market value of assets and investment return to the actuarial value of assets and investment return for the period 2006 through 2019, see Exhibit G in Section 4 of the 2020 Valuation referenced above. The City is currently committed to a funding schedule for fiscal 2021 and 2022 that is based on the most recent actuarial valuation, incorporating asset and liability data as of January 1, 2020. The funding schedule is calculated in accordance with the entry age actuarial cost method and includes paying the current year’s present value of benefits earned during the year (“normal cost”) and an annual contribution toward eliminating the unfunded liability of the BRS by 2027, 13 years ahead of the statutory deadline at the end of fiscal 2040.

Many variables are in play with each new valuation, and the actuary’s recommendations and consultation with the City are part of a careful planning process that precedes the BRS final approval of the valuation and funding schedule. In the 2020 Valuation, salary increase assumptions for all employee groups for the BRS, excluding teachers, did not change, and the mortality assumptions were updated to public sector mortality tables recently published by the Society of Actuaries. In the 2020 Valuation, the BRS lowered the investment long-term rate of return assumption from 7.5% to 7.05%. The change in assumptions increased the unfunded liability by \$463.3 million and increased the normal cost by \$19.7 million for the BRS excluding teachers.

The City currently expects to fully amortize the unfunded actuarial accrued liability by June 30, 2027. In connection with lowering its long-term rate of return assumption to 7.05%, the City extended the end date for full amortization from 2025 to 2027. Page 29 of the 2020 Valuation sets forth the aggregate funding schedule from 2021 through 2027 for the BRS, excluding teachers. The City’s contributions for the amortization of the unfunded liability are estimated to increase from the \$292.1 million budgeted amount in fiscal 2021 to \$513.0 million in fiscal 2026 and then would decrease to \$495.0 million in fiscal 2027. The City’s total employer contributions each year will also include the normal costs for each year and will also reflect certain annual savings from prior year additional payments. This schedule is illustrative only. The actual annual contributions will differ due to the actual circumstances that will occur in the future and that will likely vary from the assumptions used in the 2020 Valuation. For example, the actual rate of return on assets for the year ended December 31, 2021, 12.7%, was above the assumed rate of return of 7.05%. Not included in these figures is the more recent negative market performance. The City believes that its current pension funding schedule, with its conservative salary growth assumptions, is sufficient to absorb the long term impacts of collective bargaining awards. The funding schedule assumes a 4.0% salary growth assumption for general service employees, a 4.25% salary growth assumption for certain employees with hazardous occupations, and a 4.50% salary growth assumption for public safety officers. The City’s pension liability is reevaluated every two years and adjustments are made to the funding schedule, as needed. The next valuation will be as of January 1, 2022.

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

invested using a strategy to achieve that return and (b) a yield or index rate based on tax-exempt 20-year AA or higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met. The date after which a yield or index rate on tax-exempt 20-year AA-or-higher rated municipal bonds is required to be used is referred to as a “crossover date.”

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* standard was effective commencing with the City’s fiscal 2015. The Total Pension Liability (“TPL”) and plan’s fiduciary net position as of December 31, 2020 for the BRS, including teachers were approximately \$12.3 billion and \$8.3 billion, respectively, which results in a Net Pension Liability (“NPL”) of approximately \$4.0 billion as of December 31, 2020, equivalent to an NPL of \$4.60 billion as of December 31, 2019. The portion of the BRS NPL allocable to the City reported at June 30, 2021 is approximately \$1.3 billion, which amount includes the NPL associated with City employees, excluding teachers. The BRS did not experience a “crossover date” in connection with determination of the NPL and accordingly, the measurement of the City’s NPL for fiscal 2021 assumes a 7.05% discount rate which is the same as the expected rate of return of Plan investments for the BRS, excluding teachers. The annual money-weighted rate of return, net of investment expense for the BRS for the year ended December 31, 2020 was 12.43%. The comparable rate of return as of December 31, 2021 is currently estimated at 12.6%.

Implementation of GASB Statement No. 68 also requires setting forth the sensitivity of the City’s net pension liability using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City’s net pension liability to approximately \$2.07 billion and a 1% increase would decrease it to approximately \$655.3 million.

While GASB Statement No. 68 changes the way state and local governments report pension benefits in their financial statements it does not impact pension funding requirements or contribution amounts. To date, the City has contributed to the BRS 100% of the amounts required to be so contributed, as determined in accordance with actuarial valuations and a funding schedule established pursuant to state law, which are approved by PERAC, and the City expects to continue to do so. As noted above, the City currently intends to fully fund its unfunded actuarial accrued liability by June 30, 2027.

In connection with the implementation of GASB Statement No. 68, the BRS prepared a document called “Schedules of Employer Allocations and Pension Amounts by Employers,” which was audited by Ernst & Young LLP, independent auditors for the BRS. These schedules are based on financial information pertaining to the BRS as of December 31, 2020.

The schedules are available at <https://www.boston.gov/departments/retirement>, along with the most recent actuarial valuation reports and audited financial statements of the BRS. See also Note 11 to the City’s fiscal 2021 audited financial statements attached hereto as Exhibit I.

### **Other Post Employment Benefits**

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

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

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2021 for the City were approximately \$3.1 billion and \$861.8 million, respectively, which results in a Net OPEB Liability (“NOL”) for the City of approximately \$2.20 billion as of June 30, 2021 compared to an NOL of \$2.27 billion as of June 30, 2020. The measurement of the City’s NOL for fiscal 2021 assumes a 6.25% discount rate. The annual money-weighted rate of return, net of investment expense for the City for the year ended June 30, 2021 was approximately 24.34%.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2021 for BPHC were approximately \$118.3 million and \$36.7 million, respectively, which results in a Net OPEB Liability (“NOL”) for BPHC of approximately \$81.6 million as of June 30, 2021 compared to an NOL of \$109.9 million as of June 30, 2020. The measurement of the BPHC’s NOL for fiscal 2021 assumes a 6.25% discount rate. Similarly, the annual money-weighted rate of return, net of investment expense for BPHC for the year ended June 30, 2021 was 24.34%.

Implementation of GASB Statement No. 75 requires setting forth the sensitivity of the net OPEB liability using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City's net OPEB liability to approximately \$2.60 billion and a 1% increase would lower it to approximately \$1.86 billion. A 1% decrease would increase the BPHC's net OPEB liability to approximately \$98.2 million and a 1% increase would decrease it to approximately \$67.8 million.

In addition, implementation of GASB Statement No. 75 also requires setting forth the sensitivity of the net OPEB liability using an assumed health care cost trend rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would decrease the City's net OPEB liability to approximately \$1.75 billion and a 1% increase would increase it to approximately \$2.75 billion. A 1% decrease would decrease the BPHC's net OPEB liability to approximately \$62.5 million and a 1% increase would increase it to approximately \$105.3 million.

While GASB Statement No. 75 changes the way state and local governments report other post-employment benefits in their financial statements, it does not impact OPEB funding requirements or contribution amounts. In fiscal 2008, the City began voluntary annual appropriations to reduce its OPEB liability. Aggregate City appropriations since that time through fiscal 2021 total \$495.0 million. The City appropriated an additional \$40.0 million in fiscal 2022. Annual appropriations are retained in an irrevocable trust fund, which is authorized through the City's acceptance of M.G.L. Chapter 32B Section 20, and is established under a trust agreement between the City and the City's Collector-Treasurer as trustee and custodian. A separate OPEB trust fund has also been established by the BPHC and \$22.75 million has been deposited through fiscal 2021. The BPHC deposited an additional \$2.3 million in fiscal 2022. The City has procured investment consulting services in order to optimize investment of the OPEB Trust Funds. The aggregate amount on deposit in the OPEB Trust Funds as of June 30, 2021 was \$898.8 million.

An actuarial valuation of the City's and the BPHC's other post-employment benefits was performed as of June 30, 2019. The decrease in the unfunded actuarial accrued liability (UAAL) from June 30, 2017 to June 30, 2019 was due to the net effect of a number of factors. The UAAL had been expected to increase by approximately \$127.0 million, from \$2,365.0 million as of June 30, 2017 to \$2,492.0 million as of June 30, 2019. The actual unfunded liability of \$2,128.0 million is \$364.0 million less than expected due to the net impact of assumption changes and plan changes.

If the City and the BPHC were to fund the actuarially determined contribution, the required funding for fiscal 2021 would have been \$197.3 million, of which \$72.8 million represents the normal cost and \$124.5 million represents amortization of the unfunded actuarial determined liability.

The June 30, 2019 valuation projected that the City and the BPHC (the funding for which is appropriated by the City to the BPHC as part of its overall departmental budget) will pay benefits (net of retiree contributions) on behalf of current retired employees of approximately \$134.8 million in fiscal 2021, on a pay-as-you-go basis (as compared to \$140.9 million in fiscal 2020). Along with the previously mentioned additional appropriation to the trust funds from both the City and the BPHC totaling \$42.25 million in fiscal 2021, the City and the BPHC were projected to fund 90.0% of the actuarially determined contribution in fiscal 2021.

The June 30, 2019 actuarial valuation projected pay-as-you-go benefit payments to increase to approximately \$353.1 million in fiscal 2040, as compared to an actuarially determined contribution of \$202.1 million in fiscal 2040. If the City continues to make an annual additional appropriation of \$40.0 million through fiscal 2027 and \$100.0 million annually thereafter, the obligations are predicted to be fully funded in fiscal 2041, if all assumptions are met and there are no future changes in assumptions or the plan of benefits. When the obligations are fully funded, the City expects to continue to fund the normal cost into the trust fund and pay the projected benefits (net retiree contributions) on behalf of current retired employees from the trust fund.

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

The projections for the City and the BPHC are illustrative only of the currently expected funding schedule. The actual funding schedule will be different due to the actual circumstances that will occur and that will likely vary from the assumptions used in the June 30, 2019 valuation.

The Trust Fund Financial Statements for the OPEB plan for the fiscal year ended June 30, 2021 may be found in the "Other Post Employment Liability Trust Fund ("OPEB")" available at



<https://www.boston.gov/departments/auditing>. Additional information regarding the City's OPEB obligations as of June 30, 2021 may be found in the "Actuarial Valuation Reports," available at <https://www.boston.gov/departments/auditing>. For additional information related to OPEB, also see Note 12 to the City's fiscal 2021 audited financial statements attached hereto as Exhibit I.

#### **AVAILABILITY OF OTHER INFORMATION**

The City's Auditing Department prepares a Annual Comprehensive Financial Report ("ACFR") with respect to each fiscal year ended June 30 which generally becomes available in December of the following fiscal year. The ACFR is presented in three sections: (1) an Introductory Section which includes general information about the City and summarizes financial activity for the fiscal year; (2) a Financial Section which includes the Independent Auditors' Report on the City's Basic Financial Statements for the fiscal year, Management's Discussion and Analysis, the Basic Financial Statements for the fiscal year and the Combining and Individual Fund Financial Statements and Schedules for the various funds of the City, including required supplemental information; and (3) a Statistical Section which includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City. Specific reference is made to the City's ACFR for the year ended June 30, 2021, which is available from the City. A copy of the ACFR has been filed with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") and is also posted at the City's internet site at <https://www.boston.gov/departments/auditing>.

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



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**REPORT OF CERTIFIED PUBLIC ACCOUNTS: AUDITED  
FINANCIAL STATEMENTSS FOR THE YEAR ENDED JUNE 30, 2021**



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# CITY *of* **BOSTON**

*Annual  
Comprehensive  
Financial Report*

**2021**

**FISCAL YEAR ENDED  
JUNE 30, 2021**



**MICHELLE WU**

*Mayor*

**JUSTIN STERRITT**

*Chief of Administration and  
Finance & 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, 2021**

---

*Michelle Wu, Mayor*

*Justin Sterritt, Chief of Administration and Finance & Collector Treasurer*

*Maureen Joyce, City Auditor*

Prepared by the City of Boston Auditing Department





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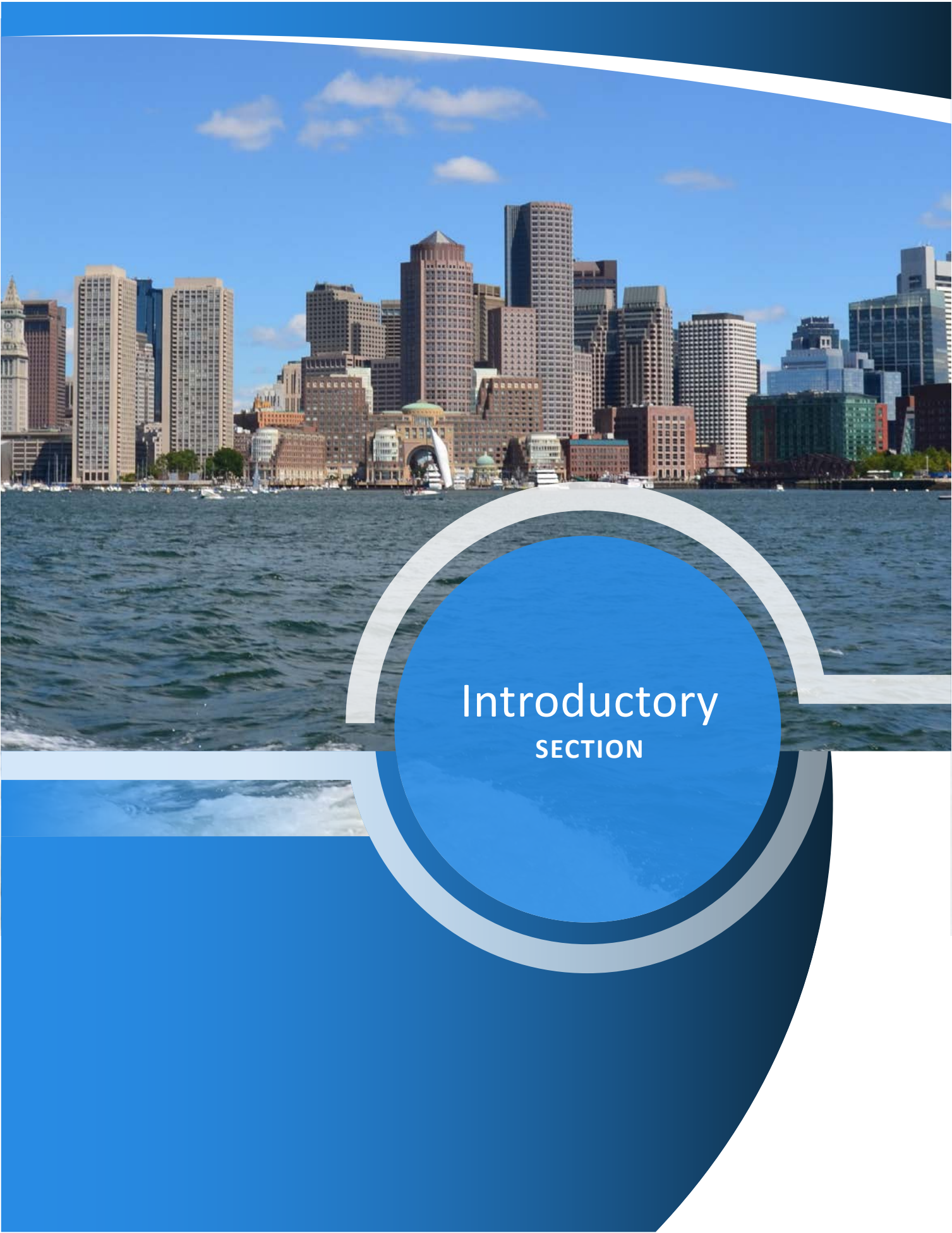
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Introductory  
SECTION



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## Auditing Department

Michelle Wu, Mayor

January 31, 2022

**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, 2021. 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.

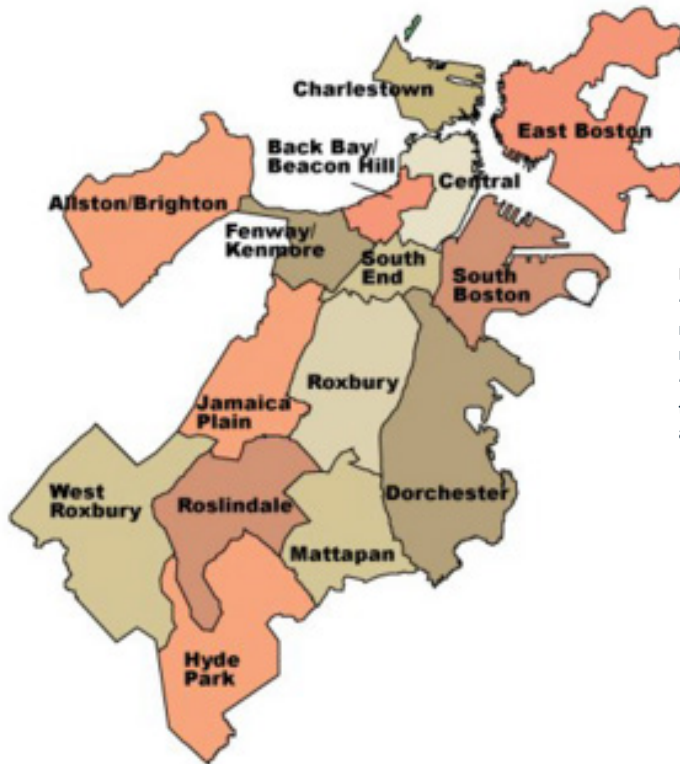
The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations 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, 2021 audit. This audit is conducted in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The audit provides an independent review to help assure a fair presentation of the City's financial position and results of operations.

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

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



**Boston: A City of Neighborhoods**

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

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

*Mayor Michelle Wu*

## Profile of the Government

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

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

Mayor Martin J. Walsh, the City’s 54th Mayor, was re-elected to a second-term that began in January 2018 and ended in March 2021 when he was confirmed as the 29th United States Secretary of Labor. Prior to his service as Mayor, Mayor Walsh was a member of the Massachusetts House of Representatives, serving as the State Representative from the Thirteenth Suffolk District from 1997 through 2013. His vision, shaped by thousands of Boston voices, envisioned a city that will expand opportunity for all, support a dynamic economy, enhance quality of life, and prepare for climate changes. Through Imagine Boston 2030, the Mayor identified key areas where Boston can take action to enhance neighborhoods’ vitality: encourage mixed-use job centers; provide spaces for new housing and jobs; create a waterfront for future generations; and connect historically underserved neighborhoods to more opportunities.



Acting Mayor Kim Janey, the City's 55th Mayor, was President of the City Council at the time Mayor Walsh resigned and was therefore made Acting Mayor. Prior to serving as Acting Mayor, Kim Janey served in the Boston City Council since January 2018 representing the 7th district.

Mayor Michelle Wu is the City's 56th Mayor and the first woman and person of color elected to the Office. Mayor Wu was sworn in to her first four year term on November 16, 2021. She believes that we can solve our deepest challenges through building community. As Mayor, she is working in coalition to deliver bold, systemic change and make Boston a city for everyone.

Mayor Wu has been a voice for accessibility, transparency, and community engagement in city leadership. First elected to the Boston City Council in November 2018 at age 28, Wu is the first Asian-American woman to serve on the Council. In January 2016, she was elected President of the City Council by her colleagues in a unanimous vote, becoming the first woman of color to serve as Council President.

As a Councilor, Mayor Wu was the lead sponsor of Boston's Paid Parental Leave ordinance and Healthcare Equity ordinance prohibiting discrimination based on gender identity - both of which passed unanimously through the Council and were signed into law by former Mayor Martin J. Walsh. She also authored Boston's Communications Access ordinance, which guarantees translation, interpretation and assistive technology for access to City services regardless of English language proficiency or communications disability.

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 68,283 in 2020. 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, 22.1% of total jobs. Educational services is an area of specialization for Boston (5.4% 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 learning in the spring 2021 semester, enrollment figures declined. Nationally, undergraduate enrollment was down 4.5%, while graduate enrollment increased by 4.3% compared to Spring 2020. Overall, college enrollment stood at 2.9% lower than last Spring's level.

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, as well as 25 community-based health centers. In total, there are 21 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. The realty group Jones Lang LaSalle ranks the Greater Boston area as the largest concentration of life science researchers (pharmaceuticals, biotechnology, and medical devices) in the U.S.

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 2020, there were over 81,300 people employed in the finance, insurance and real estate industries in Boston.

The BPDA estimates that the total number of payroll jobs located in Boston fell from 670,886 in 2019 to 612,535 in 2020, or a loss of approximately 58,000 payroll jobs (8.7%). 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 62,687 jobs in 2019 to 37,816 in 2020 – almost 25,000 jobs lost, or 40%. Arts, Entertainment and Recreation lost 3,343 jobs, or 29%.

### Financial Overview

The City is required to have a balanced budget in accordance with Massachusetts General Laws (M.G.L.), Chapter 59, Section 23. As part of the State Department of Revenue's tax rate certification process, the City must balance all appropriations, fixed costs, and prior year deficits with the approved property tax levy, estimated local revenues, and available prior year surpluses in order to obtain authorization to issue property tax bills. Over two-thirds of the City's revenues come from the property tax levy; however, the increase in the levy from year to year is limited by state law. In FY21 the net property tax levy (levy less a reserve for abatements) totals \$2.67 billion, providing 74.3% of recurring revenue. In FY22, the net property tax levy is estimated to total \$2.75 billion and Account for 73.1% of budgeted revenues.

State aid from the Commonwealth comprises the second largest single revenue source to the City's General Fund budget after the Property Tax. State aid has been reduced substantially over the course of the last two recessions. Since FY02, net state aid (defined as state aid revenues less state assessments) to the City has been reduced by \$73.0 million or 13.4%. In FY22, net state aid is budgeted to decline by \$25.0 million or 16.2% compared to FY21, based on the FY22 Governor's Budget for assessments and the FY21 State Aid budget. Please see the Management's Discussion and Analysis Section for additional information on financial trends.

In fiscal year 2021, 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 12 to the Financial Statements.

Within the first three months of fiscal year 2020, the City has begun negotiations with unions whose contracts recently expired. The City budgets for the costs of future contracts through the collective bargaining reserve.

Health benefit costs comprise a significant portion of the City budget and are a critical benefit for City employees and retirees. With these concerns in mind, the Walsh Administration and the City's Public Employee Committee (PEC) signed a new five year agreement for FY21-FY25. The new agreement will continue to provide over 30,000 active and retired employees with quality healthcare coverage while saving the City of Boston \$59.7 million over five years. Funding of health care costs have progressively moved to self-insurance since FY13. In FY22, roughly 96% of total claims costs are now self-insured, for an estimated annual City savings. 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, 2020. The current pension schedule assumes a long term rate of return of 7.05%. The City's pension liability is currently 75.6% 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 11 to the Financial Statements.

Most of the City's workforce is represented by one of 41 different unions. Collectively, these unions represent approximately 19,000 employees. All City union contracts have expired and the City has begun negotiations with unions for successor agreements. The City budgets for the costs of future contracts through the collective bargaining reserve.

In fiscal year 2021, the GAAP General Fund equity decreased to \$1.21 billion, thus allowing the City to preserve its policy of maintaining a GAAP unassigned fund balance in the General Fund that is 15% or higher than the current fiscal year's GAAP General Fund operating expenditures. The GAAP unassigned fund balance at the end of fiscal year 2021 was \$898.2 million and \$313.0 million was assigned. The unassigned fund balance represents approximately 24.2% of GAAP General Fund operating expenditures.

The FY22 Budget totals \$3.76 billion and represents an increase of \$153 million or 4.2% over FY21. This budget provides the resources for the City's continued robust public health response to COVID-19 and sets the stage for our shared equitable recovery. COVID-19 has brought on unprecedented economic and social change to our City, and this budget proposal meets that moment and makes targeted investments to ensure that we emerge from this public health crisis more equitably.

### Long Term Financial Planning

The \$3.3 billion FY22-26 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 18.8% over last year's plan, one-time funding sources are leveraged, and the City continues to collaborate with the Massachusetts School Building Authority on the design and construction of new schools and the repair of existing building systems. An estimated 90% of the investment in the FY22-26 Capital Plan is aligned with the City's planning efforts.

The City's capital plan is an important tool in realizing the goals and vision of Boston 2030. All projects in the Capital Plan are categorized as Upkeep, New/Major Renovation, Upgrade, and Planning or Matching Funds. The Capital Budgeting Program of the Office of Budget Management (OBM) tracks the overall distribution of these categories to maintain a balance between the upkeep of existing assets and the expansion or introduction of new ones. The distribution of allocations for fiscal year 2022 are 35.0% for New/Major Renovations, 44.0% for Upgrades, 17.0% for Upkeep and 4.0% for Matching fund requirements and Planning.

Financing for the fiscal year 2022-2026 Capital Plan comes from General Obligation (G.O.) bonds, state and federal funds, trust funds, and other funds. G.O. bonds represent 67.3% of all project funding. The capital plan assumes \$1.58 billion in new G.O. borrowings over the next five years to support ongoing capital needs, an 18.8% increase over last year's plan. 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 \$ 367.9 million and \$ 394.4 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 MSBA has approved a maximum project grant totaling \$48.9 million for the Boston Arts Academy project, which covers 35.6% of the current \$137.4 million project budget.

The Josiah Quincy Upper School project is in final design; construction is expected to begin in FY22. The MSBA has approved a maximum project grant totaling \$54.1 million which covers 27.9% of the \$193.6 million project budget. The Carter School project is currently in design. During the first half of FY22, the City expects to submit a schematic design to the MSBA and enter into a Project Funding Agreement with the MSBA by the end of FY22. The current estimated cost of the project is \$92.0 million. The City has projects underway at five schools through the Accelerated Repair Program. Construction will begin in summer 2021 at three locations. The other two school projects will see construction begin during summer 2022.

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 FY22. 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 FY22-26 Capital Plan includes \$15.2 million in new revenue from this source. This funding will be discontinued as of January 1, 2027.

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

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boston for its Annual Report for the fiscal year ended June 30, 2020. 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, 2020. 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 2020 are featured on the City's web page [www.cityofboston.gov/auditing](http://www.cityofboston.gov/auditing).

Respectfully submitted,




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Maureen Joyce  
City Auditor




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Justin Sterritt  
Chief of Administration and Finance & Collector Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Boston  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

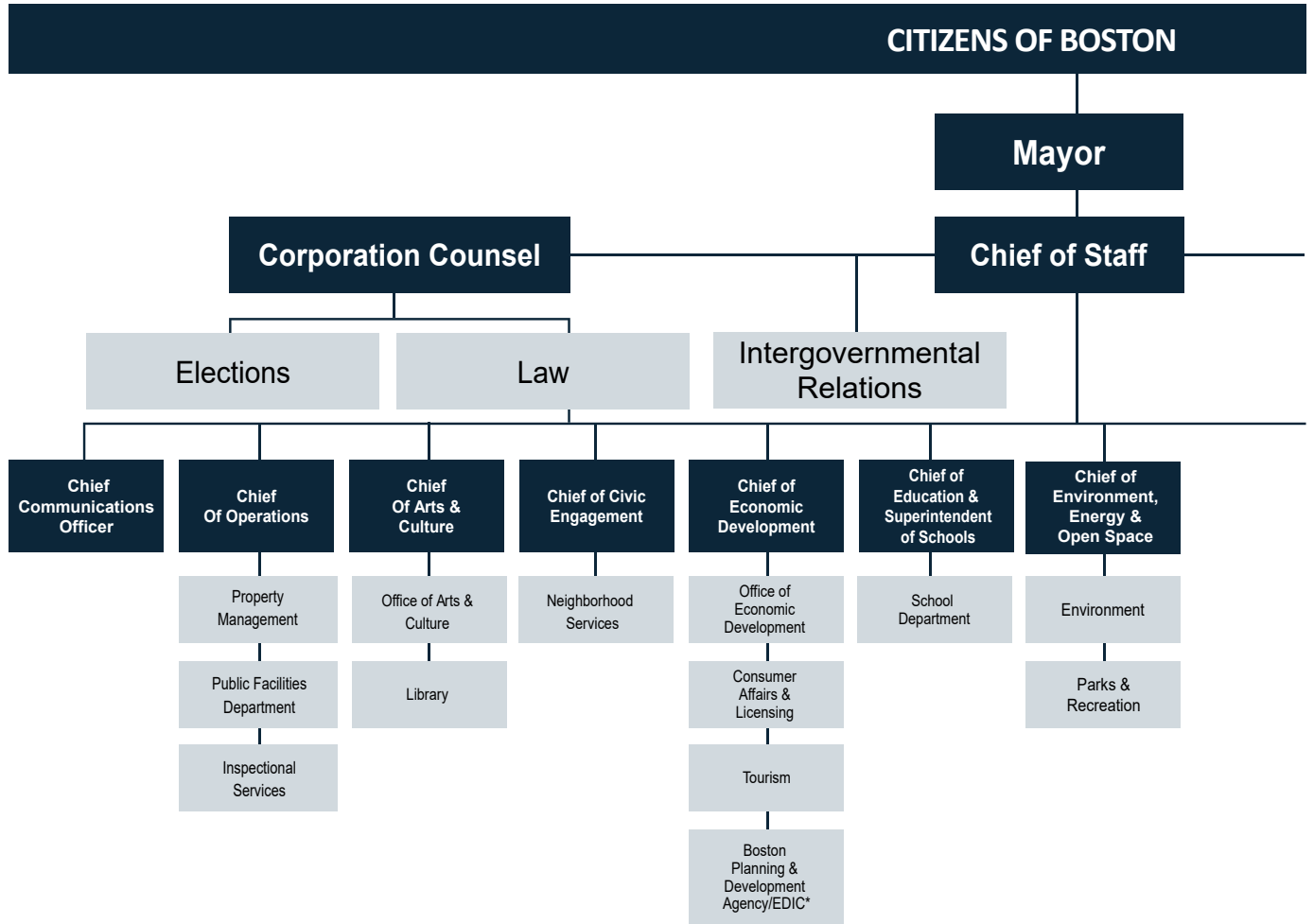
Executive Director/CEO



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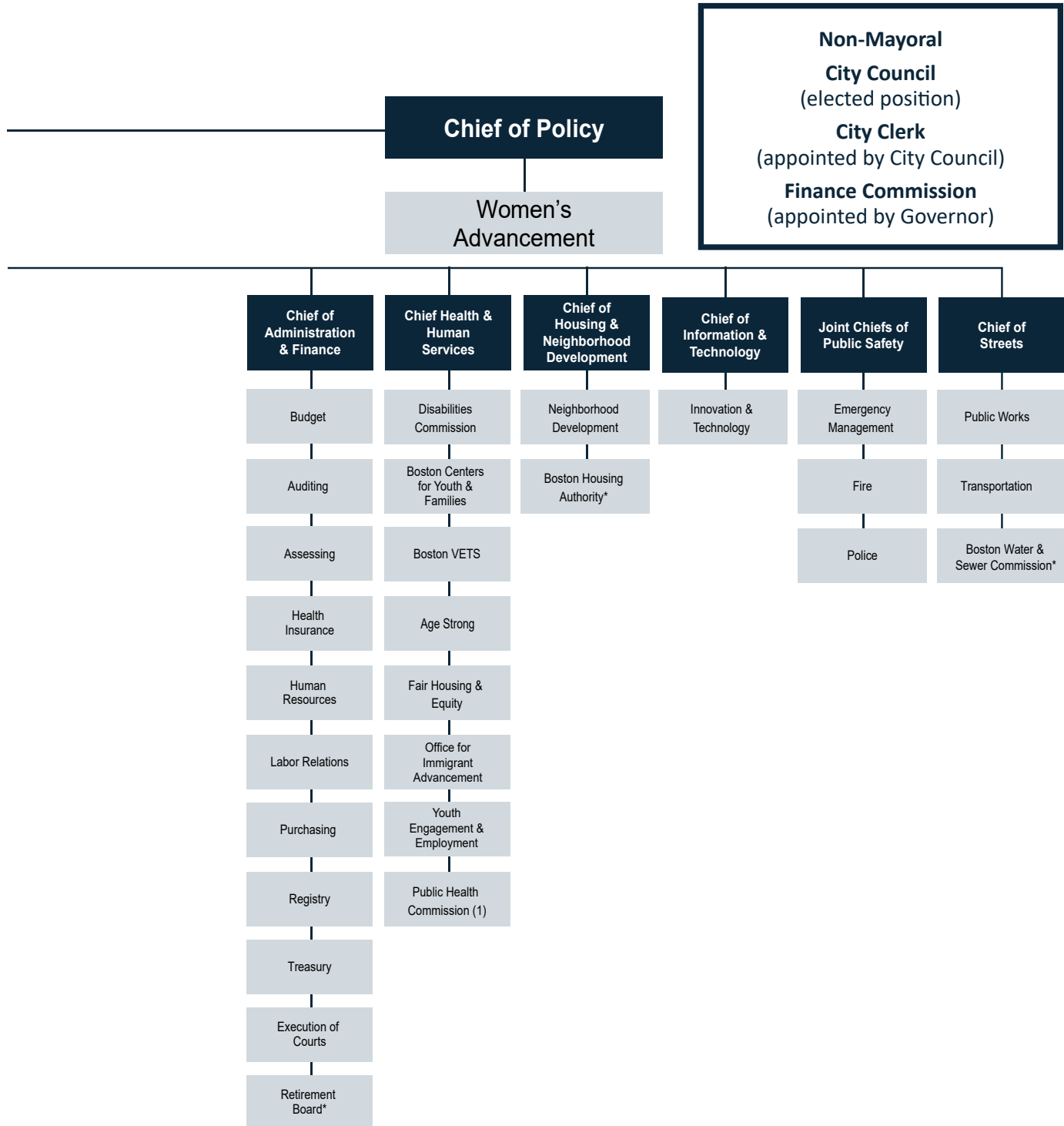
**ORGANIZATION OF A CITY GOVERNMENT**



\*Not in Operating Budget

(1) The Public Health Commission is an independent authority created in June 1996





**LIST OF ELECTED and APPOINTED OFFICIALS***(as of June 30, 2021)***Mayor  
Kim Janey****City Council Members**

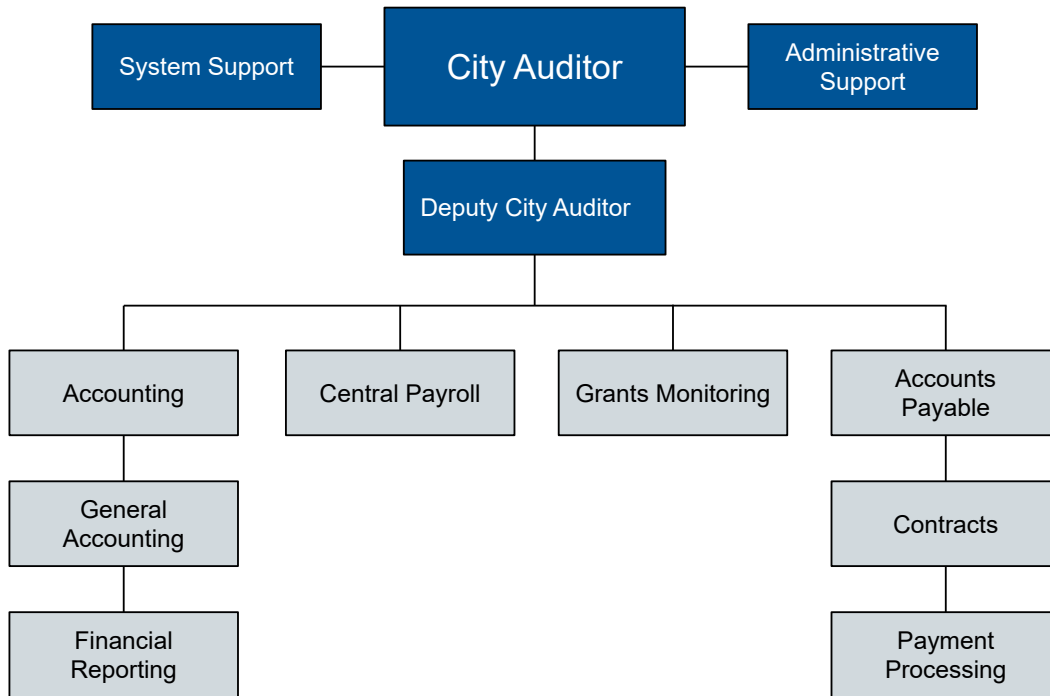
Matthew J. O'Malley (President)	District 6
Michael F. Flaherty	At-Large
Annissa Essaibi-George	At-Large
Julia Mejia	At-Large
Michelle Wu	At-Large
Lydia Edwards	District 1
Ed Flynn	District 2
Frank Baker	District 3
Andrea Campbell	District 4
Ricardo Arroyo	District 5
Kim Janey	District 7
Kenzie Bok	District 8
Liz Breadon	District 9

**Appointed City Executive Branch Members**

Chris Osgood	Chief of Staff
Mary Churchill	Chief of Policy and Planning
Dion Irish	Chief of Operations and Administration
Henry C. Luthin	Corporation Counselor
Stephanie Garrett-Stearns	Chief Communication Officer
David Egles	Chief Information Officer
Justin Sterritt	Chief of Administration and Finance & Collector Treasurer
Midori Morikawa	Chief of Economic Development
Dr. Brenda Cassellius	Superintendent of Boston Public Schools
Gregory Long	Chief of Public Safety and Police Commissioner
John Dempsey	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
Marty Martinez	Chief of Health and Human Services
Kate Bennett	Administrator, Housing Authority
Aisha E. Miller	Chief of Civic Engagement and Neighborhood Services
Kara Elliot-Ortega	Chief of Arts & Culture
Gregory T. Rooney	Chief of Streets, Sanitation, and Transportation
Brian Golden	Director Boston Planning & Development Agency
Celina Barrios-Millner	Chief of Equity

### Auditing Department

#### Organizational Chart



**Auditing Department Personnel**

*Maureen Joyce, City Auditor*

<b>Allen J. Hurley</b>	<b>Michael O’Keefe</b>
<b>Domenica Cabral</b>	<b>Michelle E. Castillo-Reid</b>
<b>Edward M. Correia</b>	<b>Ming C. Su</b>
<b>Jake Rosato</b>	<b>Nadia D. Williams</b>
<b>James P. Kelley</b>	<b>Natoya Castillo</b>
<b>Licia Lima-Pires</b>	<b>Nicole Peebles</b>
<b>Linda Ogiemwonyi</b>	<b>Prema L. Andrew</b>
<b>Lisa A. Stone</b>	<b>Robert E. Sweeney</b>
<b>Magnolia Rojas</b>	<b>Rui Santos</b>
<b>Marie Murray</b>	<b>Scott M. Finn</b>
<b>Mark J. MacDonnell</b>	<b>Sinthia Johnson</b>
<b>Matthew T. Lindmark</b>	<b>Sheila Fay</b>
<b>Mattie L. Crouse</b>	<b>Teki M. Way</b>
<b>Medina C. Lucien</b>	<b>Tyesha T. Rogers</b>
<b>Michael J. Imbaro</b>	<b>Veronica L. Hodges</b>



Financial  
SECTION



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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boston, Massachusetts (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dudley Square Realty Corporation, the Ferdinand Building Development Corporation, and certain Other Governmental Funds, which represent 4.0% and 0.8% of the assets and revenues of the governmental activities, respectively, and 1.1% and 1.4% of the assets and revenues of the aggregate remaining fund information, respectively. We also did not audit the financial statements of the Boston Retirement System and the City's OPEB Trust Fund and Private-Purpose Trust Funds, which represent 97.3% and 85.5% of the assets and revenues of the aggregate remaining fund information, respectively. Further, we did not audit the financial statements of the Boston Public Health Commission, Trustees of the Public Library of the City of Boston and the Economic Development and Industrial Corporation of Boston, which represent 62.0% and 90.3% of the assets and revenues of the aggregate discretely presented component units, respectively. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the City's General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Emphasis of Matter*

As discussed in Note 2(r) to the financial statements, in 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

#### *Other Matters*

##### *Prior-Year Comparative Information*

The financial statements include partial prior-year comparative information related to the budgetary comparison for the City's General Fund. Such information does not include all of the information required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2020, from which such partial information was 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, 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 the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

##### *Other 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 introductory section, combining, individual fund statements, and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining, individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America by us and other auditors. In our opinion,





based on our audit, the procedures described above, and the reports of the other auditors, the combining, individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, the City's basic financial statements as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated January 28, 2021, which contained 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, based on our audit and the reports of other auditors. The 2020 combining, individual fund statements and schedules are presented for purposes of additional analysis and is 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 2020 financial statements. The 2020 combining, individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the 2020 combining, individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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  
January 31, 2022

## 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, 2021. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the City's Annual Comprehensive Financial Report (Annual Report).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Basic Financial Statements

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

#### Government-wide Financial Statements

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

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

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

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

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

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

### Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

### Notes to the Financial Statements

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

### Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a schedule of funding progress and 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, 2019 (rolled forward for June 30, 2021), estimated that the total OPEB liability of the City decreased by \$76.6 million to \$2.2 billion. This decrease was largely a result of changes of benefit terms in 2020 and an increase in Fiduciary Net Position due to investment performance.
- In fiscal year 2021, the City's contribution to the OPEB Trust Fund (\$176.1 million) for retiree health benefits includes \$40 million in advance funding toward reducing the OPEB liability. The Actuarially Determined Contribution (ADC) was not met in 2021. In fiscal year 2022, the City has also appropriated \$40 million in advance funding toward reducing the OPEB liability.
- 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, 2020, the City's proportionate share of that net pension liability decreased by \$335.5 million and the net pension liability for the City's non contributory plan as of June 30, 2021 decreased by \$13 million resulting in a total net pension liability of \$1.41 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, 2021 in a net deficit of \$1.08 billion (presented as net position). At year end, the City had a deficit in governmental activities unrestricted net position in the amount of \$2.25 billion.

*Changes in Net Position – Primary Government* – The City's total net position decreased by \$56.8 million from the amount reported in fiscal year 2020.

**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 \$1.08 billion at the end of 2021, compared to a net deficit of \$1.13 billion reported at the end of the previous year.

The components of net position comprise the following: the investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that are still outstanding – this amount is \$1.06 million 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, \$113.9 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 increased by \$65.6 million from the 2020 amount of \$2.18 billion.

**Net Position – Primary Government**  
(In thousands)

	<b>Governmental Activities</b>	
	<b>Total Primary Government</b>	
	<b>2021</b>	<b>2020 <sup>1</sup></b>
<b>ASSETS:</b>		
Current assets	\$ 2,455,874	\$ 2,254,988
Capital assets	2,500,911	2,332,075
Other assets	216,534	228,315
<b>Total assets</b>	<b>5,173,319</b>	<b>4,815,378</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
<b>Total deferred outflows of resources</b>	<b>560,215</b>	<b>711,559</b>
<b>Liabilities:</b>		
Current liabilities	1,142,531	878,455
Noncurrent liabilities	5,283,856	5,640,215
<b>Total liabilities</b>	<b>6,426,387</b>	<b>6,518,670</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
<b>Total deferred inflows of resources</b>	<b>383,698</b>	<b>169,126</b>
<b>NET POSITION:</b>		
Net investment in capital assets	1,058,576	950,089
Restricted	113,881	72,436
Unrestricted	(2,249,008)	(2,183,384)
<b>Total net position</b>	<b>\$ (1,076,551)</b>	<b>\$ (1,160,859)</b>

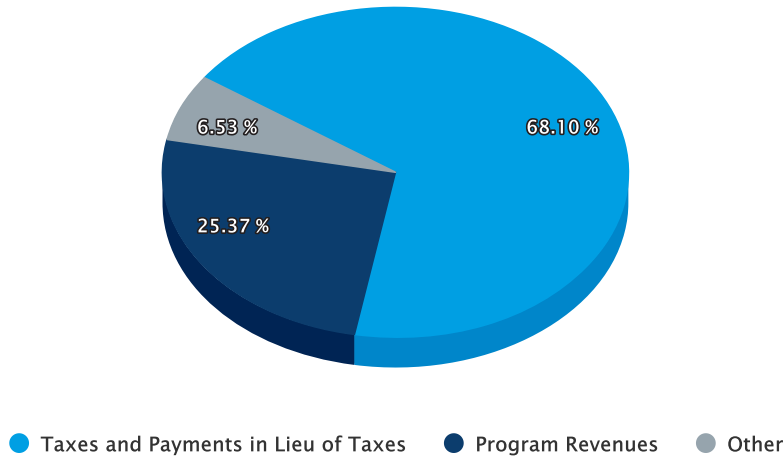
<sup>1</sup> The 2020 amounts in the table above have not been restated to reflect the restatement due to the adoption of GASB 84, Fiduciary Activities, as described in note 2r to the financial statements

**Changes in Net Position – Primary Government**  
(In thousands)

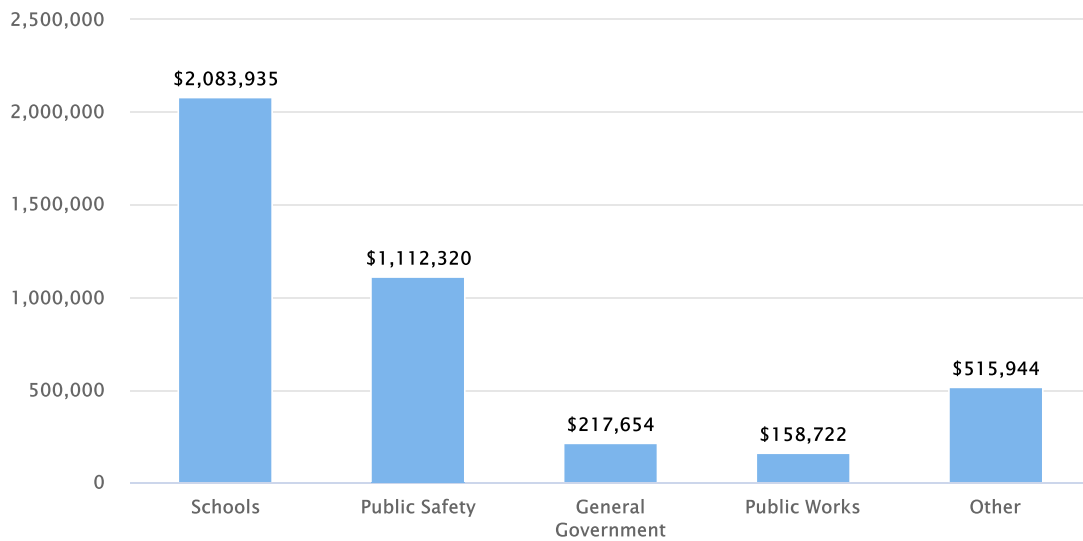
	Governmental Activities	
	Total Primary Government	
	2021	2020 <sup>1</sup>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 226,977	\$ 305,892
Operating grants and contributions	770,430	788,801
Capital grants and contributions	54,589	38,382
General revenues:		
Taxes	2,823,116	2,834,165
Grants and contributions not restricted	233,771	245,559
Investment income	32,659	43,280
Miscellaneous	3,867	3,109
<b>Total revenues</b>	<b>4,145,409</b>	<b>4,259,188</b>
<b>Program expenses:</b>		
General government	217,654	202,347
Human services	56,814	47,648
Public safety	1,112,320	968,853
Public works	158,722	161,598
Property and development	186,903	140,930
Parks and recreation	53,824	52,148
Library	58,717	51,348
Schools	2,083,935	1,874,077
Public health programs	123,473	99,414
Interest on long-term debt	36,213	47,039
<b>Total program expenses</b>	<b>4,088,575</b>	<b>3,645,402</b>
<b>Change in net position</b>	<b>56,834</b>	<b>613,786</b>
<b>Net position - beginning of year, as restated</b>	<b>(1,133,385)</b>	<b>(1,774,645)</b>
<b>Net position-end of year</b>	<b>\$ (1,076,551)</b>	<b>\$ (1,160,859)</b>

<sup>1</sup>The 2020 amounts in the table above have not been restated to reflect the restatement due to the adoption of GASB 84, Fiduciary Activities, as described in not 2r to the financial statements

**Revenues – Governmental Activities**  
Fiscal Year 2021



**Expenses – Governmental Activities FY 2021**  
(in thousands)





### Governmental Activities

The City's governmental activities net position decreased by \$56.8 million over the prior fiscal year. The following net changes occurred during the course of operations in fiscal year 2021. In the assets accounts, cash and investments increased by \$200.9 million, receivables increased by \$10.02 million, and capital assets increased by \$168.8 million. In the liability accounts, there was an increase in warrants and accounts payable of \$26.5 million and an increase in accrued liabilities by \$68.1 million. Additionally, a decrease of \$76.6 million was recorded relative to the City's other postemployment benefit obligation and a decrease of \$348.5 million was recorded relative to the City's net pension liability in 2021.

During fiscal year 2021, the City's revenues decreased by 2.9%. The City's largest sources of revenues were property taxes, excise taxes, and payment in lieu of taxes of \$2.82 billion (68.3% of total revenues) and \$1.05 billion of program revenues (25.4% of total revenues). Taxes decreased by \$11.0 million from the previous year. Program revenues decreased by \$81.1 million for fiscal year 2021. This is largely due to decreases in operating grants and contributions and capital grants and contributions. The City's expenses cover a range of services. The largest expenses were for schools (\$2.08 billion), public safety (\$1.1 billion), general government (\$217.7 million), public works (\$158.7 million), and property and development (\$186.9 million). In 2021, governmental activities expenses exceeded program revenues (i.e., user charges, operating grants, and capital grants) by \$3.04 billion. This shortfall was covered primarily through taxes (\$2.82 billion) and unrestricted grants and contributions (\$233.8 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 2021, the City's governmental funds reported a combined ending fund balance of \$1.73 billion, a decrease of \$60.1 million from the prior year. Of this total amount, \$898.2 million represents the unassigned fund balance.

#### Governmental Funds

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

**General Fund – Fund Balance** – The General Fund is the chief operating fund of the City. The City's General Fund – Fund Balance Policy states in part to maintain a GAAP unassigned fund balance in the General Fund that is 15%, or higher, of GAAP General Fund operating expenditures for the fiscal year. The GAAP unassigned fund balance at the end of fiscal year 2021 was \$898.2 million, which represents approximately 24.2% of GAAP General Fund operating expenditures. The General Fund - fund balance decreased due to a decrease in excise taxes, investment income, fines, licenses and permits and department and other revenue mainly as a result of the impacts of the COVID-19 pandemic.

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

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

**Special Revenue Fund – Fund Balance** – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for predefined purposes. The fiscal year 2021 Special Revenue Fund balance is reported at \$314.5 million, a \$17.1 million increase from fiscal year 2020. 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 2021 Capital Projects Fund balance is \$86.4 million, a \$30.3 million decrease from fiscal year 2020.

**Other Governmental Funds – Fund Balance** – Other Governmental Funds account for assets held by the City in certain other governmental funds, as well as the activities related to DSRC and FBDC. The fiscal year 2021 Other Governmental Funds fund balance is \$120.4 million, a \$13.4 million increase from fiscal year 2020.

#### 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, Allways, and Tufts 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 2021 with a \$15.3 million surplus. There were no material variances between the original budget and final budget amounts. Unfavorable variances from the final budget to actual results occurred in public safety and judgments and claims.

Favorable results were reported for General Fund revenue sources, including \$20.7 million in payments in lieu of taxes, \$13.1 million of state aid, \$9.6 million in departmental and other revenue, \$5.2 million of property tax and \$0.4 million in investment income. Other available funds shows a revenue deficit of \$11.0 million, however, this is primarily a result of not transferring other available funds such as \$10.0 million of parking meter funds and \$1.0 million of cemetery 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, 2021, has a net book value of \$2.50 billion, made up of costs totaling \$4.99 billion less accumulated depreciation of \$2.48 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 \$168.8 million in terms of net book value. However, actual expenditures to purchase or construct capital assets and contributions of capital assets were \$310.3 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 \$141.50 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 \$1.27 billion in General Obligations Bonds principal outstanding – an increase of \$58.6 million over last year.

On December 30, 2020, the City issued \$180.5 million of general obligation bonds for various municipal capital projects and \$91.4 million of refunding bonds for the purpose of refunding certain outstanding general obligation bonds of the City. 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 Leases Payable and Other Long Term Obligations** – The City's general long term notes and leases and other long term obligations decreased by \$381.7 million, or 8.3%, during the current fiscal year. Key factors for this decrease are a decrease in the net pension liability of \$348.5 million and a decrease in the net OPEB obligation of \$76.6 million.

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

### NEW ACCOUNTING STANDARDS

The GASB has issued **Statement No. 84** "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020.

The GASB has issued **GASB Statement No. 90**, "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020. Earlier application is encouraged.

The GASB has issued **Statement No. 98** "The Annual Comprehensive Financial Report". This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

### FUTURE PRONOUNCEMENTS

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

The GASB has issued **Statement No. 89** "Accounting for Interest Cost Incurred before the End of a Construction Period". The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021. Earlier application is encouraged.

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

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

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

Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers

Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature

- Terminology used to refer to derivative instruments.

Effective Date

The requirements of this Statement are effective as follows:

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

Earlier application is encouraged and is permitted by topic.

The GASB has issued **Statement No. 93** "Replacement of Interbank Offered Rates." The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

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

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

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

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

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

## 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](mailto:CityAuditor@boston.gov).



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### Statement of Net Position

June 30, 2021

(Amounts in thousands)

	Primary Government	Discretely Presented
	Governmental Activities	Component Units
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 2,334,067	\$ 162,555
Cash and investments held by trustees	121,807	21,321
Receivables, net		
Property and other taxes	37,241	-
Intergovernmental	118,431	-
Other	22,321	54,718
Other assets	10,455	3,315
Due from primary government	-	2,486
Due from component units	5,309	-
Total current assets	<u>2,649,631</u>	<u>244,395</u>
Noncurrent Assets:		
Cash and investments held by trustee	-	80,146
Notes and other receivables	21,632	170,634
Capital assets:		
Nondepreciable assets	433,800	25,931
Depreciable, net	2,067,111	62,607
Due from component units	1,145	-
Total noncurrent assets	<u>2,523,688</u>	<u>339,318</u>
<b>Total assets</b>	<b><u>5,173,319</u></b>	<b><u>583,713</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount for pension costs	363,287	31,077
Deferred amount from OPEB	194,297	9,712
Deferred amount from debt refunding	2,631	-
<b>Total deferred outflows of resources</b>	<b><u>560,215</u></b>	<b><u>40,789</u></b>

See accompanying notes to the basic financial statements



Statement of Net Position

June 30, 2021

(Amounts in thousands)

	Primary Government	Discretely Presented
	Governmental Activities	Component Units
<b>LIABILITIES:</b>		
Current Liabilities:		
Warrants and accounts payable	179,171	20,065
Accrued liabilities - current:		
Compensated absences	75,467	-
Judgments and claims	120,228	-
Payroll and related costs	185,196	-
Deposits and other	137,386	14,092
Unearned revenue	282,718	6,460
Current portion of long-term bonds, notes and leases	159,879	2,438
Due to component units	2,486	-
Due to primary government	-	5,309
Total current liabilities	<u>1,142,531</u>	<u>48,364</u>
Noncurrent Liabilities:		
Bonds due in more than one year	1,279,851	3,568
Notes and leases payable due in more than one year	61,659	-
Other noncurrent liabilities	339,220	146,849
Net pension liability	1,406,402	117,563
Other postemployment benefits obligation	2,196,724	82,349
Unearned revenue	-	81,476
Due to primary government	-	1,145
Total noncurrent liabilities	<u>5,283,856</u>	<u>432,950</u>
<b>Total liabilities</b>	<b><u>6,426,387</u></b>	<b><u>481,314</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred amount for pension costs	287,723	40,550
Deferred amount for OPEB	86,154	52,187
Deferred amount from debt refunding	9,821	-
<b>Total deferred inflows of resources</b>	<b><u>383,698</u></b>	<b><u>92,737</u></b>
<b>NET POSITION:</b>		
Net investment in capital assets	1,058,576	79,944
Restricted for:		
Other Purposes	104,620	97,661
Capital projects	9,261	-
Unrestricted deficit	(2,249,008)	(127,154)
<b>Total net position</b>	<b><u>\$ (1,076,551)</u></b>	<b><u>\$ 50,451</u></b>

See accompanying notes to the basic financial statements

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

(Amounts in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 217,654	\$ 48,889	\$ 88,355	\$ 14,136
Human services	56,814	2	10,230	-
Public safety	1,112,320	128,307	23,792	2,818
Public works	158,722	19,760	35	16,199
Property and development	186,903	18,122	100,428	-
Parks and recreation	53,824	801	5,018	564
Library	58,717	100	3,301	2,145
Schools	2,083,935	10,996	539,271	18,727
Public health programs	123,473	-	-	-
Interest on long-term debt	36,213	-	-	-
<b>Total primary government</b>	<b>\$ 4,088,575</b>	<b>\$ 226,977</b>	<b>\$ 770,430</b>	<b>\$ 54,589</b>
<b>Component Units:</b>				
Boston Public Health Commission	\$ 209,205	\$ 37,832	\$ 76,742	\$ -
Boston Planning & Development Agency	19,666	34,110	981	-
Trustees of the Public Library of the City of Boston	14,162	1,782	10,186	-
Economic Development and Industrial Corporation of Boston	35,419	55,140	14,154	1,073
<b>Total component units</b>	<b>\$ 278,452</b>	<b>\$ 128,864</b>	<b>\$ 102,063</b>	<b>\$ 1,073</b>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Excises

Payments in lieu of taxes

Grants and contributions not restricted

Investment income

City appropriation

Miscellaneous

Special item - gain on sale of property

**Total general revenues**

**Change in net position**

**Net position - beginning of year, as restated**

**Net position - end of year**

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position	
Governmental Activities	Component Units
\$ (66,274)	\$ -
(46,582)	-
(957,403)	-
(122,728)	-
(68,353)	-
(47,441)	-
(53,171)	-
(1,514,941)	-
(123,473)	-
(36,213)	-
<b>\$ (3,036,579)</b>	<b>\$ -</b>
\$ -	\$ (94,631)
-	15,425
-	(2,194)
-	34,948
<b>\$ -</b>	<b>\$ (46,452)</b>
\$ 2,630,781	\$ -
103,720	-
88,615	-
233,771	-
32,659	20,393
-	106,474
3,867	3,130
-	48
<b>3,093,413</b>	<b>130,045</b>
<b>56,834</b>	<b>83,593</b>
<b>(1,133,385)</b>	<b>(33,142)</b>
<b>\$ (1,076,551)</b>	<b>\$ 50,451</b>

See accompanying notes to the basic financial statements

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**  
*(Amounts in thousands)*

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 1,466,677	\$ 597,206	\$ 139,762	\$ 15,901	\$ 2,219,546
Cash and investments held by trustees	254	-	15,018	106,535	121,807
Receivables, net:					
Property and other taxes	37,241	-	-	-	37,241
Intergovernmental	335	105,648	12,448	-	118,431
Departmental and other	18,855	21,871	-	370	41,096
Total receivables	56,431	127,519	12,448	370	196,768
Due from other funds	1,964	3,888	-	10	5,862
Due from component units	6,454	-	-	-	6,454
<b>Total assets</b>	<b>\$ 1,531,780</b>	<b>\$ 728,613</b>	<b>\$ 167,228</b>	<b>\$ 122,816</b>	<b>\$ 2,550,437</b>
<b>LIABILITIES</b>					
Warrants and accounts payable	\$ 64,277	\$ 39,581	\$ 70,792	\$ 2,032	\$ 176,682
Accrued liabilities:					
Payroll and related costs	185,196	-	-	-	185,196
Deposits and other	37,362	86,883	-	-	124,245
Unearned Revenue	-	282,718	-	-	282,718
Due to other funds	172	4,903	375	412	5,862
Due to component unit	2,486	-	-	-	2,486
<b>Total liabilities</b>	<b>\$ 289,493</b>	<b>\$ 414,085</b>	<b>\$ 71,167</b>	<b>\$ 2,444</b>	<b>\$ 777,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Revenue not considered available	31,125	-	9,692	-	40,817
<b>Total deferred inflows of resources</b>	<b>\$ 31,125</b>	<b>\$ -</b>	<b>\$ 9,692</b>	<b>\$ -</b>	<b>\$ 40,817</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	21,504	21,504
Restricted	-	58,676	86,369	98,868	243,913
Assigned	313,001	255,852	-	-	568,853
Unassigned	898,161	-	-	-	898,161
<b>Total fund balances</b>	<b>1,211,162</b>	<b>314,528</b>	<b>86,369</b>	<b>120,372</b>	<b>1,732,431</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,531,780</b>	<b>\$ 728,613</b>	<b>\$ 167,228</b>	<b>\$ 122,816</b>	<b>\$ 2,550,437</b>

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, 2021**

*(Amounts in thousands)*

<b>Total fund balance - governmental funds</b>	<b>\$ 1,732,431</b>
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	2,500,911
Certain revenues of the government-wide financial statements are earned but not considered available in the governmental fund financial statements	40,817
Internal service funds are included in the government-wide financial statements	97,015
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	(1,288,700)
Capital leases	(61,608)
Bond issue premiums/discounts, net	(151,081)
Deferred bond refunding losses/gain, net	(7,190)
Accrued interest on bonds	(13,141)
Compensated absences	(257,282)
Landfill	(5,911)
Judgments and claims	(242,893)
Other postemployment benefits, net of deferred amounts	(2,088,581)
Net pension liability, net of deferred amounts	(1,330,838)
Pollution remediation	(500)
<b>Net position of governmental activities</b>	<b>\$ (1,076,551)</b>

*See accompanying notes to the basic financial statements*

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

Year Ended June 30, 2021

(Amounts in thousands)

	General	Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real and personal property taxes	\$ 2,650,040	\$ 54	\$ -	\$ -	\$ 2,650,094
Excises	114,411	-	-	-	114,411
Payments in lieu of taxes	88,615	-	-	-	88,615
Fines	52,302	-	-	-	52,302
Investment income	3,615	81	-	22,520	26,216
Licenses and permits	67,977	295	-	-	68,272
Departmental and other	60,555	71,736	-	10,710	143,001
Intergovernmental	619,709	365,007	37,938	-	1,022,654
<b>Total revenues</b>	<u>3,657,224</u>	<u>437,173</u>	<u>37,938</u>	<u>33,230</u>	<u>4,165,565</u>
<b>EXPENDITURES:</b>					
Current:					
General government	122,106	38,192	-	21,285	160,298
Human services	34,010	11,201	-	-	45,211
Public safety	735,254	38,445	-	-	773,699
Public works	116,862	6,607	-	-	123,469
Property and development	32,631	137,147	-	-	169,778
Parks and recreation	29,118	1,978	-	-	31,096
Library	39,422	4,069	-	-	43,491
Schools	1,234,353	140,268	-	-	1,374,621
Public health programs	106,715	10,963	-	-	117,678
Judgments and claims	11,477	-	-	-	11,477
Retirement costs	473,494	-	-	-	473,494
Other employee benefits	260,997	2,000	-	-	262,997
State and district assessments	320,220	-	-	-	320,220
Capital outlays	19,210	437	336,954	-	356,601
Debt service	176,009	-	-	-	176,009
<b>Total expenditures</b>	<u>3,711,878</u>	<u>391,307</u>	<u>336,954</u>	<u>21,285</u>	<u>4,461,424</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(54,654)</u>	<u>45,866</u>	<u>(299,016)</u>	<u>11,945</u>	<u>(295,859)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Long term debt and capital leases issued	-	-	205,418	-	205,418
Refunding bonds issued	-	-	91,405	-	91,405
Payments to escrow agent	-	-	(95,934)	-	(95,934)
Premiums on long-term debt issued	-	-	34,910	-	34,910
Transfers in	20,000	24,208	32,941	1,455	78,604
Transfers out	(25,663)	(52,941)	-	-	(78,604)
<b>Total other financing sources (uses)</b>	<u>(5,663)</u>	<u>(28,733)</u>	<u>268,740</u>	<u>1,455</u>	<u>235,799</u>
<b>Net change in fund balances</b>	<u>(60,317)</u>	<u>17,133</u>	<u>(30,276)</u>	<u>13,400</u>	<u>(60,060)</u>
<b>Fund balance - beginning of year, as restated</b>	<u>1,271,479</u>	<u>297,395</u>	<u>116,645</u>	<u>106,972</u>	<u>1,792,491</u>
<b>Fund balance - end of year</b>	<u>\$ 1,211,162</u>	<u>\$ 314,528</u>	<u>\$ 86,369</u>	<u>\$ 120,372</u>	<u>\$ 1,732,431</u>

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FUND FINANCIAL STATEMENTS

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balance  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2021**

*(Amounts in thousands)*

<b>Net change in fund balances - total governmental funds</b>	(60,060)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. Capital outlays and contributions of capital assets exceeded depreciation expense and loss of disposals.	168,837
Certain revenues in the statement of activities that are not reported as revenues in the governmental funds as they are not considered available	(14,781)
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	(296,823)
Repayment of bonds, notes and lease principal	145,113
Payments to the escrow agent for par value of refunded bonds	89,480
Bond premiums (net)	(11,922)
Deferred loss on refunding	(1,286)
Workers compensation	(9,972)
Net pension liability, net of deferred amounts	138,895
Compensated absences	(7,274)
Net other postemployment benefits liability, net of deferred amounts	(63,498)
Judgements and claims	(17,285)
Landfill closure and post closure costs	338
Interest payable	977
	(33,257)
Net operating loss from the internal service fund, which is presented in the statement of activities, but not in the governmental funds	(3,905)
<b>Change in net position of governmental activities</b>	<b>\$ <u>56,834</u></b>

*See accompanying notes to the basic financial statements*

## Statement of Revenues and Expenditures

### Budgetary Basis

#### General Fund – Budget and Actual

Year Ended June 30, 2021 (with comparative actual amounts for 2020)

(Amounts in thousands)

	2021				
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	2020 Actual
<b>REVENUES AND OTHER AVAILABLE FUNDS:</b>					
Real and personal property taxes, net	\$ 2,671,124	2,671,124	\$ 2,676,286	\$ 5,162	\$ 2,466,831
Excises	134,540	134,540	116,340	(18,200)	239,950
Commonwealth of Massachusetts	455,736	455,736	468,819	13,083	458,848
Departmental and other revenue	67,926	67,926	77,569	9,643	76,586
Fines	60,953	60,953	52,153	(8,800)	67,258
Payments in lieu of taxes	67,978	67,978	88,674	20,696	72,473
Investment income	4,000	4,000	3,615	(385)	29,472
Licenses and permits	61,960	61,960	67,332	5,372	88,364
Miscellaneous	267	267	267	-	267
Other available funds	70,950	70,950	60,000	(10,950)	-
<b>Total revenues and other available funds</b>	<b>3,595,434</b>	<b>3,595,434</b>	<b>3,611,055</b>	<b>15,621</b>	<b>3,500,049</b>
<b>EXPENDITURES:</b>					
General government	111,666	131,671	128,508	3,163	130,543
Human services	41,017	38,008	36,027	1,981	35,321
Public safety	744,191	743,251	757,279	(14,028)	767,968
Public works	125,043	121,063	118,229	2,834	123,312
Property and development	58,713	60,892	59,441	1,451	50,560
Parks and recreation	30,333	31,305	31,245	60	31,966
Library	41,387	41,387	39,841	1,546	39,120
Schools	1,258,632	1,260,490	1,260,465	25	1,178,562
Boston Public Health Commission	106,474	106,474	106,474	-	93,405
Judgments and claims	5,000	5,000	5,791	(791)	7,083
Other employee benefits	270,591	264,958	264,719	239	265,278
Retirement costs	295,989	295,519	295,518	1	284,119
Debt requirements	188,728	175,194	171,971	3,223	177,795
State and district assessments	317,670	320,222	320,221	1	299,740
<b>Total expenditures</b>	<b>3,595,434</b>	<b>3,595,434</b>	<b>3,595,729</b>	<b>(295)</b>	<b>3,484,772</b>
<b>Excess of revenues and other available funds over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,326</b>	<b>\$ 15,326</b>	<b>\$ 15,277</b>

See accompanying notes to the basic financial statements



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FUND FINANCIAL STATEMENTS

**Statement of Net Position**

**Proprietary Fund**

**June 30, 2021**

*(Amounts in thousands)*

	<u>Internal Service</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 114,521
Receivables	2,857
Total current assets	<u>117,378</u>
Noncurrent assets:	
Other assets	10,455
Total noncurrent assets	<u>10,455</u>
<b>Total assets</b>	<b>\$ 127,833</b>
<b>LIABILITIES:</b>	
Current liabilities:	
Accrued liabilities	30,818
<b>Total current liabilities</b>	<b>\$ 30,818</b>
<b>NET POSITION:</b>	
Unrestricted	<u>97,015</u>
<b>Total net position</b>	<b>\$ 97,015</b>

*See accompanying notes to the basic financial statements*

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

**Proprietary Fund  
Year Ended June 30, 2021**

*(Amounts in thousands)*

	<u>Internal Service</u>
<b>OPERATING REVENUES:</b>	
Employee contributions	\$ 86,545
Employer contributions	213,259
<b>Total operating revenues</b>	<u><b>299,804</b></u>
<b>OPERATING EXPENSES:</b>	
Health benefits	303,709
<b>Total operating expenses</b>	<u><b>303,709</b></u>
<b>Operating loss</b>	<u><b>(3,905)</b></u>
Net position - beginning of year	<u>100,920</u>
Net position - end of year	<u><b>\$ 97,015</b></u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FUND FINANCIAL STATEMENTS

**Statement of Cash Flows**

**Proprietary Funds**

**Year Ended June 30, 2021**

*(Amounts in thousands)*

	<u>Internal Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from employees and employer	\$ 320,483
Cash paid to vendors	(296,599)
<b>Net cash provided by operating activities</b>	<u><b>23,884</b></u>
Cash and cash equivalents- beginning of year	90,637
Cash and cash equivalents- end of year	<u><b>\$ 114,521</b></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (3,905)
Adjustments to reconcile operating loss to net provided by operating activities:	
Changes in operating assets and liabilities:	
Other assets	23,536
Due from component units/recievables	(2,857)
Accounts payable and accrued liabilities	7,110
<b>Net cash provided by operating activities</b>	<u><b>\$ 23,884</b></u>

*See accompanying notes to the basic financial statements*

## Statement of Fiduciary Net Position

### Fiduciary Funds

June 30, 2021

(Except Employee Retirement Plan, which is as of December 31, 2020)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds	Totals
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 432,229	\$ 145,106	\$ 11,485	\$ 588,820
Receivables:				
Interest and dividends	9,057	-	-	9,057
Securities sold	33,382	-	-	33,382
Employer contributions	14,435	-	-	14,435
Other	10,065	1,729	-	11,794
Total receivables	66,939	1,729	-	68,668
Prepaid Expenses	2,025	-	-	2,025
Other Assets	-	30	-	30
Investments, at fair value:				
Short term:				
Domestic	48,405	-	-	48,405
International	13,347	-	-	13,347
Equity:				
Domestic	2,044,296	-	-	2,044,296
International	1,712,843	-	-	1,712,843
Fixed-income:				
Domestic	1,341,037	-	-	1,341,037
International	379,521	-	-	379,521
PRIT Pooled Fund	1,841,024	-	-	1,841,024
Real estate	545,118	-	-	545,118
Alternative	858,289	-	-	858,289
Total investments	8,783,880	-	-	8,783,880
Securities lending short-term collateral investment pool	137,037	-	-	137,037
<b>Total assets</b>	<b>9,422,110</b>	<b>146,865</b>	<b>11,485</b>	<b>9,580,460</b>
<b>LIABILITIES:</b>				
Accounts payable, accrued expenses and other liabilities	19,259	4,355	-	23,614
Securities purchased	62,536	-	-	62,536
Collateral held on securities lending	136,970	-	-	136,970
<b>Total liabilities</b>	<b>218,765</b>	<b>4,355</b>	<b>-</b>	<b>223,120</b>
<b>NET POSITION RESTRICTED FOR:</b>				
Pension Benefits	7,407,075	-	-	7,407,075
OPEB Benefits	682,622	-	-	682,622
Other Purposes	-	140,774	11,485	152,259
<b>Total Net Position Restricted</b>	<b>\$ 9,203,345</b>	<b>\$ 142,510</b>	<b>\$ 11,485</b>	<b>\$ 9,357,340</b>

See accompanying notes to the basic financial statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FUND FINANCIAL STATEMENTS

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

Year Ended June 30, 2021

(Except Employee Retirement Plan, which is year ended December 31, 2020)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private- Purpose Trusts	Custodial Funds	Total
<b>ADDITIONS:</b>				
<b>Contributions:</b>				
Employers	\$ 526,641	\$ -	\$ -	\$ 526,641
Commonwealth of Massachusetts (nonemployer)	162,976	-	-	162,976
Employees	185,583	-	-	185,583
Donations and other	-	7,196	2,542	9,738
<b>Total contributions</b>	<b>875,200</b>	<b>7,196</b>	<b>2,542</b>	<b>884,938</b>
<b>Investment earnings:</b>				
Net depreciation in fair value of investments	939,465	-	-	939,465
Investment income	147,146	40,516	50	187,712
Less investment expenses	(46,362)	-	-	(46,362)
<b>Net investment earnings</b>	<b>1,040,249</b>	<b>40,516</b>	<b>50</b>	<b>1,080,815</b>
<b>Securities lending activities:</b>				
Securities lending income	1,079	-	-	1,079
Less borrower rebates and fees	(152)	-	-	(152)
<b>Net income from securities lending activities</b>	<b>927</b>	<b>-</b>	<b>-</b>	<b>927</b>
<b>Total net investment income (loss)</b>	<b>1,041,176</b>	<b>40,516</b>	<b>50</b>	<b>1,081,742</b>
Intergovernmental	10,095	-	-	10,095
Miscellaneous income	5	-	50	55
<b>Total additions</b>	<b>1,926,476</b>	<b>47,712</b>	<b>2,642</b>	<b>1,976,830</b>
<b>DEDUCTIONS:</b>				
Benefits	787,276	-	-	787,276
Reimbursements	4,053	-	-	4,053
Refunds of contributions	11,760	-	-	11,760
Administrative expenses and other	9,739	44,506	2,292	56,537
<b>Total deductions</b>	<b>812,828</b>	<b>44,506</b>	<b>2,292</b>	<b>859,626</b>
<b>Change in net position</b>	<b>1,113,648</b>	<b>3,206</b>	<b>200</b>	<b>1,117,054</b>
<b>Net position - beginning of year, as restated</b>	<b>8,089,697</b>	<b>139,304</b>	<b>11,285</b>	<b>8,240,286</b>
<b>Net position - end of year</b>	<b>\$ 9,203,345</b>	<b>\$ 142,510</b>	<b>\$ 11,485</b>	<b>\$ 9,357,340</b>

See accompanying notes to the basic financial statements

**NOTES TO THE BASIC FINANCIAL STATEMENTS***June 30, 2021***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, 2020.
- 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, 2021.

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, 2021.

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 20.

**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. The Custodial Funds within the Fiduciary Fund Financial Statements has no measurement of results. 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 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.

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 11. 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**

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 CARES, Universal Pre-K and ARP Act funds, which are reported as unearned revenue. The City received a total amount of \$244.8 million of Coronavirus Relief and Economic Security (CARES Act) and American Rescue Plan (ARP) Act funds during the fiscal year 2021 and \$120.9 million of Coronavirus Relief and Economic Security (CARES) Act funds during the fiscal year 2020. The City met eligibility requirements for \$90.6 million and \$14.2 million as of June 30, 2021 and 2020 respectively.

***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, 2021 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. 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.

**o. 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.

**p. 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, 2021, 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 2021 were \$338 thousand.

**q. 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.

**r. Adoption of Accounting Pronouncements**

During fiscal year 2021, the City implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report* and GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR and replaces instances of comprehensive annual financial report and its acronym. GASB Statement No 84 established criteria for identifying fiduciary activities of all state and local governments and introduces a Statement of Changes in Net Position for the renamed fiduciary activity, Custodial funds. This results in restatements for funds that were reclassified under the new standard.

The details of the impact of the restatement on the fund level and government-wide financial statements are as follows:

	Governmental Activities	Other Governmental Funds	Private Purpose Trust	Custodial Funds
Fund balance/net position June 30, 2020 as previously reported	\$ (1,160,859)	\$ 79,498	\$ 166,778	\$ -
Implementation of GASB 84:				
Reclassification of fiduciary funds to governmental funds	27,515	27,515	(27,515)	-
Reclassification of governmental funds to fiduciary funds	(41)	(41)	41	-
Implementation of GASB 84 for Custodial Funds				11,285
Fund balance (deficit) as of July 1, 2020	\$ (1,133,385)	\$ 106,972	\$ 139,304	\$ 11,285

**3. Short Term Debt**

During fiscal year 2021, 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, 2021 (in thousands):

	Revenue	Expenditures	Other financing uses, net	Excess of revenue and other financing sources
As reported on a budgetary basis	\$ 3,611,055	\$ 3,595,729	\$ -	\$ 15,326
Adjustments:				
Revenues to modified accrual basis	(116,807)	-	-	(116,807)
Expenditures, encumbrances, and accruals, net	-	(41,164)	-	41,164
On-behalf contribution for teachers pension	162,976	162,976	-	-
Reclassifications:				
Other transfers	-	(5,663)	5,663	-
As reported on a GAAP basis	\$ 3,657,224	\$ 3,711,878	\$ 5,663	\$ (60,317)

**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, 2021, the City and the City of Boston Pooled Funds had uninsured and uncollateralized deposits and investments of \$475.8 million and \$4.3 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, 2021:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	\$ 152,289	\$ 152,289	\$ -	\$ -	\$ -
Institutional and mutual funds	88,220	24,464	40,481	15,290	7,985
U.S. Treasury and agency securities	131,726	13,509	27,136	22,796	68,285
State and local municipal obligations	4,353	124	990	1,380	1,859
Corporate debt instruments	108,357	814	53,954	29,552	24,037
International Government Bonds	16,053	199	5,915	5,442	4,497
Commercial Paper	137,844	137,844	-	-	-
Corporate Note	29,776	29,776	-	-	-
Supranational	39,676	39,676	-	-	-
Certificate of deposits	172,282	172,282	-	-	-
	<u>\$ 880,576</u>	<u>\$ 570,977</u>	<u>\$ 128,476</u>	<u>\$ 74,460</u>	<u>\$ 106,663</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, 2021 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):

<b>Investment type</b>	<b>Fair Value</b>	<b>Rating</b>
Money Market mutual funds	\$ 152,289	Unrated
Institutional and mutual funds	88,220	AAA to A3
U.S. Treasury and agency securities	131,725	AAA to A3
U.S. Treasury and agency securities	1	Unrated
State and local municipal obligations	2,726	AAA to A3
State and local municipal obligations	451	Baa1 to B3
State and local municipal obligations	1,176	Unrated
Corporate debt instruments	56,179	AAA to A3
Corporate debt instruments	45,767	Baa1 to B3
Corporate debt instruments	90	Caa1 to C
Corporate debt instruments	6,321	Unrated
Commercial Paper	137,844	A1 to A1+
Corporate Note	29,776	A to AA+
Supranational	39,676	AAA
International Government Bonds	1,795	AAA to A3
International Government Bonds	13,721	Baa1 to B3
International Government Bonds	219	Caa1 to C
International Government Bonds	318	Unrated
Certificate of deposits	146,272	A1 to A1+
Certificate of deposits	26,010	Not Rated
	<u>\$ 880,576</u>	

**e. Concentration Risk**

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

**f. Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2021, the City of Boston Pooled Funds held international equity mutual funds valued at \$128.7 million and international government bonds valued at 16.1 million. Although these investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies.



**g. Fair Value Hierarchy**

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

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

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

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

*Real estate funds:* Consist primarily of privately originated commercial mortgage loans secured by U.S. Commercial Real Estate. Market quotations are not available for these funds, which are valued using significant unobservable inputs.

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

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

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

*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, 2021 (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	\$ 152,289	\$ -	\$ -	\$ 152,289
Institutional and mutual funds	88,220	-	-	88,220
Equity securities	614,503	-	823	615,326
Real estate funds	-	-	44,166	44,166
Commercial Paper	137,844	-	-	137,844
Corporate Note	29,776	-	-	29,776
Supranational	39,676	-	-	39,676
US Treasury & agency securities	73,227	58,499	-	131,726
State and Local municipal obligations	55	4,298	-	4,353
Corporate debt instruments	30,002	78,274	81	108,357
International Government Bonds	3,602	12,451	-	16,053
Total Investments:	\$ 1,169,194	\$ 153,522	\$ 45,070	\$ 1,367,786

**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, 2020, 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, 2020:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasury notes and bonds	\$ 306,834	\$ 17,131	\$ 151,035	\$ 104,848	\$ 33,820
U.S. agencies	113,738	-	1,283	616	111,839
Domestic corporate	993,992	1,742	146,803	128,493	716,954
Municipal	4,445	-	696	205	3,544
International corporate	9,940	-	3,388	5,606	946
International government	35,613	-	13,587	15,476	6,550
Asset-backed:					
CMOs	38,798	-	-	773	38,025
Other	54,042	210	11,764	4,578	37,490
	\$ 1,557,402	\$ 19,083	\$ 328,556	\$ 260,595	\$ 949,168

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, 2020 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, 2020 were rated by S & P and/or an equivalent national rating organization and the ratings are presented below (in thousands) using the S & P rating scale:

Investment type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	Not rated
U.S. agencies	\$ 113,738	\$ 1,899	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ -	\$ 111,798
Domestic corporate	993,992	1,178	3,006	36,970	85,240	39,236	35,174	27,775	765,413
Municipal	4,445	96	3,308	835	-	-	-	-	206
International corporate	9,940	-	-	892	2,508	990	4,452	1,085	13
International government	35,613	1,017	2,108	4,284	18,614	4,239	2,851	137	2,363
Asset-backed:									
CMOs	38,798	8,896	360	-	-	-	-	-	29,542
Other	54,042	25,673	3,348	1,919	1,052	1,149	427	1,086	19,388
	<u>\$1,250,568</u>	<u>\$ 38,759</u>	<u>\$ 12,130</u>	<u>\$ 44,900</u>	<u>\$ 107,455</u>	<u>\$ 45,614</u>	<u>\$ 42,904</u>	<u>\$ 30,083</u>	<u>\$ 928,723</u>

In addition to the above schedule, the System has approximately \$306.8 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, 2020. 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	\$ 36	\$ -	\$ 32,526	\$ -	\$ 32,562
Austria	-	-	1,904	-	1,904
Belgium	-	-	4,689	-	4,689
Canadian dollar	-	-	10,282	-	10,282
Danish krone	(81)	-	35,172	-	35,091
Euro currency	190	-	-	244	434
Finland	-	-	8,433	-	8,433
France	-	-	55,634	-	55,634
Germany	-	-	37,893	-	37,893
Hong Kong dollar	2	-	24,215	-	24,217
Ireland	-	-	1,325	-	1,325
Israel	-	-	875	-	875
Italy	-	-	8,530	-	8,530
Japanese yen	7	-	140,948	-	140,955
Korea	54	-	-	-	54
Netherlands	-	-	22,747	-	22,747
New Zealand dollar	21	-	1,377	-	1,398
Norwegian krone	-	-	726	-	726
Portugal	-	-	5,222	-	5,222
Pound sterling	103	-	66,891	20,422	87,416
Singapore dollar	14	-	5,559	-	5,573
Spain	-	-	11,718	-	11,718
Swedish krona	7	-	6,350	-	6,357
Swiss franc	128	-	63,134	-	63,262
Total securities subject to foreign currency risk	\$ 481	\$ -	\$ 546,150	\$ 20,666	\$ 567,297
U.S. dollars (securities held by international investment managers)	3,297	46,211	316,041	-	365,549
Total international investment securities	\$ 3,778	\$ 46,211	\$ 862,191	\$ 20,666	\$ 932,846

**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, 2020, the System had the following amounts invested in the PRIT fund (in thousands):

General allocation account	\$ 1,841,024
Cash fund	162,985
Total PRIT pooled funds	\$ 2,004,009

**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, 2020, There were no pending forward currency contracts. There was one spot contract for income repatriation with a notional amount of \$14,873 and market value of \$42.

**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 market value of the loaned securities. The collateral is marked to market on a daily basis. In the event the counterparty is unable to meet its contractual obligation under the securities lending arrangement, the Plan may incur losses equal to the amount by which the market value of the securities differs from the amount of collateral held. The Plan mitigates credit risk associated with securities lending arrangements by monitoring the market value of the securities loaned on a daily basis, with additional collateral obtained or refunded as necessary.

The System does not impose any restrictions on the amount of securities lent on its behalf by the custodian. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses from a default of the borrowers or the custodian for the year ended December 31, 2020. 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, 2020, the market value of securities loaned by the System amounted to \$305.2 million, against which was held collateral of \$316.3 million as follows (in thousands):

Short-term collateral investment pool	\$	136,970
Noncash collateral		179,340
Total	\$	<u>316,310</u>

Securities lending income earned by the System is recorded on the accrual basis and was approximately \$1.08 million for the year ended December 31, 2020.

**j. Commitments**

At December 31, 2020, the System had contractual commitments to provide \$346 million of additional funding to private equity funds, and \$186 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, 2020 (in thousands):

	Fair Value Measurements Using:		
	Total at December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Short-term:			
Domestic	\$ 48,405	\$ 48,405	\$ -
International	13,347	13,347	-
Total short-term	61,752	61,752	-
U.S. equities:			
Large cap core	747,518	747,518	-
Large cap growth	172,246	172,246	-
Large cap value	298,584	298,584	-
Small cap core	167,601	167,601	-
Small cap growth	127,954	127,954	-
Small cap value	143,371	143,371	-
Total U.S. equities	1,657,274	1,657,274	-
International equities	1,440,635	1,440,635	-
Fixed income securities:			
U.S. treasury securities	306,834	306,834	-
Corporate debt securities	993,992	993,992	-
Global multi-sector fixed income	45,553	-	45,553
Municipal	4,445	-	4,445
Collateralized mortgage obligations	38,798	-	38,798
Other asset backed securities	54,042	-	54,042
U.S. Agencies	113,738	-	113,738
Total fixed income securities	1,557,402	1,300,826	256,576
Total investments by fair value level	4,717,063	4,460,487	256,576
Government external investment pool:			
PRIT fund	1,841,024		
Investments measured at the net asset value (NAV):			
Hedge fund of funds	322,229		
Private equity funds	498,308		
Private real estate funds	510,191		
Total investments measured at the NAV	1,330,728		
Total investments at fair value	\$ 7,888,815		

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 <sup>1</sup>	\$ 322,229	\$ -	Quarterly	60-90 days
Real estate funds <sup>2</sup>	510,191	185,968	-	-
Private equity funds <sup>3</sup>	498,308	345,773	-	-

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 15, 2020, all properties with unpaid fiscal year 2020 property taxes were liened. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 1/2" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 1/2 limits the total levy to an amount not greater than 2 1/2% of the total assessed value of all taxable property within the City. Secondly, the tax levy cannot increase by more than 2 1/2% of the prior year's levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 1/2 can be overridden by a citywide referendum.

**7. Receivables**

Receivables as of year end for the City’s individual major governmental funds and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	General	Special revenue	Capital projects	Other nonmajor funds	Total
Receivables:					
Property taxes	\$ 30,574	\$ -	\$ -	\$ -	\$ 30,574
Motor vehicle/boat excise	29,559	-	-	-	29,559
Intergovernmental	335	105,648	12,448	-	118,431
Departmental and other	18,855	21,871	-	370	41,096
Tax Title and possession	72,064	-	-	-	72,064
Gross receivables	151,387	127,519	12,448	370	291,724
Less allowance for uncollectibles	(94,956)	-	-	-	(94,956)
Net total receivables	\$ 56,431	\$ 127,519	\$ 12,448	\$ 370	\$ 196,768

**a. 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, 2021, under this program, the City determined that \$21 million was collectible. This amount is recorded in the City’s Special Revenue fund.

**b. 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, 2021 by tax abatement program (in thousands):

<b>Tax Abatement Program</b> <small>(1)</small>	<b>Estimated Tax Amount</b>	<b>In Lieu of Tax Payments</b>	<b>Estimated Taxes Abated</b>
121A Urban Redevelopment	\$ 46,416	\$ 35,686	\$ 10,730
121B Urban Redevelopment	14,435	9,037	5,398
Tax Increment Financing	15,646	13,366	2,280
<b>Total</b>	<b>\$ 76,497</b>	<b>\$ 58,089</b>	<b>\$ 18,408</b>

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

**8. Capital Asset**

Capital asset activity for the governmental activities for the year ended June 30, 2021 was as follows (in thousands):

	<b>Beginning balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 42,801	\$ 625	\$ -	\$ 43,426
Construction in progress	234,289	293,864	(137,779)	390,374
Total capital assets not being depreciated	277,090	294,489	(137,779)	433,800
Capital assets being depreciated:				
Land improvements	326,373	37,932	-	364,305
Buildings and improvements	2,552,333	54,741	-	2,607,074
Furniture and equipment	524,463	22,538	(4,028)	542,973
Infrastructure	998,679	38,418	-	1,037,097
Total capital assets being depreciated	4,401,848	153,629	(4,028)	4,551,449
Less accumulated depreciation for:				
Land improvements	158,950	15,869	-	174,819
Buildings and improvements	1,384,990	59,106	-	1,444,096
Furniture and equipment	420,233	36,688	(4,028)	452,893
Infrastructure	382,690	29,839	-	412,529
Total accumulated depreciation	2,346,863	141,502	(4,028)	2,484,337
Total capital assets being depreciated, net	2,054,985	12,126	-	2,067,111
Governmental activities capital assets, net	\$ 2,332,075	\$ 306,615	\$ (137,779)	\$ 2,500,911

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

General government	\$	10,336
Human services		3,488
Public safety		23,783
Public works, including depreciation of general infrastructure assets		30,331
Property and development		9,745
Parks and recreation		15,065
Library		6,400
Schools		42,100
Public health		254
Total depreciation expense - governmental activities	<u>\$</u>	<u>141,502</u>

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

Individual fund receivable and payable balances at June 30, 2021 are as follows (in thousands):

<u>Interfund balances</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 1,964	\$ 172
Capital	-	375
Special revenue	3,888	4,903
Non-major governmental funds	10	412
Balances at June 30, 2021	<u>\$ 5,862</u>	<u>\$ 5,862</u>

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

Amounts due to and from discretely presented component units at June 30, 2021 are as follows (in thousands):

<u>Discrete component unit balances</u>	<u>Receivable</u>	<u>Payable</u>
Primary government:		
General	\$ 6,454	\$ 2,486
Balances at June 30, 2021	<u>6,454</u>	<u>2,486</u>
Discretely presented component units:		
TPL		232
BPHC	2,486	5,077
BPDA	-	1,145
	<u>2,486</u>	<u>6,454</u>
Balances at June 30, 2021	<u>\$ 8,940</u>	<u>\$ 8,940</u>

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**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, 2021 (in thousands):

	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
<b>Bonds, Notes, Leases and Other long-term obligations:</b>						
General obligation bonds	0.13-6.05%	\$ 1,208,360	\$ 271,950	\$ 213,335	\$ 1,266,975	\$ 138,205
Add (deduct):						
Unamortized bond premiums/discounts					151,081	
Current portion of long-term debt					(138,205)	
					<u>\$ 1,279,851</u>	
	<u>Interest rates</u>	<u>Outstanding, beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding, end of year</u>	<u>Due within one year</u>
Notes payable	2.10-7.18%	\$ 23,308	\$ -	\$ 1,583	\$ 21,725	\$ 1,438
Leases payable		56,410	24,873	19,675	61,608	20,236
Judgments and claims		15,281	16,294	11,509	20,066	3,612
Tax abatements		19,900	23,237	10,737	32,400	10,600
Workers' compensation		180,455	68,435	58,463	190,427	77,337
Health and life claims		22,843	309,195	303,709	28,329	28,329
Compensated absences		250,008	102,648	95,374	257,282	75,467
Landfill closure and postclosure care costs		6,249	-	338	5,911	350
Pollution remediation		500	-	-	500	-
Other postemployment benefits		2,273,281	54,003	130,560	2,196,724	-
Net pension liability		1,754,871	278,214	626,683	1,406,402	-
Total bonds, notes, leases, and other long-term obligations		<u>\$ 4,603,106</u>	<u>\$ 876,899</u>	<u>\$ 1,258,631</u>	<u>\$ 4,221,374</u>	<u>\$ 217,369</u>

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

The annual debt service requirements of the City's general obligation bonds, notes and leases payable as of June 30, 2021, 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:				
2022	\$ 138,205	\$ 49,347	\$ (2,902)	\$ 184,650
2023	128,150	43,407	(2,410)	169,147
2024	116,190	37,675	(1,897)	151,968
2025	130,160	32,359	(1,366)	161,153
2026	107,905	27,428	(814)	134,519
2027-2031	350,010	86,473	(657)	435,826
2032-2036	218,515	34,711	-	253,226
2037-2041	77,840	6,054	-	83,894
	<u>\$ 1,266,975</u>	<u>\$ 317,454</u>	<u>\$ (10,046)</u>	<u>\$ 1,574,383</u>
Notes Payable:				
Year(s) ending June 30:				
2022	\$ 1,438	\$ 549	\$ -	\$ 1,987
2023	2,218	506	-	2,724
2024	958	470	-	1,428
2025	993	447	-	1,440
2026	1,054	423	-	1,477
2027-2031	5,845	1,700	-	7,545
2032-2037	9,219	487	-	9,706
	<u>\$ 21,725</u>	<u>\$ 4,582</u>	<u>\$ -</u>	<u>\$ 26,307</u>
Leases Payable:				
Year(s) ending June 30:				
2022	\$ 20,236	\$ 800	\$ -	\$ 21,036
2023	16,667	507	-	17,174
2024	12,314	278	-	12,592
2025	7,638	132	-	7,770
2026	3,055	50	-	3,105
2027-2028	1,698	20	-	1,718
	<u>\$ 61,608</u>	<u>\$ 1,787</u>	<u>\$ -</u>	<u>\$ 63,395</u>

On December 30, 2020, the City issued \$180.5 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.

On December 30, 2020, the City issued \$91.4 million of refunding bonds for the purpose of refunding certain outstanding general obligation bonds of the City totaling \$89.4 million. Interest on the bonds are payable semiannually each March 1 and November 1 until maturity in fiscal year 2036.

The cash flow difference and economic gain (the difference between the present value of the debt service payments and old and new debt) obtained from the December 30, 2020 refunding were \$11.2 million and \$10.6 million, respectively.

The City has entered into various capital lease 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 gross amount of assets acquired under the equipment lease agreements totals \$61.6 million as of June 30, 2021. The City's operating lease with DSRC is described in note 19.

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, 2021 was approximately \$102.1 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, 2021, the City may issue \$7.32 billion of additional general obligation debt under the debt limit. General obligation debt of \$1.66 billion, subject to the debt limit, and \$74.8 million, exempt from the debt limit, are authorized but unissued as of June 30, 2021.

**11. 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, 2020 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](http://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, 2020).

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, 2020:

Active plan members	20,856
Retirees and beneficiaries receiving benefits	14,559
Inactive members entitled to a return of contributions	11,531
Inactive members entitled to, but not yet receiving benefits	1,147
Total membership	<u>48,093</u>
Total number of participating employers	<u>6</u>

**d. Contributions**

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% – 11% of their regular gross compensation. Non-teacher members hired after January 1, 1979 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining System-wide actuarially determined contribution, which is apportioned among the employers based on an actuarial computation. The contributions of plan members and the participating employers are governed by Chapter 32 of the M.G.L. For the year ended December 31, 2020, the System was due \$498.5 million from all employers and the Commonwealth and received \$498.5 million in these contributions. For the year ended June 30, 2021, inclusive of contributions related to SCSD, and exclusive of contributions related to the City’s teachers, the City’s required contribution was \$283.6 million. The actual contribution was \$298.6 million, which includes a \$0 million contribution subsequent to the measurement date. For the year ended June 30, 2021, the Commonwealth’s required and actual contribution related to City Teachers was \$163.0 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, 2020 is as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 1,988,229	Active members’ contribution balance
Annuity reserve fund	437,917	Retired members’ contribution account
Military service fund	50	Members’ contribution account while on military leave
Pension reserve fund	5,456,183	Amounts appropriated to fund future retirement benefits
Pension fund	422,496	Remaining net position
	<u>\$ 8,304,875</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, 2021, the City reported a liability of \$1.30 billion for its proportionate share of the BRS net pension liability measured as of December 31, 2020. 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, 2020 were as follows (in thousands):

City's proportionate share of net pension liability	\$	1,303,266
Commonwealth's proportionate share of net pension liability associated with the City		<u>2,428,540</u>
Total	\$	<u><u>3,731,806</u></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, 2020, the City was allocated 100% of the net pension liability for SCSD retirees and 84.35% of the remaining non-teacher group based on its proportion of 2020 required employer contributions related to this group. The City's proportion of the collective BRS net pension liability at December 31, 2020 was 32.80% compared to 35.96% at December 31, 2019.

For the year ended June 30, 2021, in the Government-wide financial statements, the City recognized pension expense of \$354.3 million and revenue of \$181.6 million related to the Commonwealth special funding situations. At June 30, 2021, the City reported deferred outflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ -	\$ 64,855
Net difference between projected and actual investment earnings	-	222,868
Changes in assumptions	328,425	-
Changes in employer proportion	<u>34,862</u>	-
	<u>\$ 363,287</u>	<u>\$ 287,723</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2021 related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	
2022	\$ 1,782
2023	93,864
2024	(50,737)
2025	27,396
2026	<u>3,259</u>
	<u>\$ 75,564</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, 2020 measurement date was determined by using an actuarial valuation as of January 1, 2020, with update procedures used to roll forward the total pension liability to December 31, 2020. The measurement of the total pension liability at December 31, 2020 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	7.05% for BRS excluding teachers and 7.15% for teachers, net of expenses, including inflation
Cost of living adjustments	3% of first \$14,000
Mortality	Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2019 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-2019 for Group 4 and Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2019 for Boston Teachers  Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2019 for Groups 1 and 2 and to the Pub-2010 Disabled Retiree Amount-Weighted Mortality Tables projected generationally using Scale MP-2019

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, 2020 for BRS, excluding Teachers, are summarized below:

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	23%	6.28%
International developed markets equity	17	7.00
International emerging markets equity	8	8.82
Core fixed income	16	0.38
High yield fixed income	6	2.97
Emerging market debt	4	3.16
Real estate	10	3.50
Timber	0	3.45
Hedge fund, GTAA, risk parity	5	2.35
Private equity	11	10.11
	100%	

**h. Discount Rate**

The discount rate used to measure the total pension liability was 7.05% 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 7.05% 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 (6.05%) or 1-percentage-point higher (8.05%) than the current rate for BRS excluding Teachers (in thousands):

City’s net pension liability				
	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)	
June 30, 2021	\$ 2,072,150	\$ 1,303,266	\$ 655,281	

**j. Non-contributory retirees and beneficiaries**

In addition to appropriation payments to cover current and future benefit payments of City employees covered by the BRS, the City funds noncontributory retirement benefits for pensioners whose employment predates the BRS, certain veterans who meet certain state law requirements, former employees retired under Massachusetts Special Acts and families receiving killed-in-the-line-of-duty benefits. These retirees and beneficiaries receive benefits for their lifetime. For the City’s Non-contributory and Special Legislation Retirees, the City is providing such benefits to 40 pensioners; these benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$3.7 million. The City’s net pension liability for the noncontributory retirees and beneficiaries is \$103.1 million, as of June 30, 2021.

The actuarial valuation as of June 30, 2020 was used to determine the City’s pension liability and pension expense as of June 30, 2021 (in thousands):

Total Pension liability	\$ 103,136
Plan fiduciary net position	-
Plan net pension liability	\$ 103,136
Plan fiduciary net position as a percentage of the total pension liability	-%
Interest	\$ 2,527
Change of benefit terms	271
Differences between expected and actual experience	2,300
Recognized portion of current year assumption changes	(14,582)
Pension expense (income)	\$ (9,484)

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 2.16% as of June 30, 2021 and 2.21% as of June 30, 2020, 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, 2021, calculated using a discount rate of 2.16% 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 (1.16%) or 1- percentage point higher (3.16%) than the current rate:

City of Boston Non-Contributory net pension liability				
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)	
June 30, 2021	\$ 121,994	\$ 103,136	\$ 88,468	

**12. 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](http://www.boston.gov/departments/auditing).

**a. Benefits Provided**

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

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

**Employees Covered by the Benefit Terms**

As of June 30, 2019, 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	14,516	911
Inactive members receiving benefits	14,274	280
Total membership	28,790	1,191

**b. 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, 2019, 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.

**c. 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.

**d. Investment Policy**

The provisions of Massachusetts General Laws (M.G.L) c. 44 sec 54 allows investment in securities listed on the Commonwealth's approved securities listing. The OPEB investment portfolio is managed by the City's Investment committee consisting of the City Auditor, the Assistant City Manager of Fiscal Affairs, Assistant Finance Director, and City Assessor. The investment strategy is to reduce risk through the prudent diversification of the portfolio across the distinct allowable asset classes. The Committee aims to remain consistent in the approach and refrain from dramatically shifting asset class allocation over a short period.

**e. Actuarial Methods and Assumptions**

The City's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 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-2019

Healthy (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2019

Disabled (Non-Teachers): Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2019

Surviving Spouse (Non-Teachers): Pub-2010 General Contingent Survivor Headcount-Weighted Mortality

Table set forward one year projected generationally using scale MP-2019

Group 4

Pre-Retirement: Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally using scale MP-2019

Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2019

Disabled: Pub-2010 Disabled Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2019

Surviving Spouse: Pub-2010 Safety Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2019

Teachers

Pre-Retirement (Teachers): Pub-2010 Teacher Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2019

Healthy (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019

Disabled (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2019

Surviving Spouse (Teachers): Pub-2010 Teacher Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2019

- 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	29%	6.28%
International developed markets equity	20	7.00
International emerging markets equity	10	8.82
Core Fixed Income	27	0.38
High Yield Fixed Income	8	2.97
Real Estate	6	3.50
Total	<u>100%</u>	

**f. Net OPEB Liability**

The components of the net OPEB liability for the City's Plan as of June 30, 2021, presented below on the June 30, 2021 measurement date and the actuarial assumptions are outlined above (in thousands):

	City
Total OPEB Liability	\$ 3,058,538
Plan Fiduciary Net Position	(861,814)
Net OPEB Liability	<u>\$ 2,196,724</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	<u>28.18%</u>

**g. Change in the Net OPEB Liability**

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balances at June 30, 2020	\$ 2,928,560	\$ 655,279	\$ 2,273,281
Changes for the year:			
Service cost	77,223	-	77,223
Interest	183,843	-	183,843
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(528)	-	(528)
Changes in assumptions	-	-	-
Contributions - employer	-	170,560	(170,560)
Net investment income	-	166,540	(166,540)
Benefit payments	(130,560)	(130,560)	-
Administrative expenses	-	(5)	5
Net changes	129,978	206,535	(76,557)
Balances at June 30, 2021	<u>\$ 3,058,538</u>	<u>\$ 861,814</u>	<u>\$ 2,196,724</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, 2021 (in thousands):

	<b>5.25%</b>	<b>6.25%</b>	<b>7.25%</b>
	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Net OPEB liability	<u>\$ 2,604,936</u>	<u>\$ 2,196,724</u>	<u>\$ 1,858,672</u>

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

	<b>5.25%</b>	<b>6.25%</b>	<b>7.25%</b>
	<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
Net OPEB liability	<u>\$ 1,746,622</u>	<u>\$ 2,196,724</u>	<u>\$ 2,752,537</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$234 million.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension amounts from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ 186,655	\$ -
Net difference between projected and actual earnings	-	85,211
Differences between expected and actual experience	7,642	943
Total	<u>\$ 194,297</u>	<u>\$ 86,154</u>

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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
2022	\$ 19,414
2023	18,560
2024	18,232
2025	14,046
2026	37,967
2027	(75)
Total	<u>\$ 108,144</u>

**13. Transfers**

Transfers and their purposes during the year ended June 30, 2021 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Housing 2020	\$ (22,863)	\$ 22,863	\$ -	\$ -
TNC Surcharge	-	(5,741)	5,741	-
Parking Meter Fees	20,000	(47,200)	27,200	-
Youth Development Fund	(1,000)	1,000	-	-
Local Cultural Council Program	(250)	250	-	-
Childcare Entrepreneur Fund	(95)	95	-	-
Debt Service	(1,455)	-	-	1,455
Total	<u>\$ (5,663)</u>	<u>\$ (28,733)</u>	<u>\$ 32,941</u>	<u>\$ 1,455</u>

**14. Excess of Expenditures over Budgets**

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2021 in the following categories (in thousands):

Police Department	\$ 18,735
Execution of Courts	<u>791</u>
	<u>\$ 19,526</u>

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

**15. Fund Balance Classification Details**

The components of fund balance for the City’s governmental funds as of June 30, 2021 are as follows (in thousands):

	General	Special Revenue	Capital Projects	Other governmental funds
Fund Balances:				
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	37,192	-	-
General government	-	-	6,203	63,041
Public Works	-	-	50,621	-
Property and Development	-	21,484	16,160	3,395
Parks and recreation	-	-	13,385	15,927
Schools	-	-	-	16,505
Subtotal	-	58,676	86,369	98,868
Assigned to:				
Property and development	25,363	-	-	-
Catastrophic loss	38,634	-	-	-
Housing initiative	35,420	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	109,836	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	56,586	255,852	-	-
Subtotal	313,001	255,852	-	-
Unassigned	898,161	-	-	-
Total fund balances	\$ 1,211,162	\$ 314,528	\$ 86,369	\$ 120,372

**16. Commitments and Contingencies**

**a. Encumbrances**

The City has assigned \$56.6 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$143.6 million in the Special Revenue Fund, \$219.9 million in the Capital Projects Fund, and \$782 thousand 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, 2021. 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, 2021.

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, 2021.

#### 17. 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 2021, the City appropriated \$106.5 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 \$110.7 million for the BPHC for fiscal year 2022.

##### *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.

#### 18. 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 \$38.4 million at the end of fiscal 2021. 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. The City has not had any insurance claim paid in the last 3 years and has never had a claim or settlement that exceeded any of its insurance policy limits.

The 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, 2021 and 2020 are as follows (in thousands):

	<b>Internal service fund</b>	
	<b>2021</b>	<b>2020</b>
Health and life claims, beginning of year	\$ 22,843	\$ 27,135
Incurred claims	309,195	266,953
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	(303,709)	(271,245)
Health and life claims, end of year	<u>\$ 28,329</u>	<u>\$ 22,843</u>
	<b>Government-wide statements</b>	
	<b>2021</b>	<b>2020</b>
Judgments and claims, beginning of year	\$ 215,636	\$ 215,073
Incurred claims	107,966	68,897
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers’ compensation	(58,463)	(53,664)
Tax abatement liability	(10,737)	(3,000)
Court judgments	(11,509)	(11,670)
Judgments and claims, end of year	<u>\$ 242,893</u>	<u>\$ 215,636</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.

**19. 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.

20. 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, 2021

(In thousands)

	BPHC	BPDA	TPL	EDIC	Total
<b>Assets:</b>					
Current assets:					
Cash and investments	\$ 37,189	\$ 66,157	\$ 3,896	\$ 55,313	\$ 162,555
Cash and investments held by trustee	-	-	21,321	-	21,321
Receivables, net:					
Other	33,056	10,830	3,489	7,343	54,718
Other assets	2,044	197	444	630	3,315
Due from primary government	2,486	-	-	-	2,486
<b>Total current assets</b>	<b>74,775</b>	<b>77,184</b>	<b>29,150</b>	<b>63,286</b>	<b>244,395</b>
Noncurrent assets:					
Cash and investments held by trustee	-	-	78,111	2,035	80,146
Notes receivable	45,933	124,311	390	-	170,634
Capital assets:					
Nondepreciable	12,140	6,036	-	7,755	25,931
Depreciable	10,973	14,254	380	37,000	62,607
Total noncurrent assets	69,046	144,601	78,881	46,790	339,318
<b>Total assets</b>	<b>143,821</b>	<b>221,785</b>	<b>108,031</b>	<b>110,076</b>	<b>583,713</b>
Deferred outflows of resources:					
Deferred amount for pension costs	26,672	4,405	-	-	31,077
Deferred amount for other postemployment benefits costs	5,723	3,989	-	-	9,712
<b>Total deferred outflows of resources</b>	<b>\$ 32,395</b>	<b>\$ 8,394</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,789</b>
<b>Liabilities:</b>					
Current liabilities:					
Warrants and accounts payable	13,138	2,062	611	4,254	20,065
Accrued liabilities:					
Other	11,978	-	1,424	690	14,092
Current portion of long-term debt and leases	2,133	141	-	164	2,438
Due to primary government	5,077	-	232	-	5,309
Unearned revenue	3,975	1,904	-	581	6,460
<b>Total current liabilities</b>	<b>36,301</b>	<b>4,107</b>	<b>2,267</b>	<b>5,689</b>	<b>48,364</b>
Noncurrent liabilities:					
Bonds notes and leases due in more than one year	3,568	-	-	-	3,568
Other noncurrent liabilities	1,575	142,709	-	2,565	146,849
Other postemployment benefits	81,598	751	-	-	82,349
Unearned revenue	46,888	34,588	-	-	81,476
Net pension liability	103,035	14,528	-	-	117,563
Due to primary government	-	1,145	-	-	1,145
<b>Total noncurrent liabilities</b>	<b>236,664</b>	<b>193,721</b>	<b>-</b>	<b>2,565</b>	<b>432,950</b>
<b>Total liabilities</b>	<b>272,965</b>	<b>197,828</b>	<b>2,267</b>	<b>8,254</b>	<b>481,314</b>
Deferred inflows of resources:					
Deferred amount for pension costs	35,949	4,601	-	-	40,550
Deferred amount for other postemployment benefits costs	45,757	6,430	-	-	52,187
<b>Total deferred inflows of resources</b>	<b>81,706</b>	<b>11,031</b>	<b>-</b>	<b>-</b>	<b>92,737</b>
<b>Net position:</b>					
Net investment in capital assets	17,412	17,411	366	44,755	79,944
Restricted	-	-	96,957	704	97,661
Unrestricted	(195,867)	3,909	8,441	56,363	(127,154)
<b>Total net position</b>	<b>\$ (178,455)</b>	<b>\$ 21,320</b>	<b>\$ 105,764</b>	<b>\$ 101,822</b>	<b>\$ 50,451</b>

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**  
**Year ended June 30, 2021**  
*(in thousands)*

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 209,205	\$ 19,666	\$ 14,162	\$ 35,419	\$ 278,452
Program revenues:					
Charges for services	37,832	34,110	1,782	55,140	128,864
Operating grants and contributions	76,742	981	10,186	14,154	102,063
Capital grants and contributions	-	-	-	1,073	1,073
Total program revenues	114,574	35,091	11,968	70,367	232,000
<b>Net program revenues (expenses)</b>	<b>(94,631)</b>	<b>15,425</b>	<b>(2,194)</b>	<b>34,948</b>	<b>(46,452)</b>
General revenues:					
Investment income	100	115	20,021	157	20,393
Sale of property	48	-	-	-	48
City appropriation	106,474	-	-	-	106,474
Miscellaneous income	454	-	2,676	-	3,130
<b>Total general revenues</b>	<b>107,076</b>	<b>115</b>	<b>22,697</b>	<b>157</b>	<b>130,045</b>
<b>Change in net position</b>	<b>12,445</b>	<b>15,540</b>	<b>20,503</b>	<b>35,105</b>	<b>83,593</b>
<b>Net position - beginning of year</b>	<b>(190,900)</b>	<b>5,780</b>	<b>85,261</b>	<b>66,717</b>	<b>(33,142)</b>
<b>Net position - end of year</b>	<b>\$ (178,455)</b>	<b>\$ 21,320</b>	<b>\$ 105,764</b>	<b>\$ 101,822</b>	<b>\$ 50,451</b>

**Required Supplementary Information**  
**(Unaudited)**

**Schedule of OPEB Contributions - OPEB**  
*(Amounts in thousands)*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 188,972	\$ 182,364	\$ 199,400	\$ 190,991
Contributions in relation to the actuarially determined contribution	170,560	164,503	176,018	159,966
Contribution surplus (deficiency)	\$ (18,412)	\$ (17,861)	\$ (23,382)	\$ (31,025)
Covered payroll	\$ 1,811,408	\$ 1,776,886	\$ 1,696,838	\$ 1,611,911
Contributions as a percentage of covered payroll	9.42%	9.26%	10.37%	9.92%

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, 2021 was determined with the June 30, 2019 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2021.

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:	26 years as of July 1, 2019
Asset valuation method:	Market Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5%
	Medicare costs: 7% initial, decreasing 0.25% annually to an ultimate level of 4.5%
	Medicare Part B premiums: 4.5%
Salary increases:	Non-teachers: 4% to 4.5%; Teachers: 4% to 7.5%
Investment return:	6.75%
Mortality:	RP-2014 generational table using Scale MP-2017 for non-teachers and MP-2016 for teachers applied on a gender-specific basis.

**Schedule of Changes in Net OPEB Liability and Related Ratios**

June 30, 2021

(Amounts in thousands)

**Total OPEB Liability**

	2021	2020	2019	2018
Service Cost	\$ 77,223	\$ 72,030	\$ 69,659	\$ 67,365
Interest	183,843	203,807	194,459	185,615
Changes of benefit terms	-	(498,655)	-	-
Differences between expected and actual experience	(528)	4,981	6,624	700
Changes of assumptions	-	261,316	-	-
Benefit payments, including refunds of employee contributions	(130,560)	(124,503)	(136,018)	(119,966)
Net Change in total OPEB liability	129,978	(81,024)	134,724	133,714
Total OPEB liability - beginning	2,928,560	3,009,584	2,874,860	2,741,146
Total OPEB liability - ending	3,058,538	2,928,560	3,009,584	2,874,860
<b>Plan Fiduciary Net Position</b>				
Contributions - employers	170,560	164,503	176,018	159,966
Net investment income, net	166,540	21,035	33,624	27,656
Benefit payments, including refunds of employee contributions	(130,560)	(124,503)	(136,018)	(119,966)
Administrative expenses	(5)	(5)	(4)	(12)
Net change in plan fiduciary net position	206,535	61,030	73,620	67,644
Plan fiduciary net position - beginning	655,279	594,249	520,629	452,986
Plan fiduciary net position - ending	861,814	655,279	594,249	520,630
Net OPEB liability	\$ 2,196,724	\$ 2,273,281	\$ 2,415,335	\$ 2,354,230
Plan fiduciary net position as a percentage of the total				
OPEB Liability	28.19%	22.38%	19.75%	18.11%
Net OPEB liability as a percentage of the total covered payroll	121.27%	127.94%	142.34%	146.05%
Covered payroll	1,811,408	1,776,886	1,696,838	1,611,911

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, 2021: (None)

Changes as of June 30, 2020: decreased from 6.75% as of June 30, 2019 to 6.25% as of June 30, 2020

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

The mortality assumptions were updated to the Pub-2010 headcount-weighted mortality tables released by the Society of Actuaries in 2019.

The impact of the excise tax on high cost health plans scheduled to begin in 2022 was repealed effective December 20, 2019 and as such has been removed with this valuation.

**Changes in Plan Provisions:**

Changes as of June 30, 2021: (None)

Changes as of June 30, 2020:

Effective January 1, 2018, the Tufts Medicare Preferred Supplement plan switched from fully insured to self-insured medical coverage, increased hospital copays, and increased office visit copays.

Effective January 1, 2018, the Harvard Pilgrim Health Care Medicare Enhance plan increased hospital copays.

Effective January 1, 2019, the Blue Cross Blue Shield Master Medical Carve Out A&B plan was replaced by the Blue Cross Blue Shield Medex plan, which was anticipated to lower member out-of-pocket costs. Additionally, the Medex plan transitioned from self-insured prescription drug coverage to a fully insured PDP.

Effective July 1, 2020, the Harvard Pilgrim Health Care Medicare Enhance plan transitioned from self-insured prescription drug coverage to a fully insured PDP.

Reflects all plan changes as negotiated in the PEC agreement effective July 1, 2020.

See accompanying independent auditors' report

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

*(Amounts in millions)*

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	32.80%	35.96%	36.32%	32.04%	35.66%	36.78%	36.82%
City's proportionate share of the net pension liability	\$ 1,303	\$ 1,639	\$ 1,665	\$ 1,288	\$ 1,484	\$ 1,622	\$ 1,417
Commonwealth's proportionate share of net pension liability associated with the City	2,429	2,587	2,451	2,451	2,345	2,426	2,092
<b>Total</b>	<b>\$ 3,732</b>	<b>\$ 4,226</b>	<b>\$ 4,116</b>	<b>\$ 3,739</b>	<b>\$ 3,829</b>	<b>\$ 4,048</b>	<b>\$ 3,509</b>
City's covered payroll (for the period ended on the measurement date December 31)	\$ 1,720	\$ 1,661	\$ 1,609	\$ 1,547	\$ 1,475	\$ 1,475	\$ 1,423
City's proportionate share of the net pension liability as a percentage of covered payroll	75.76%	98.68%	103.48%	83.26%	100.61%	109.97%	99.58%
BRS fiduciary net position as a percentage of the total pension liability	67.64%	61.91%	58.27%	62.73%	58.44%	55.76%	59.59%

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

**Schedule of City's Contributions - Boston Retirement System**

*(Amounts in millions)*

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





## **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

### Comparative Balance Sheets

June 30, 2021 and 2020

(Amounts in thousands)

	2021	2020
<b>ASSETS:</b>		
Cash and investments	\$ 1,466,932	\$ 1,520,175
Receivables:		
Property taxes	30,574	31,209
Motor vehicle / boat excise	29,559	37,330
Intergovernmental	335	12,087
Departmental and other	18,855	10,563
Tax title and possession	72,064	63,042
Total Receivables	<u>151,387</u>	<u>154,231</u>
Allowance:		
Motor vehicle / boat excise	(22,892)	(21,765)
Tax title and possession	(72,064)	(63,043)
Total Allowance	<u>(94,956)</u>	<u>(84,808)</u>
Net receivable	<u>56,431</u>	<u>69,423</u>
Due from other funds	1,964	2,967
Due from component units	6,454	4,727
<b>Total assets</b>	<b><u>\$ 1,531,781</u></b>	<b><u>\$ 1,597,292</u></b>
<b>LIABILITIES:</b>		
Warrants and accounts payable	\$ 64,277	\$ 74,315
Accrued liabilities:		
Payroll and related costs	185,196	168,620
Deposits and other	37,363	33,218
Due to other funds	172	1,154
Due to component units	2,486	578
<b>Total liabilities</b>	<b><u>\$ 289,494</u></b>	<b><u>\$ 277,885</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Revenue not considered available	<u>31,125</u>	<u>47,928</u>
<b>FUND BALANCE:</b>		
Assigned	313,001	359,789
Unassigned	898,161	911,690
<b>Total fund balance</b>	<b><u>1,211,162</u></b>	<b><u>1,271,479</u></b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b><u>\$ 1,531,781</u></b>	<b><u>\$ 1,597,292</u></b>

See accompanying independent auditors' report

## ANNUAL COMPREHENSIVE FINANCIAL REPORT COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

### GENERAL FUND

#### Comparative Statements of Revenues, Expenditures and Changes in Fund Balance Years Ended June 30, 2021 and 2020

(Amounts in thousands)

	2021	2020
<b>REVENUES:</b>		
Real and personal property taxes	\$ 2,650,040	\$ 2,498,435
Excises	114,411	241,768
Payments in lieu of taxes	88,615	72,349
Fines	52,302	67,367
Investment income	3,615	29,472
Licenses and permits	67,977	88,272
Departmental and other	60,555	103,476
Intergovernmental	619,709	627,590
<b>Total Revenues</b>	<b>3,657,224</b>	<b>3,728,729</b>
<b>EXPENDITURES:</b>		
Current:		
General government	122,106	117,152
Human services	34,010	34,458
Public safety	735,254	763,381
Public works	116,862	111,346
Property and development	32,631	32,618
Parks and recreation	29,118	28,616
Library	39,422	38,270
Schools	1,234,353	1,176,493
Public health programs	106,715	94,337
Judgments and claims	11,477	11,670
Retirement costs	473,494	447,159
Other employee benefits	260,997	259,420
State and district assessments	320,220	299,740
<b>Total current expenditures</b>	<b>3,516,659</b>	<b>3,414,660</b>
Capital outlays	19,210	29,270
Debt service	176,009	183,585
<b>Total Expenditures</b>	<b>3,711,878</b>	<b>3,627,515</b>
<b>Excess of revenues over expenditures</b>	<b>(54,654)</b>	<b>101,214</b>
<b>OTHER FINANCING USES:</b>		
Transfers in	20,000	-
Transfers out	(25,663)	(16,345)
<b>Total other financing uses</b>	<b>(5,663)</b>	<b>(16,345)</b>
<b>Net change in fund balances</b>	<b>(60,317)</b>	<b>84,869</b>
<b>Fund balance - beginning</b>	<b>1,271,479</b>	<b>1,186,610</b>
<b>Fund balance - ending</b>	<b>\$ 1,211,162</b>	<b>\$ 1,271,479</b>

See accompanying independent auditors' report

**GENERAL FUND**

**Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)  
Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual**

(Amounts in thousands)

Classification	2021					2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance		
<b>PROPERTY TAXES</b>						
Real Estate Taxes	\$ 2,483,734	\$ 2,483,734	\$ 2,486,347	\$ 2,613	\$ 2,283,530	
Real and Personal Property Taxes	187,390	187,390	189,939	2,549	183,301	
<b>Revenue class total</b>	<b>2,671,124</b>	<b>2,671,124</b>	<b>2,676,286</b>	<b>5,162</b>	<b>2,466,831</b>	
<b>MOTOR VEHICLE EXCISE</b>						
Motor Vehicle Excise - Current	30,000	30,000	36,013	6,013	42,033	
Motor Vehicle Excise - Prior Years	20,000	20,000	18,170	(1,830)	20,759	
Boat Excise - Current and Prior Years	40	40	1	(39)	7	
<b>Revenue class total</b>	<b>50,040</b>	<b>50,040</b>	<b>54,184</b>	<b>4,144</b>	<b>62,799</b>	
<b>OTHER EXCISE TAXES</b>						
Hotel / Motel Room Excise	37,000	37,000	15,563	(21,437)	99,258	
Aircraft Fuel Excise	13,000	13,000	8,474	(4,526)	32,471	
Condominium Conversion Excise	500	500	838	338	619	
Short-Term Rental	-	-	340	340	260	
Meals Tax Excise	18,800	18,800	14,203	(4,597)	28,927	
Marijuana Local Option Sales T	1,250	1,250	-	(1,250)	-	
Urban Redevelopment Ch 121A	12,000	12,000	21,410	9,410	13,923	
Vehicle Rental Surcharge	700	700	574	(126)	1,573	
Community Host Agreements	1,250	1,250	754	(496)	120	
<b>Revenue class total</b>	<b>84,500</b>	<b>84,500</b>	<b>62,156</b>	<b>(22,344)</b>	<b>177,151</b>	
<b>COMMONWEALTH OF MASSACHUSETTS</b>						
State Owned Lands	419	419	419	-	409	
Exemption - Elderly	1,056	1,056	1,093	37	1,061	
Veterans Services - Local Aid	1,605	1,605	1,381	(224)	1,889	
Unrestricted General Government Aid	201,181	201,181	213,343	12,162	198,082	
Local Share of Racing Taxes	295	295	437	142	319	
School Construction	-	-	-	-	2,461	
Charter School Reimbursement	29,265	29,265	30,306	1,041	32,712	
Chapter 70 Education Aid	221,915	221,915	221,840	(75)	221,915	
<b>Revenue class total</b>	<b>455,736</b>	<b>455,736</b>	<b>468,819</b>	<b>13,083</b>	<b>458,848</b>	

## ANNUAL COMPREHENSIVE FINANCIAL REPORT COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

### GENERAL FUND

Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)  
Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual  
(Amounts in thousands)

Classification	2021				2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
<b>DEPARTMENTAL &amp; OTHER</b>					
Penalties & Interest - Property Taxes	\$ 2,300	\$ 2,300	\$ 3,885	\$ 1,585	\$ 2,648
Penalties & Interest - Motor Vehicle	2,200	2,200	3,465	1,265	3,192
Penalties & Interest - Tax Title	4,500	4,500	2,969	(1,531)	4,267
Sidewalk Paid in Advance	-	-	14	14	24
Unapportioned Assessments	-	-	-	-	24
Unapportioned Street Assessments	-	-	-	-	15
Other Departmental Fees & Charges	1,180	1,180	822	(358)	1,797
Registry Division Fees	1,400	1,400	1,500	100	1,611
Liens	600	600	742	142	695
Other Departmental	2,300	2,300	3,668	1,368	4,003
City Clerk Fees	650	650	439	(211)	638
Muni Medicaid Reimbursement	6,000	6,000	5,978	(22)	6,813
Medicaid Part D	2,700	2,700	5,374	2,674	2,286
BCYF Membership Fees	-	-	2	2	286
Police Services	800	800	492	(308)	1,111
Fire Services	5,000	5,000	6,448	1,448	5,254
Parking Facilities	1,400	1,400	1,518	118	1,974
Street Occupancy	10,000	10,000	9,310	(690)	10,104
Street and Sidewalk Permits	1,000	1,000	1,024	24	1,100
Property Mgmt - Building Rents	1,700	1,700	1,477	(223)	1,849
St Furniture Program Fixed Fees	1,500	1,500	-	(1,500)	-
St Furniture Program Adm Fees	560	560	618	58	1,069
DoIT/PWD Small Cell Revenue	700	700	1,747	1,047	476
DOIT E-Rate	1,400	1,400	1,629	229	1,427
Fiber Optics Access Fees	-	-	13	13	13
Tuition and Transportation - Schools	1,900	1,900	2,117	217	1,353
McKinney-Vento reimbursement	2,200	2,200	2,077	(123)	4,181
Library Fees	-	-	-	-	119
Cobra / Self-pay	160	160	205	45	191
Affirmative Recovery Unit	200	200	386	186	247
Fringe-Retirement	5,000	5,000	5,833	833	5,652
Pensions and Annuities	5,300	5,300	5,888	588	5,374
Indirect Costs Reimbursement	400	400	585	185	646
3rd Party Fringe Reimbursement	250	250	200	(50)	253
Third-Party Payments	1,496	1,496	1,346	(150)	-
Prior Year Reimbursements	500	500	2,461	1,961	1,695
Police Detail Payroll	-	-	-	-	23
Police Detail Administration Fee	2,300	2,300	3,119	819	3,647
Miscellaneous Collecting	-	-	-	-	2
Administrative Fee 3rd Party Payments	330	330	218	(112)	527
<b>Revenue class total</b>	<b>67,926</b>	<b>67,926</b>	<b>77,569</b>	<b>9,643</b>	<b>76,586</b>

See accompanying independent auditors' report

**GENERAL FUND**

**Schedule of Revenues and Other Financing Sources Compared to Budget (Budgetary Basis)  
Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual**

Classification	2021					2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance		
<b>FINES</b>						
Parking Fines	\$ 57,593	\$ 57,593	\$ 48,540	\$ (9,053)	\$ 63,473	
60 Cents Surcharge	400	400	268	(132)	-	
Boots & Tows Fees	800	800	864	64	1,151	
Court Fines	20	20	10	(10)	14	
Moving Violation Fines - Court	1,000	1,000	994	(6)	1,253	
Fire Safety Fines	40	40	44	4	57	
Code Enforcement	1,100	1,100	1,433	333	1,310	
<b>Revenue class total</b>	<b>60,953</b>	<b>60,953</b>	<b>52,153</b>	<b>(8,800)</b>	<b>67,258</b>	
<b>PAYMENTS IN LIEU OF TAXES</b>						
Massport	20,078	20,078	20,242	164	19,521	
Miscellaneous PILOT's	29,200	29,200	42,871	13,671	25,359	
Miscellaneous Ch 121B Section 16	6,000	6,000	9,927	3,927	8,108	
Miscellaneous Ch 121A Section 6A	12,000	12,000	15,210	3,210	18,757	
EDIC Chapter 121C PILOT	700	700	424	(276)	728	
<b>Revenue class total</b>	<b>67,978</b>	<b>67,978</b>	<b>88,674</b>	<b>20,696</b>	<b>72,473</b>	
<b>INVESTMENT INCOME</b>						
Interest on Investments	4,000	4,000	3,615	(385)	29,472	
<b>Revenue class total</b>	<b>4,000</b>	<b>4,000</b>	<b>3,615</b>	<b>(385)</b>	<b>29,472</b>	
<b>LICENSES AND PERMITS</b>						
Building Structures and Permits	45,000	45,000	48,742	3,742	69,572	
Weights and Measures	290	290	282	(8)	215	
Street and Curb Permits	2,500	2,500	3,243	743	2,979	
Pre-rental Inspections	1,200	1,200	1,635	435	856	
Other Departmental Licenses & Permits	480	480	446	(34)	268	
Boat Mooring Permits	10	10	-	(10)	16	
Health Inspections	1,530	1,530	1,539	9	1,766	
Alcoholic Beverages and Licenses	4,500	4,500	4,346	(154)	4,450	
Marijuana License	-	-	18	18	-	
Entertainment Licenses	1,800	1,800	969	(831)	1,821	
Police Firearm Permits	30	30	121	91	23	
Other Business Licenses and Permits	160	160	208	48	142	
Cable Television	4,460	4,460	5,783	1,323	6,256	
<b>Revenue class total</b>	<b>61,960</b>	<b>61,960</b>	<b>67,332</b>	<b>5,372</b>	<b>88,364</b>	
<b>MISCELLANEOUS</b>						
Air Rights	267	267	267	-	267	
<b>Revenue class total</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>-</b>	<b>267</b>	
<b>TRANSFERS AND OTHER AVAILABLE FUNDS</b>						
Appropriated Cemetery Trustee	950	950	-	(950)	-	
Appropriated Parking Meter Receipts	30,000	30,000	20,000	(10,000)	-	
Appropriated Funds Balance	40,000	40,000	40,000	-	-	
<b>Revenue class total</b>	<b>70,950</b>	<b>70,950</b>	<b>60,000</b>	<b>(10,950)</b>	<b>-</b>	
<b>Total Revenues and Other financing Sources</b>	<b>\$ 3,595,434</b>	<b>\$ 3,595,434</b>	<b>\$ 3,611,055</b>	<b>\$ 15,621</b>	<b>\$ 3,500,049</b>	

See accompanying independent auditors' report

## ANNUAL COMPREHENSIVE FINANCIAL REPORT COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

### GENERAL FUND

#### Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual

(Amounts in thousands)

Classification	2021				2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
<b>GENERAL GOVERNMENT</b>					
Costs of Issuance - RANS	\$ 500	\$ 500	\$ 333	\$ 167	\$ 190
Annual Audit Costs	750	750	143	607	1,311
Mayor's Office	5,380	5,425	5,425	-	5,114
City Council	5,736	5,736	5,588	148	5,508
Office of New Bostonians	1,126	1,126	1,121	5	673
Consumer Affairs and Licensing	1,486	1,519	1,518	1	1,360
Election Department - Election Division	4,634	4,634	4,289	345	4,116
Election Department - Listing Board	628	628	496	132	532
Auditing Department	2,828	3,133	3,132	1	2,996
Assessing Department	7,718	7,718	7,347	371	6,670
Treasury Department - Collecting Division	3,192	3,392	3,380	12	3,072
Treasury Department - Treasury Division	1,985	1,985	1,930	55	17,016
Office of Budget Management	3,271	2,993	2,833	160	2,827
Human Resources	5,026	5,949	5,948	1	4,194
Purchasing Division	1,860	2,054	2,053	1	2,773
Office of Administration & Finance	1,272	3,688	3,688	-	2,057
Office of Labor Relations	1,460	1,342	1,298	44	1,309
Department of Innovation & Technology	35,022	41,233	41,224	9	43,067
Intergovernmental Relations	1,388	1,388	1,283	105	1,423
Law Department	8,186	8,024	7,503	521	7,697
Risk Retention Reserved	2,500	2,500	2,500	-	3,000
Housing Trust Fund	618	618	576	42	601
City Clerk	1,392	1,392	1,365	27	1,312
Registry Division	1,087	1,116	1,084	32	1,078
Finance Commission	300	300	293	7	290
Office of Civil Rights	318	318	192	126	227
Commission for Persons with Disabilities	511	511	485	26	483
Neighborhood Services	4,138	4,038	4,021	17	3,693
Arts & Cultural Develop	2,239	2,119	2,099	20	2,049
Arts, Tourism & Special Events	1,652	1,068	895	173	1,365
Women's Commission	463	474	466	8	340
Reserve for Collective Bargaining	3,000	14,000	14,000	-	2,200
<b>Function Total</b>	<b>111,666</b>	<b>131,671</b>	<b>128,508</b>	<b>3,163</b>	<b>130,543</b>
<b>HUMAN SERVICES</b>					
Boston Centers for Youth & Families	29,051	27,958	26,905	1,053	28,545
Elderly Commission	4,446	4,311	3,884	427	3,875
Office of Health & Human Service	2,406	2,451	2,435	16	-
Human Right Commission	501	501	195	306	-
Veterans Services Department	4,613	2,787	2,608	179	2,901
<b>Function total</b>	<b>41,017</b>	<b>38,008</b>	<b>36,027</b>	<b>1,981</b>	<b>35,321</b>

(continued)

See accompanying independent auditors' report

## GENERAL FUND

### Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual

(Amounts in thousands)

Classification	2021				2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance	
<b>PUBLIC SAFETY</b>					
Police Department	\$ 404,182	\$ 404,182	\$ 422,917	\$ (18,735)	\$ 425,553
Fire Department	271,549	271,549	268,960	2,589	277,013
Mayor's Office - Emergency Preparedness	985	1,007	1,007	-	806
Transportation - Traffic Division	30,160	30,160	29,342	818	30,936
Transportation - Parking Clerk	8,588	8,078	7,994	84	7,940
Inspection Services Department	20,909	20,457	19,899	558	18,522
Youth Fund	7,818	7,818	7,160	658	7,198
<b>Function total</b>	<b>744,191</b>	<b>743,251</b>	<b>757,279</b>	<b>(14,028)</b>	<b>767,968</b>
<b>PUBLIC WORKS</b>					
Public Works Department	100,963	98,833	96,080	2,753	97,224
Central Maintenance Facility	3,013	3,447	3,447	-	3,510
Snow & Winter Management	21,067	18,783	18,702	81	22,578
<b>Function total</b>	<b>125,043</b>	<b>121,063</b>	<b>118,229</b>	<b>2,834</b>	<b>123,312</b>
<b>PROPERTY AND DEVELOPMENT</b>					
Property Management	29,624	31,804	30,387	1,417	30,096
Neighborhood Development	29,088	29,088	29,054	34	20,464
<b>Function total</b>	<b>58,713</b>	<b>60,892</b>	<b>59,441</b>	<b>1,451</b>	<b>50,560</b>
<b>PARKS AND RECREATION</b>					
Parks and Recreation Department	24,587	25,552	25,552	-	26,404
Environment Department	3,198	3,198	3,138	60	3,213
Cemetery Division	2,548	2,555	2,555	-	2,349
<b>Function total</b>	<b>30,333</b>	<b>31,305</b>	<b>31,245</b>	<b>60</b>	<b>31,966</b>
<b>LIBRARY</b>					
Library Department	41,387	41,387	39,841	1,546	39,120
<b>Function total</b>	<b>41,387</b>	<b>41,387</b>	<b>39,841</b>	<b>1,546</b>	<b>39,120</b>
<b>SCHOOLS</b>					
Boston Public Schools	1,258,632	1,260,490	1,260,465	25	1,178,562
<b>Function total</b>	<b>1,258,632</b>	<b>1,260,490</b>	<b>1,260,465</b>	<b>25</b>	<b>1,178,562</b>
<b>PUBLIC HEALTH</b>					
Public Health Commission	106,474	106,474	106,474	-	93,405
<b>Function total</b>	<b>106,474</b>	<b>106,474</b>	<b>106,474</b>	<b>-</b>	<b>93,405</b>

(continued)



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**GENERAL FUND**

**Schedule of Expenditures Compared to Budget (Budgetary Basis)**

**Year Ended June 30, 2021 and with Comparative Totals for 2020 Actual**

(Amounts in thousands)

Classification	2021					2020 Actual
	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance		
<b>JUDGMENTS AND CLAIMS</b>						
Execution of Courts	\$ 5,000	\$ 5,000	\$ 5,791	\$ (791)	\$ 7,083	
<b>Function total</b>	<b>5,000</b>	<b>5,000</b>	<b>5,791</b>	<b>(791)</b>	<b>7,083</b>	
<b>OTHER EMPLOYEE BENEFITS</b>						
Medicare Payments	11,200	10,543	10,543	-	10,619	
Health Benefits & Insurance	945	985	907	78	915	
Health Insurance	216,096	210,901	210,901	-	211,342	
Unemployment Compensation	350	529	528	1	635	
Workers' Compensation Fund	2,000	2,000	1,840	160	1,767	
OPEB Stabilization Fund	40,000	40,000	40,000	-	40,000	
<b>Function total</b>	<b>270,591</b>	<b>264,958</b>	<b>264,719</b>	<b>239</b>	<b>265,278</b>	
<b>PENSION COSTS</b>						
Boston Retirement System	292,089	292,089	292,089	-	280,603	
Pensions and Annuities - City	3,900	3,430	3,429	1	3,516	
<b>Function total</b>	<b>295,989</b>	<b>295,519</b>	<b>295,518</b>	<b>1</b>	<b>284,119</b>	
<b>DEBT REQUIREMENTS</b>						
Redemption of City Loans	129,450	121,658	121,658	-	121,045	
City Debt and Interest Payments	52,591	51,015	47,950	3,065	53,147	
Temporary Notes	3,000	-	-	-	-	
MWPAT Principal	1,187	659	659	-	1,248	
MWPAT Interest	407	407	249	158	262	
Debt Service Sinking Funds	1,455	1,455	1,455	-	1,455	
Lease Payments	638	-	-	-	638	
<b>Function total</b>	<b>188,728</b>	<b>175,194</b>	<b>171,971</b>	<b>3,223</b>	<b>177,795</b>	
<b>STATE &amp; DISTRICT ASSESSMENTS</b>						
Health Insurance/Retirement	28	28	28	-	44	
Parking Surcharge	2,288	2,288	2,288	-	2,265	
Mosquito Control Projects	291	291	291	-	291	
Special Education Chapter 766	851	706	705	1	819	
Metropolitan Air Pollution Center	295	295	295	-	285	
Metropolitan Area Planning	372	372	372	-	356	
MBTA Assessments	93,345	93,345	93,345	-	90,665	
MDC Assessments	12	12	12	-	12	
School Choice	1,461	1,341	1,341	-	1,454	
Charter School Sending Tuition	214,881	217,698	217,698	-	199,703	
Suffolk County Jail	3,846	3,846	3,846	-	3,846	
<b>Function total</b>	<b>317,670</b>	<b>320,222</b>	<b>320,221</b>	<b>1</b>	<b>299,740</b>	
<b>Total Expenditures</b>	<b>\$ 3,595,434</b>	<b>\$ 3,595,434</b>	<b>\$ 3,595,729</b>	<b>\$ (295)</b>	<b>\$ 3,484,772</b>	

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 Sheets

June 30, 2021 and with comparative totals for 2020

(Amounts in thousands)

	Special Revenue	CPA Fund	Total	
			2021	2020
<b>ASSETS:</b>				
Cash and investments	\$ 551,388	\$ 45,818	\$ 597,206	\$ 414,132
Receivables, net:				
Intergovernmental	105,648	-	105,648	82,698
Departmental and other	21,483	388	21,871	23,422
Total receivables	127,131	388	127,519	106,120
Due from other funds	3,888	-	3,888	1,813
<b>Total Assets</b>	<b>\$ 682,407</b>	<b>\$ 46,206</b>	<b>\$ 728,613</b>	<b>\$ 522,065</b>
<b>LIABILITIES:</b>				
Warrants and accounts payable	\$ 30,840	\$ 8,741	\$ 39,581	\$ 22,285
Accrued liabilities:				
Deposits and other	86,883	-	86,883	78,075
Unearned Revenue	282,718	-	282,718	120,684
Due to other funds	4,630	273	4,903	3,626
<b>Total liabilities</b>	<b>405,071</b>	<b>9,014</b>	<b>414,085</b>	<b>224,670</b>
<b>FUND BALANCE:</b>				
Restricted	21,484	37,192	58,676	53,876
Assigned	255,852	-	255,852	243,519
<b>Total fund balance</b>	<b>277,336</b>	<b>37,192</b>	<b>314,528</b>	<b>297,395</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 682,407</b>	<b>\$ 46,206</b>	<b>\$ 728,613</b>	<b>\$ 522,065</b>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**SPECIAL REVENUE FUND**

Combining Statements of Revenues, Expenditures and Changes in Fund Balance  
Year Ended June 30, 2021 with comparative totals for 2020

(Amounts in thousands)

	Special		Total	
	Revenue	CPA Fund	2021	2020
<b>REVENUES:</b>				
Real and Personal Taxes	\$ -	\$ 54	\$ 54	\$ -
Investment income	28	53	81	954
Licenses and permits	295	-	295	199
Departmental and other	48,338	23,398	71,736	78,850
Intergovernmental	358,825	6,182	365,007	306,221
<b>Total revenues</b>	<b>407,486</b>	<b>29,687</b>	<b>437,173</b>	<b>386,224</b>
<b>EXPENDITURES:</b>				
Current:				
General government	15,069	23,123	38,192	54,328
Human services	11,201	-	11,201	7,103
Public safety	38,445	-	38,445	23,747
Public works	6,607	-	6,607	7,078
Property & development	137,147	-	137,147	92,562
Parks and recreation	1,978	-	1,978	4,488
Library	4,069	-	4,069	3,354
Schools	140,268	-	140,268	126,271
Public health programs	10,963	-	10,963	1,516
Other employee benefits	2,000	-	2,000	-
Total current expenditures	367,747	23,123	390,870	320,447
Capital outlays	437	-	437	1,411
<b>Total Expenditures</b>	<b>368,184</b>	<b>23,123</b>	<b>391,307</b>	<b>321,858</b>
<b>Excess of revenues over expenditures</b>	<b>39,302</b>	<b>6,564</b>	<b>45,866</b>	<b>64,366</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	24,208	-	24,208	14,890
Transfer out	(52,941)	-	(52,941)	(42,900)
<b>Total other financing sources (uses)</b>	<b>(28,733)</b>	<b>-</b>	<b>(28,733)</b>	<b>(28,010)</b>
<b>Net change in fund balances</b>	<b>10,569</b>	<b>6,564</b>	<b>17,133</b>	<b>36,356</b>
<b>Fund balance - beginning</b>	<b>266,767</b>	<b>30,628</b>	<b>297,395</b>	<b>261,039</b>
<b>Fund balance - ending</b>	<b>\$ 277,336</b>	<b>\$ 37,192</b>	<b>\$ 314,528</b>	<b>\$ 297,395</b>

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

### Comparative Balance Sheets

June 30, 2021 and 2020

(Amounts in thousands)

	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Cash and investments	\$ 139,762	\$ 143,058
Cash and investment held by trustees	15,018	12,070
Intergovernmental receivables	12,448	7,958
<b>Total Assets</b>	<b><u>\$ 167,228</u></b>	<b><u>\$ 163,086</u></b>
<b>LIABILITIES:</b>		
Warrants and accounts payable	\$ 70,792	\$ 38,775
Due to other funds	375	-
<b>Total liabilities</b>	<b><u>71,167</u></b>	<b><u>38,775</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Revenue not considered available	9,692	7,666
<b>FUND BALANCE:</b>		
Restricted	86,369	116,667
<b>Total fund balance</b>	<b><u>86,369</u></b>	<b><u>116,645</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 167,228</u></b>	<b><u>\$ 163,086</u></b>



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**CAPITAL PROJECTS FUND**

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance  
Years Ended June 30, 2021 and 2020

(Amounts in thousands)

	2021	2020
<b>REVENUES:</b>		
Intergovernmental	\$ 37,938	\$ 27,819
<b>Total revenues</b>	<b>37,938</b>	<b>27,819</b>
<b>EXPENDITURES:</b>		
Capital outlays	336,954	244,658
<b>Total expenses</b>	<b>336,954</b>	<b>244,658</b>
<b>Deficiency of revenues under expenditures</b>	<b>(299,016)</b>	<b>(216,839)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Long-term debt and Capital leases issued	205,418	15,998
Refunding bonds issued	91,405	82,590
Payments to escrow agent	(95,934)	(82,481)
Premiums on long-term debt issued	34,910	-
Operating transfers, net	32,941	42,900
<b>Total other financing sources (uses)</b>	<b>268,740</b>	<b>59,007</b>
<b>Net change in fund balances</b>	<b>(30,276)</b>	<b>(157,832)</b>
<b>Fund balance - beginning</b>	<b>116,645</b>	<b>274,477</b>
<b>Fund balance - ending</b>	<b>\$ 86,369</b>	<b>\$ 116,645</b>

See accompanying independent auditors' report



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## OTHER GOVERNMENTAL FUNDS

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

Certain Other Governmental Fund, 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 certain other governmental fund is 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

**OTHER GOVERNMENTAL FUNDS**

Combining Balance Sheet

June 30, 2021 with comparative totals for 2020

(Amounts in thousands)

	Certain Other Governmental Funds						Total Other Governmental Funds	
	Pool 1	Pool 2	Pool 7	Debt Service Fund	Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2021	2020
<b>ASSETS:</b>								
Cash and investments	\$ -	\$ -	\$ 149	\$ 15,752	\$ -	\$ -	\$ 15,901	\$ 14,296
Cash and investments held by trustees	85,907	904	16,431	-	1,166	2,127	106,535	60,620
Receivables, net	53	1	168	-	-	148	370	6,096
Due from other funds	-	-	-	-	-	10	10	10,219
<b>Total assets</b>	<b>\$ 85,960</b>	<b>\$ 905</b>	<b>\$ 16,748</b>	<b>\$ 15,752</b>	<b>\$ 1,166</b>	<b>\$ 2,285</b>	<b>\$ 122,816</b>	<b>\$ 91,231</b>
<b>LIABILITIES:</b>								
Warrants and accounts payable	\$ 1,559	\$ 8	\$ 415	\$ -	\$ 45	\$ 5	\$ 2,032	\$ 1,418
Accrued liabilities	-	-	-	-	-	-	-	96
Due to other funds	-	-	406	-	6	-	412	10,219
<b>Total liabilities</b>	<b>1,559</b>	<b>8</b>	<b>821</b>	<b>-</b>	<b>51</b>	<b>5</b>	<b>2,444</b>	<b>11,733</b>
<b>FUND BALANCE:</b>								
Nonexpendable	21,360	144	-	-	-	-	21,504	10,041
Restricted	63,041	753	15,927	15,752	1,115	2,280	98,868	69,457
<b>Total fund balance</b>	<b>84,401</b>	<b>897</b>	<b>15,927</b>	<b>15,752</b>	<b>1,115</b>	<b>2,280</b>	<b>120,372</b>	<b>79,498</b>
<b>Total liabilities and fund balance</b>	<b>\$ 85,960</b>	<b>\$ 905</b>	<b>\$ 16,748</b>	<b>\$ 15,752</b>	<b>\$ 1,166</b>	<b>\$ 2,285</b>	<b>\$ 122,816</b>	<b>\$ 91,231</b>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## OTHER GOVERNMENTAL FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Years Ended June 30, 2021 with comparative totals for 2020

(Amounts in thousands)

	Certain Other Governmental Funds						Total Other Governmental Funds	
	Pool 1	Pool 2	Pool 7	Debt Service Fund	Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2021	2020
<b>REVENUES:</b>								
Investment income	\$ 20,944	\$ 140	\$ 1,432	\$ 1	\$ -	\$ 3	\$ 22,520	\$ 3,804
Departmental and other	589	-	5,038	-	-	5,083	10,710	4,500
<b>Total revenues</b>	<b>\$ 21,533</b>	<b>\$ 140</b>	<b>\$ 6,470</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 5,086</b>	<b>\$ 33,230</b>	<b>\$ 8,304</b>
<b>EXPENDITURES:</b>								
General government	4,961	14	5,891	-	10,273	146	21,285	36,313
<b>Total expenditures</b>	<b>4,961</b>	<b>14</b>	<b>5,891</b>	<b>-</b>	<b>10,273</b>	<b>146</b>	<b>21,285</b>	<b>36,313</b>
<b>Net change in fund balances</b>	<b>16,572</b>	<b>126</b>	<b>579</b>	<b>1</b>	<b>(10,273)</b>	<b>4,940</b>	<b>11,945</b>	<b>\$ (28,009)</b>
<b>OTHER FINANCING SOURCES:</b>								
Transfers in	-	-	-	1,455	-	-	1,455	1,455
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,455</b>	<b>-</b>	<b>-</b>	<b>1,455</b>	<b>1,455</b>
<b>Net change in fund balances</b>	<b>16,572</b>	<b>126</b>	<b>579</b>	<b>1,456</b>	<b>(10,273)</b>	<b>4,940</b>	<b>13,400</b>	<b>(26,554)</b>
<b>Fund balance - beginning, as restated</b>	<b>67,829</b>	<b>771</b>	<b>15,348</b>	<b>14,296</b>	<b>11,388</b>	<b>(2,660)</b>	<b>106,972</b>	<b>106,052</b>
<b>Fund balance - ending</b>	<b>\$ 84,401</b>	<b>\$ 897</b>	<b>\$ 15,927</b>	<b>\$ 15,752</b>	<b>\$ 1,115</b>	<b>\$ 2,280</b>	<b>\$ 120,372</b>	<b>\$ 79,498</b>

See accompanying independent auditors' report



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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 Harvard Pilgrim Healthcare 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

### Comparative Statements of Net Position

June 30, 2021 and 2020

(amounts in thousands)

	2021	2020
<b>ASSETS:</b>		
Cash and Investments	\$ 114,521	\$ 90,637
Receivables	2,857	-
Other assets	10,455	33,991
<b>Total Assets</b>	<b>127,833</b>	<b>124,628</b>
<b>LIABILITIES:</b>		
Accrued liabilities	30,818	23,708
<b>Total liabilities</b>	<b>30,818</b>	<b>23,708</b>
<b>NET POSITION:</b>		
Unrestricted	97,015	100,920
<b>Total net position</b>	<b>\$ 97,015</b>	<b>\$ 100,920</b>



ANNUAL COMPREHENSIVE FINANCIAL REPORT  
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**INTERNAL SERVICE FUND**

Comparative Statements of Revenues, Expenses and Changes in Net Position  
Years Ended June 30, 2021 and 2020

(Amounts in thousands)

	<u>2021</u>	<u>2020</u>
<b>REVENUES:</b>		
Employee contributions	\$ 86,545	\$ 80,615
Employer contributions	213,259	209,246
<b>Total revenues</b>	<u>299,804</u>	<u>289,861</u>
<b>EXPENDITURES:</b>		
Health benefits	303,709	271,245
<b>Total expenditures</b>	<u>303,709</u>	<u>271,245</u>
<b>Change in net position</b>	<u>(3,905)</u>	<u>18,616</u>
<b>Net position - beginning</b>	<u>100,920</u>	<u>82,304</u>
<b>Net position - ending</b>	<u>\$ 97,015</u>	<u>\$ 100,920</u>

See accompanying independent auditors' report

**INTERNAL SERVICE FUND**

**Comparative Statements of Cash Flows**

**Years Ended June 30, 2021 and 2020**

*(Amounts in thousands)*

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from employees and employer	\$ 320,483	\$ 414,364
Cash paid to vendors	(296,599)	(426,068)
<b>Net cash provided by operating activities</b>	<u><b>23,884</b></u>	<u><b>(11,704)</b></u>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>90,637</b></u>	<u><b>102,341</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><u><b>\$ 114,521</b></u></u>	<u><u><b>\$ 90,637</b></u></u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ (3,905)	\$ 18,616
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Other assets	23,536	(26,452)
Due from component units / receivables	(2,857)	-
Accrued liabilities	7,110	(3,868)
<b>Net cash provided by operating activities</b>	<u><u><b>\$ 23,884</b></u></u>	<u><u><b>\$ (11,704)</b></u></u>



# FIDUCIARY FUNDS

**EMPLOYEE RETIREMENT**

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

**OPEB TRUST FUND**

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

**PRIVATE PURPOSE TRUST FUNDS**

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

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

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

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

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

**LAW ENFORCEMENT TRUST FUND**

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

**STUDENT ACTIVITY CUSTODIAL FUND**

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

**BEFORE & AFTER SCHOOL PROGRAMS**

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



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ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**PENSION AND OPEB TRUST FUNDS**

Combining Statement of Plan Net Position

Years Ended December 31, 2020 (Pension) and June 30, 2021 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ASSETS:</b>			
Cash and investments	\$ 8,317,304	\$ 898,805	\$ 9,216,109
Receivables:			
Interest and dividends	9,057	-	9,057
Securities sold	33,382	-	33,382
Employer contributions	14,435	-	14,435
Other	10,065	-	10,065
Total receivables	66,939	-	66,939
Prepaid expenses	2,025	-	2,025
Securities lending short-term collateral investment pool	137,037	-	137,037
<b>Total Assets</b>	<b>\$ 8,523,305</b>	<b>\$ 898,805</b>	<b>\$ 9,422,110</b>
<b>LIABILITIES:</b>			
Accounts payable, accrued expenses and other liabilities	\$ 18,924	\$ 335	\$ 19,259
Securities purchased	62,536	-	62,536
Collateral held on securities lending	136,970	-	136,970
<b>Total liabilities</b>	<b>218,430</b>	<b>335</b>	<b>218,765</b>
<b>NET POSITION RESTRICTED FOR:</b>			
Held in trust for pension and OPEB benefits and other purposes	<b>\$ 8,304,875</b>	<b>\$ 898,470</b>	<b>\$ 9,203,345</b>

See accompanying independent auditors' report

**BOSTON RETIREMENT SYSTEM**  
**Comparative Statements of Plan Net Position**  
**Years Ended December 31, 2020 and 2019**  
*(Amounts in thousands)*

	Total Boston Retirement System	
	2020	2019
<b>ASSETS:</b>		
Cash and investments	\$ 8,317,304	\$ 7,411,988
Receivables:		
Interest and dividends	9,057	9,460
Securities sold	33,382	20,401
Employer contributions	14,435	14,561
Other	10,065	6,101
Total receivables	<u>66,939</u>	<u>50,523</u>
Prepaid expenses	2,025	443
Securities lending short-term collateral investment pool	137,037	96,460
<b>Total Assets</b>	<b><u>\$ 8,523,305</u></b>	<b><u>\$ 7,559,414</u></b>
<b>LIABILITIES:</b>		
Accounts payable, accrued expenses and other liabilities	\$ 18,924	\$ 18,134
Securities purchased	62,536	38,058
Collateral held on securities lending	136,970	96,147
<b>Total liabilities</b>	<b><u>218,430</u></b>	<b><u>152,339</u></b>
<b>NET POSITION RESTRICTED FOR:</b>		
Held in trust for pension benefits	<b><u>\$ 8,304,875</u></b>	<b><u>\$ 7,407,075</u></b>

See accompanying independent auditors' report

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
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**OPEB TRUST FUND**

**Comparative Statements of Plan Net Position  
Years Ended June 30, 2021 and 2020**

*(Amounts in thousands)*

	<u>2021</u>	<u>2020</u>
<b>ASSETS:</b>		
Cash and investments	\$ 898,805	\$ 682,821
<b>Total Assets</b>	<u><b>898,805</b></u>	<u><b>682,821</b></u>
<b>LIABILITIES:</b>		
Accounts payable, accrued expenses and other liabilities	\$ 335	\$ 199
<b>Total liabilities</b>	<u><b>335</b></u>	<u><b>199</b></u>
<b>NET POSITION RESTRICTED FOR:</b>		
Held in trust for OPEB	<u><u><b>\$ 898,470</b></u></u>	<u><u><b>\$ 682,622</b></u></u>

*See accompanying independent auditors' report*

**PRIVATE PURPOSE TRUST FUNDS**

Combining Statements of Net Position

Years Ended June 30, 2021 with comparative totals for 2020

(Amounts in thousands)

	Pool 1	Pool 2
<b>ASSETS:</b>		
Cash and investments	\$ 39,610	\$ 718
Receivables:		
Other	73	1
Total receivables	73	1
<b>Total Assets</b>	<b>39,683</b>	<b>719</b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 303	\$ 7
<b>Total liabilities</b>	<b>303</b>	<b>7</b>
<b>NET POSITION RESTRICTED FOR:</b>		
Held in trust for other purposes	\$ 39,380	\$ 712



## ANNUAL COMPREHENSIVE FINANCIAL REPORT COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Pool 5	Pool 7	Total Private Purpose Trust Funds	
		2021	2020
\$ 33,033	\$ 71,745	\$ 145,106	\$ 166,582
13	1,642	1,729	535
<b>13</b>	<b>1,642</b>	<b>1,729</b>	<b>535</b>
30	-	30	67
<b>33,076</b>	<b>73,387</b>	<b>146,865</b>	<b>167,184</b>
\$ 148	\$ 3,897	\$ 4,355	\$ 406
<b>148</b>	<b>3,897</b>	<b>4,355</b>	<b>406</b>
<b>\$ 32,928</b>	<b>\$ 69,490</b>	<b>\$ 142,510</b>	<b>\$ 166,778</b>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2021

## CUSTODIAL FUNDS

### Comparative Statement of Net Position

June 30, 2021 and June 30, 2020

(Amounts in thousands)

	Law	Student	Before and	Total Custodial Funds	
	Enforcement	Activity Fund	After School	2021	2020
	Trust Fund		Fund		
<b>ASSETS:</b>					
Cash and investments	\$ 9,994	\$ 887	\$ 604	\$ 11,485	\$ 11,285
<b>Total assets</b>	<b>9,994</b>	<b>887</b>	<b>604</b>	<b>11,485</b>	<b>11,285</b>
<b>LIABILITIES:</b>					
Refunds payable and other	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>					
<b>Total net position</b>	<b>\$ 9,994</b>	<b>\$ 887</b>	<b>\$ 604</b>	<b>\$ 11,485</b>	<b>\$ 11,285</b>

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**PENSION AND OPEB TRUST FUNDS**

Combining Statement of Changes in Plan Net Position

Years Ended December 31, 2020 (Pension) and June 30, 2021 (OPEB)

(Amounts in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
<b>ADDITIONS:</b>			
Contributions:			
Employers	\$ 350,532	\$ 176,109	\$ 526,641
Employees	185,583	-	185,583
Commonwealth of Massachusetts (nonemployer)	162,976	-	162,976
Net appreciation (depreciation) in fair value of investments	775,797	163,668	939,465
Interest and dividends	135,770	11,376	147,146
Management and related fees	(44,921)	(1,441)	(46,362)
Securities lending income	1,079	-	1,079
Borrower rebates and fees	(152)	-	(152)
Intergovernmental	10,095	-	10,095
Miscellaneous Income	5	-	5
<b>Total additions</b>	<b>1,576,764</b>	<b>349,712</b>	<b>1,926,476</b>
<b>DEDUCTIONS:</b>			
Benefits	653,417	133,859	787,276
Reimbursements to other systems	4,053	-	4,053
Refunds of contributions	11,760	-	11,760
Administration	9,734	5	9,739
<b>Total deductions</b>	<b>678,964</b>	<b>133,864</b>	<b>812,828</b>
<b>Changes in net position</b>	<b>897,800</b>	<b>215,848</b>	<b>1,113,648</b>
<b>Net position - beginning of year</b>	<b>7,407,075</b>	<b>682,622</b>	<b>8,089,697</b>
<b>Net position - end of year</b>	<b>\$ 8,304,875</b>	<b>\$ 898,470</b>	<b>\$ 9,203,345</b>

See accompanying independent auditors' report

**BOSTON RETIREMENT SYSTEM**

**Comparative Statements of Changes in Plan Net Position**

**Years Ended December 31, 2020 and 2019**

*(Amounts in thousands)*

	<u>2020</u>	<u>2019</u>
<b>ADDITIONS:</b>		
Contributions:		
Employers	\$ 350,532	\$ 329,252
Employees	185,583	175,694
Commonwealth of Massachusetts (nonemployer)	162,976	157,040
Net appreciation (depreciation) in fair value of investments	775,797	911,897
Interest and dividends	135,770	144,876
Management and related fees	(44,921)	(50,239)
Securities lending income	1,079	4,728
Borrower rebates and fees	(152)	(2,927)
Intergovernmental	10,095	10,352
Miscellaneous Income	5	39
<b>Total additions</b>	<u><b>1,576,764</b></u>	<u><b>1,680,712</b></u>
<b>DEDUCTIONS:</b>		
Benefits	653,417	631,485
Reimbursements to other systems	4,053	13,203
Refunds of contributions	11,760	22,742
Administration	9,734	9,161
<b>Total deductions</b>	<u><b>678,964</b></u>	<u><b>676,591</b></u>
<b>Changes in net position</b>	<u><b>897,800</b></u>	<u><b>1,004,121</b></u>
<b>Net position - beginning of year</b>	<u><b>7,407,075</b></u>	<u><b>6,402,954</b></u>
<b>Net position - end of year</b>	<u><u><b>\$ 8,304,875</b></u></u>	<u><u><b>\$ 7,407,075</b></u></u>

*See accompanying independent auditors' report*

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**OPEB TRUST FUND**

**Comparative Statements of Changes in Plan Net Position  
Years Ended June 30, 2021 and 2020**

*(Amounts in thousands)*

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS:</b>		
Contributions:		
Employers	\$ 176,109	\$ 169,940
Net appreciation in fair value of investments	163,668	15,637
Interest and dividends	11,377	7,363
Management and related fees	(1,441)	(1,088)
<b>Total additions</b>	<u><b>349,712</b></u>	<u><b>191,852</b></u>
<b>DEDUCTIONS:</b>		
Benefits	133,859	127,690
Administrative expenses and other	5	5
<b>Total deductions</b>	<u><b>133,864</b></u>	<u><b>127,695</b></u>
<b>Changes in net position</b>	<u><b>215,848</b></u>	<u><b>64,157</b></u>
<b>Net position - beginning of year</b>	<u><b>682,622</b></u>	<u><b>618,465</b></u>
<b>Net position - end of year</b>	<u><u><b>\$ 898,470</b></u></u>	<u><u><b>\$ 682,622</b></u></u>

*See accompanying independent auditors' report*

**PRIVATE PURPOSE TRUST FUNDS**

Combining Statements of Changes in Net Position

Years Ended June 30, 2021 with comparative totals for 2020

(Amounts in thousands)

	Pool 1	Pool 2
<b>ADDITIONS:</b>		
Investment income	\$ 9,886	\$ 98
Donations and other	462	-
<b>Total additions</b>	<b>10,348</b>	<b>98</b>
<b>DEDUCTIONS:</b>		
Administrative expenses and other	4,243	8
<b>Total operating expenses</b>	<b>4,243</b>	<b>8</b>
<b>Net changes in net position</b>	<b>6,105</b>	<b>90</b>
<b>Net position - beginning of year, as restated</b>	<b>33,275</b>	<b>622</b>
<b>Net position - end of year</b>	<b>\$ 39,380</b>	<b>\$ 712</b>

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

		Total Private Purpose Trust Funds	
Pool 5	Pool 7	2021	2020
\$ 6,595	\$ 23,937	\$ 40,516	\$ 24,357
207	6,527	7,196	41,943
<b>6,802</b>	<b>30,464</b>	<b>47,712</b>	<b>66,300</b>
2,011	38,244	44,506	40,296
<b>2,011</b>	<b>38,244</b>	<b>44,506</b>	<b>40,296</b>
4,791	(7,780)	3,206	26,004
<b>28,137</b>	<b>77,270</b>	<b>139,304</b>	<b>140,774</b>
<b>\$ 32,928</b>	<b>\$ 69,490</b>	<b>\$ 142,510</b>	<b>\$ 166,778</b>

*See accompanying independent auditors' report*

## CUSTODIAL FUNDS

### Statement of Changes in Net Position

Year ended June 30, 2021

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total
<b>ADDITIONS:</b>				
<b>Contributions:</b>				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Employers	-	-	-	-
Commonwealth of Massachusetts (nonemployer)	-	-	-	-
Employees	-	-	-	-
Donations and other	2,527	15	-	2,542
<b>Total contributions</b>	<b>2,527</b>	<b>15</b>	<b>-</b>	<b>2,542</b>
<b>Investment earnings:</b>				
Net depreciation in fair value of investments	-	-	-	-
Investment income	-	1	-	1
Less investment expenses	-	-	-	-
<b>Net investment earnings</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Securities lending activities:</b>				
Securities lending income	-	-	-	-
Less borrower rebates and fees	-	-	-	-
<b>Net income from securities lending activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net investment income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Intergovernmental	-	-	-	-
Miscellaneous income	-	-	50	50
<b>Total additions</b>	<b>2,527</b>	<b>16</b>	<b>50</b>	<b>2,593</b>
<b>DEDUCTIONS:</b>				
Benefits	-	-	-	-
Reimbursements	-	-	-	-
Refunds of contributions	-	-	-	-
Refunds payable and other	-	-	-	-
Administrative expenses and other	2,292	67	34	2,393
<b>Total deductions</b>	<b>2,292</b>	<b>67</b>	<b>34</b>	<b>2,393</b>
<b>Change in net position</b>	<b>235</b>	<b>(51)</b>	<b>16</b>	<b>200</b>
<b>Net position - beginning of year, as restated</b>	<b>9,759</b>	<b>938</b>	<b>588</b>	<b>11,285</b>
<b>Net position - end of year</b>	<b>\$ 9,994</b>	<b>\$ 887</b>	<b>\$ 604</b>	<b>\$ 11,485</b>

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, 2021 with comparative totals for 2020

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
<b>Assets:</b>		
Current assets:		
Cash and investments	\$ 37,189	\$ 66,157
Cash and investments held by trustee	-	-
Receivables, net:		
Other	33,056	10,830
Other assets	2,044	197
Due from primary government	2,486	-
Total current assets	<u>74,775</u>	<u>77,184</u>
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables	45,933	124,311
Capital assets:		
Nondepreciable	12,140	6,036
Depreciable, net	10,973	14,254
Total noncurrent assets	<u>69,046</u>	<u>144,601</u>
<b>Total assets</b>	<u><b>143,821</b></u>	<u><b>221,785</b></u>
<b>Deferred outflows of resources:</b>		
Deferred amount for pension costs	26,672	4,405
Deferred amount for other postemployment benefits costs	5,723	3,989
Total deferred outflows of resources	<u>32,395</u>	<u>8,394</u>
<b>Liabilities:</b>		
Current liabilities		
Warrants and accounts payable	13,138	2,062
Accrued liabilities:		
Other	11,978	-
Current portion of long-term debt and obligations	2,133	141
Due to primary government	5,077	-
Unearned revenue	3,975	1,904
Total current liabilities	<u>36,301</u>	<u>4,107</u>
Noncurrent liabilities:		
Bonds notes and leases due in more than one year	3,568	-
Other noncurrent liabilities	1,575	142,709
OPEB liability	81,598	751
Unearned revenue	46,888	34,588
Net pension liability	103,035	14,528
Due to primary government	-	1,145
Total noncurrent liabilities	<u>236,664</u>	<u>193,721</u>
<b>Total liabilities</b>	<u><b>272,965</b></u>	<u><b>197,828</b></u>
<b>Deferred inflows of resources:</b>		
Deferred amount for pension costs	35,949	4,601
Deferred amount for other postemployment benefits costs	45,757	6,430
Total deferred inflows of resources	<u>81,706</u>	<u>11,031</u>
<b>Net Position:</b>		
Net investment in capital assets	17,412	17,411
Restricted for:		
Restricted	-	-
Unrestricted	(195,867)	3,909
<b>Total net position</b>	<u><b>\$ (178,455)</b></u>	<u><b>\$ 21,320</b></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	
		2021	2020
\$ 3,896	\$ 55,313	\$ 162,555	\$ 125,244
21,321	-	21,321	16,244
3,489	7,343	54,718	40,395
444	630	3,315	3,263
-	-	2,486	617
<u>29,150</u>	<u>63,286</u>	<u>244,395</u>	<u>185,763</u>
78,111	2,035	80,146	61,633
390	-	170,634	184,248
-	7,755	25,931	27,007
380	37,000	62,607	62,071
<u>78,881</u>	<u>46,790</u>	<u>339,318</u>	<u>334,959</u>
<u>108,031</u>	<u>110,076</u>	<u>583,713</u>	<u>520,722</u>
-	-	31,077	40,385
-	-	9,712	9,662
-	-	40,789	50,047
611	4,254	20,065	26,421
-	-	-	-
1,424	690	14,092	3,546
-	164	2,438	2,653
232	-	5,309	2,437
-	581	6,460	6,013
<u>2,267</u>	<u>5,689</u>	<u>48,364</u>	<u>41,070</u>
-	-	3,568	12,155
-	2,565	146,849	137,360
-	-	82,349	111,969
-	-	81,476	90,183
-	-	117,563	152,884
-	-	1,145	2,290
-	2,565	432,950	506,841
<u>2,267</u>	<u>8,254</u>	<u>481,314</u>	<u>547,911</u>
-	-	40,550	29,297
-	-	52,187	26,404
-	-	92,737	55,701
366	44,755	79,944	72,721
96,957	704	97,661	77,449
8,441	56,363	(127,154)	(183,312)
<u>\$ 105,764</u>	<u>\$ 101,822</u>	<u>\$ 50,451</u>	<u>\$ (33,142)</u>

See accompanying independent auditors' report

**DISCRETELY PRESENTED COMPONENT UNITS**

**Combining Statements of Activities**

**Years Ended June 30, 2021 with comparative totals for 2020**

*(Amounts in thousands)*

	<b>Boston Public Health Commission</b>	<b>Boston Planning &amp; Development Agency</b>
<b>Expenses</b>	\$ 209,205	\$ 19,666
<b>Program revenues:</b>		
Charges for services	37,832	34,110
Operating grants and contributions	76,742	981
Capital grants and contributions	-	-
<b>Total program revenues</b>	<b>114,574</b>	<b>35,091</b>
<b>Net expenses</b>	<b>(94,631)</b>	<b>15,425</b>
<b>General revenues:</b>		
Investment income	100	115
Sale of property	48	-
City appropriation	106,474	-
Miscellaneous income	454	-
<b>Total general revenues</b>	<b>107,076</b>	<b>115</b>
<b>Changes in net position</b>	<b>12,445</b>	<b>15,540</b>
<b>Net position - beginning of year</b>	<b>(190,900)</b>	<b>5,780</b>
<b>Net position - end of year</b>	<b>\$ (178,455)</b>	<b>\$ 21,320</b>

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	
		2021	2020
\$ 14,162	\$ 35,419	\$ 278,452	\$ 238,958
1,782	55,140	128,864	87,564
10,186	14,154	102,063	83,067
-	1,073	1,073	-
<b>11,968</b>	<b>70,367</b>	<b>232,000</b>	<b>170,631</b>
<b>(2,194)</b>	<b>34,948</b>	<b>(46,452)</b>	<b>(68,327)</b>
20,021	157	20,393	1,461
-	-	48	7,158
-	-	106,474	93,718
2,676	-	3,130	2,738
<b>22,697</b>	<b>157</b>	<b>130,045</b>	<b>105,075</b>
<b>20,503</b>	<b>35,105</b>	<b>83,593</b>	<b>36,748</b>
<b>85,261</b>	<b>66,717</b>	<b>(33,142)</b>	<b>(69,890)</b>
<b>\$ 105,764</b>	<b>\$ 101,822</b>	<b>\$ 50,451</b>	<b>\$ (33,142)</b>

See accompanying independent auditors' report



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Statistical  
SECTION



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## 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.

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

**GENERAL GOVERNMENT EXPENDITURES BY FUNCTION**

(GAAP Basis)\*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2021	2020	2019	2018	2017
<b>General Government</b>	\$ 122,106	\$ 117,152	\$ 112,998	\$ 90,076	\$ 85,855
% of Total	3.3	3.2	3.3	2.8	2.8
% Change	4.2	3.7	25.4	4.9	6.4
<b>Public Safety</b>	\$ 735,254	\$ 763,381	\$ 726,406	\$ 689,929	\$ 643,100
% of Total	19.8	21.0	21.1	21.1	20.6
% Change	(3.7)	5.1	5.3	7.3	5.4
<b>Public Works</b>	\$ 116,862	\$ 111,346	\$ 106,504	\$ 111,772	\$ 106,059
% of Total	3.1	3.1	3.1	3.4	3.4
% Change	5.0	4.5	(4.7)	5.4	4.8
<b>Library</b>	\$ 39,422	\$ 38,270	\$ 38,597	\$ 36,025	\$ 35,791
% of Total	1.1	1.1	1.1	1.1	1.1
% Change	3.0	(0.8)	7.1	0.7	5.7
<b>Schools</b>	\$ 1,234,353	\$ 1,176,493	\$ 1,118,332	\$ 1,087,192	\$ 1,048,987
% of Total	33.3	32.4	32.5	33.2	33.6
% Change	4.9	5.2	2.9	3.6	3.2
<b>Retirement Costs</b>	\$ 473,494	\$ 447,159	\$ 400,973	\$ 356,251	\$ 347,402
% of Total	12.8	12.3	11.6	10.9	11.1
% Change	5.9	11.5	12.6	2.5	12.4
<b>Employee Benefits</b>	\$ 260,997	\$ 259,420	\$ 264,832	\$ 261,377	\$ 247,965
% of Total	7.0	7.2	7.7	8.0	7.9
% Change	0.6	(2.0)	1.3	5.4	4.8
<b>State &amp; District Assessments</b>	\$ 320,220	\$ 299,740	\$ 283,360	\$ 267,205	\$ 244,320
% of Total	8.6	8.3	8.2	8.2	7.8
% Change	6.8	5.8	6.0	9.4	4.2
<b>Property &amp; Development</b>	\$ 32,631	\$ 32,618	\$ 41,483	\$ 39,022	\$ 42,460
% of Total	0.9	0.9	1.2	1.2	1.4
% Change	0.0	(21.4)	6.3	(8.1)	25.4
<b>Other</b>	\$ 376,539	\$ 381,936	\$ 350,195	\$ 335,108	\$ 317,804
% of Total	10.1	10.5	10.2	10.2	10.2
% Change	(1.4)	9.1	4.5	5.4	2.2
<b>Total Expenditures</b>	\$ 3,711,878	\$ 3,627,515	\$ 3,443,680	\$ 3,273,957	\$ 3,119,743
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	2.3	5.3	5.2	4.9	5.1

\*General fund only

See accompanying independent auditors' report

						Fiscal Year		
2016	2015	2014	2013	2012	2011	FUNCTION		
\$ 80,684	\$ 58,242	\$ 102,786	\$ 77,515	\$ 68,828	\$ 68,828	<b>General Government</b>		
2.7	2.0	3.7	3.0	2.8	2.8	% of Total		
38.5	(43.3)	32.6	12.6	5.1	5.1	% Change		
\$ 610,233	\$ 633,471	\$ 558,802	\$ 553,851	\$ 524,476	\$ 524,476	<b>Public Safety</b>		
20.6	22.2	20.4	21.4	21.3	21.3	% of Total		
(3.7)	13.4	0.9	5.6	1.5	1.5	% Change		
\$ 101,157	\$ 123,767	\$ 113,239	\$ 102,789	\$ 84,727	\$ 84,727	<b>Public Works</b>		
3.4	4.3	4.1	4.0	3.4	3.4	% of Total		
(18.3)	9.3	10.2	21.3	(19.6)	(19.6)	% Change		
\$ 33,870	\$ 33,966	\$ 33,978	\$ 30,888	\$ 30,069	\$ 30,069	<b>Library</b>		
1.1	1.2	1.2	1.2	1.2	1.2	% of Total		
(0.3)	-	10.0	2.7	(1.5)	(1.5)	% Change		
\$ 1,016,412	\$ 960,228	\$ 940,276	\$ 879,898	\$ 830,839	\$ 830,839	<b>Schools</b>		
34.3	33.6	34.2	34.0	33.8	33.8	% of Total		
5.9	2.1	6.9	5.9	2.2	2.2	% Change		
\$ 309,083	\$ 282,648	\$ 255,647	\$ 235,078	\$ 220,340	\$ 220,340	<b>Retirement Costs</b>		
10.4	9.9	9.3	9.1	9.0	9.0	% of Total		
9.4	10.6	8.7	6.7	12.4	12.4	% Change		
\$ 236,661	\$ 230,089	\$ 234,400	\$ 232,831	\$ 251,194	\$ 251,194	<b>Employee Benefits</b>		
8.0	8.1	8.5	9.0	10.2	10.2	% of Total		
2.9	(1.8)	0.7	(7.3)	(14.6)	(14.6)	% Change		
\$ 234,450	\$ 215,538	\$ 197,939	\$ 176,300	\$ 160,547	\$ 160,547	<b>State &amp; District Assessments</b>		
7.9	7.5	7.2	6.8	6.5	6.5	% of Total		
8.8	8.9	12.3	9.8	5.6	5.6	% Change		
\$ 33,870	\$ 35,594	\$ 33,376	\$ 32,568	\$ 30,089	\$ 30,089	<b>Property &amp; Development</b>		
1.1	1.2	1.2	1.3	1.2	1.2	% of Total		
(4.8)	6.6	2.5	8.2	(14.4)	(14.4)	% Change		
\$ 311,077	\$ 282,621	\$ 275,250	\$ 262,653	\$ 267,743	\$ 267,743	<b>Other</b>		
10.5	9.9	10.0	10.2	10.9	10.9	% of Total		
10.1	2.7	4.8	(1.9)	6.5	6.5	% Change		
\$ 2,967,497	\$ 2,856,164	\$ 2,745,693	\$ 2,584,371	\$ 2,468,852	\$ 2,468,852	<b>Total Expenditures</b>		
100.0	100.0	100.0	100.0	100.0	100.0	% of Total		
3.9	4.0	6.2	5.0	0.4	0.4	% Change		

See accompanying independent auditors' report

### GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)\*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Property Taxes</b>	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686	\$ 2,221,877	\$ 2,079,693
% of Total	72.5	67.0	66.1	65.9	65.7
% Change	6.1	6.6	5.5	6.8	5.7
<b>Motor Vehicle Excises</b>	\$ 54,184	\$ 62,792	\$ 66,026	\$ 52,040	\$ 52,061
% of Total	1.5	1.7	1.9	1.5	1.6
% Change	(13.7)	(4.9)	26.9	-	(23.1)
<b>Other Excises</b>	\$ 60,227	\$ 178,976	\$ 190,203	\$ 191,541	\$ 160,736
% of Total	1.6	4.8	5.4	5.7	5.1
% Change	(66.35)	(5.9)	(0.7)	19.2	(4.7)
<b>Departmental &amp; Other</b>	\$ 60,555	\$ 103,476	\$ 97,442	\$ 98,287	\$ 87,985
% of Total	1.7	2.8	2.7	2.9	2.8
% Change	(41.5)	6.2	(0.9)	11.7	1.4
<b>State Distributions</b>	\$ 619,709	\$ 627,590	\$ 577,458	\$ 570,753	\$ 554,661
% of Total	16.9	16.8	16.3	16.9	17.5
% Change	(1.3)	8.7	1.2	2.9	2.0
<b>Payment in Lieu of Taxes</b>	\$ 88,615	\$ 72,349	\$ 87,018	\$ 84,940	\$ 80,501
% of Total	2.4	1.9	2.5	2.5	2.5
% Change	22.5	(16.9)	2.4	5.5	(10.8)
<b>Fines</b>	\$ 52,302	\$ 67,367	\$ 73,792	\$ 63,206	\$ 63,046
% of Total	1.4	1.8	2.1	1.9	2.0
% Change	(22.4)	(8.7)	16.7	0.3	3.4
<b>Investment Income</b>	\$ 3,615	\$ 29,472	\$ 30,408	\$ 15,390	\$ 2,329
% of Total	0.1	0.8	0.9	0.5	0.1
% Change	(87.7)	(3.1)	97.6	560.8	1,165.8
<b>Licenses &amp; Permits</b>	\$ 67,977	\$ 88,272	\$ 82,658	\$ 74,144	\$ 84,470
% of Total	1.9	2.4	2.3	2.2	2.7
% Change	(23.0)	6.8	11.5	(12.2)	20.7
<b>Total Revenues</b>	\$ 3,657,224	\$ 3,728,729	\$ 3,549,691	\$ 3,372,178	\$ 3,165,482
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	(1.9)	5.0	5.3	6.5	3.6

\*General fund only

See accompanying independent auditors' report

		Fiscal Year					
2016	2015	2014	2013	2012	SOURCE		
\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	\$ 1,677,581	\$ 1,591,998	<b>Property Taxes</b>		
64.4	64.0	63.6	63.0	63.1	% of Total		
5.4	5.6	5.4	5.4	4.3	% Change		
\$ 67,686	\$ 52,922	\$ 52,972	\$ 47,105	\$ 40,507	<b>Motor Vehicle Excises</b>		
2.2	1.8	1.9	1.8	1.6	% of Total		
27.9	(0.1)	12.5	16.3	(13.8)	% Change		
\$ 168,577	\$ 176,040	\$ 170,161	\$ 174,149	\$ 147,065	<b>Other Excises</b>		
5.5	6.0	6.1	6.5	5.8	% of Total		
(4.2)	3.5	(2.3)	18.4	90.4	% Change		
\$ 86,791	\$ 86,392	\$ 84,385	\$ 87,585	\$ 78,438	<b>Departmental &amp; Other</b>		
2.8	3.0	3.0	3.3	3.1	% of Total		
0.5	2.4	(3.7)	11.7	19.8	% Change		
\$ 543,683	\$ 523,256	\$ 509,199	\$ 504,656	\$ 486,379	<b>State Distributions</b>		
17.8	17.9	18.3	18.9	19.3	% of Total		
3.9	2.8	0.9	3.8	23.0	% Change		
\$ 90,215	\$ 79,232	\$ 73,324	\$ 72,335	\$ 63,066	<b>Payment in Lieu of Taxes</b>		
3.0	2.7	2.6	2.7	2.5	% of Total		
13.9	8.1	1.4	14.7	(3.7)	% Change		
\$ 60,953	\$ 60,116	\$ 59,922	\$ 58,835	\$ 64,566	<b>Fines</b>		
2.0	2.1	2.2	2.2	2.6	% of Total		
1.4	0.3	1.8	(8.9)	(0.3)	% Change		
\$ 184	\$ 61	\$ 57	\$ 179	\$ 982	<b>Investment Income</b>		
-	-	-	-	-	% of Total		
201.6	7.0	(68.2)	(81.8)	(79.3)	% Change		
\$ 70,005	\$ 71,205	\$ 62,257	\$ 47,220	\$ 48,753	<b>Licenses &amp; Permits</b>		
2.3	2.4	2.2	1.8	1.9	% of Total		
(1.7)	14.4	31.8	(3.1)	17.0	% Change		
\$ 3,055,781	\$ 2,916,483	\$ 2,780,060	\$ 2,669,645	\$ 2,521,754	<b>Total Revenues</b>		
100.0	100.0	100.0	100.2	100.0	% of Total		
4.8	4.9	4.1	5.9	10.2	% Change		

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2021

**NET POSITION BY COMPONENT**

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Governmental/primary government activities:</b>					
Net investment in capital assets	\$ 1,058,576	\$ 950,089	\$ 802,391	\$ 685,036	\$ 648,786
Restricted	113,881	72,436	98,106	75,098	52,746
Unrestricted	(2,249,008)	(2,183,384)	(2,675,142)	(2,501,770)	(1,206,488)
<b>Total governmental/primary government activities net position</b>	<b>\$ (1,076,551)</b>	<b>\$ (1,160,859)</b>	<b>\$ (1,774,645)</b>	<b>\$ (1,741,636)</b>	<b>\$ (504,956)</b>
<b>Primary government:</b>					
Net investment in capital assets	\$ 1,058,576	\$ 950,089	\$ 802,391	\$ 685,036	\$ 648,786
Restricted	113,881	72,436	98,106	75,098	52,746
Unrestricted	(2,249,008)	(2,183,384)	(2,675,142)	(2,501,770)	(1,206,488)
<b>Total primary government net position</b>	<b>\$ (1,076,551)</b>	<b>\$ (1,160,859)</b>	<b>\$ (1,774,645)</b>	<b>\$ (1,741,636)</b>	<b>\$ (504,956)</b>

						Fiscal Year				
2016		2015		2014		2013		2012		
\$	557,142	\$	502,985	\$	457,789	\$	450,322	\$	442,778	
	53,200		51,446		62,701		75,878		127,843	
	(1,159,303)		(1,184,987)		82,638		74,097		(46,024)	
<b>\$</b>	<b>(548,961)</b>	<b>\$</b>	<b>(630,556)</b>	<b>\$</b>	<b>603,128</b>	<b>\$</b>	<b>600,297</b>	<b>\$</b>	<b>524,597</b>	
\$	557,142	\$	502,985	\$	457,789	\$	450,322	\$	442,778	
	53,200		51,446		62,701		75,878		127,843	
	(1,159,303)		(1,184,987)		82,638		74,097		(46,024)	
<b>\$</b>	<b>(548,961)</b>	<b>\$</b>	<b>(630,556)</b>	<b>\$</b>	<b>603,128</b>	<b>\$</b>	<b>600,297</b>	<b>\$</b>	<b>524,597</b>	

See accompanying independent auditors' report

### CHANGES IN NET POSITION

#### Government-wide Financial Statements

#### Last Ten Fiscal Years

(Amounts in thousands)

EXPENSES:	Fiscal Year			
	2021	2020	2019	2018
Governmental activities:				
General government	\$ 217,654	\$ 202,347	\$ 175,161	\$ 156,670
Human services	56,814	47,648	57,359	58,494
Public safety	1,112,320	968,853	1,113,749	1,048,825
Public works	158,722	161,598	160,918	163,337
Property and development	186,903	140,930	146,886	137,296
Parks and recreation	53,824	52,148	48,804	48,861
Library	58,717	51,348	55,944	55,626
Schools	2,083,935	1,874,077	2,026,241	1,931,452
Public health programs	123,473	99,414	91,468	86,228
Interest on long-term debt	36,213	47,039	39,562	44,263
Total governmental activities expenses	<u>4,088,575</u>	<u>3,645,402</u>	<u>3,916,092</u>	<u>3,731,052</u>
Business-type activities:				
Convention Center	-	-	-	-
Hospital	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total primary government expenses</b>	<b><u>\$ 4,088,575</u></b>	<b><u>\$ 3,645,402</u></b>	<b><u>\$ 3,916,092</u></b>	<b><u>\$ 3,731,052</u></b>
<b>PROGRAM REVENUES:</b>				
Governmental activities:				
Charges for services:				
Public safety	128,307	184,364	158,455	139,793
Public works	19,760	30,192	28,609	31,120
Schools	10,996	9,444	11,385	4,275
Other	67,914	81,892	37,547	46,350
Operating grants and contributions	770,430	788,801	822,932	788,666
Capital grants and contributions	54,589	38,382	36,224	64,548
Total governmental activities program revenues	<u>1,051,996</u>	<u>1,133,075</u>	<u>1,095,152</u>	<u>1,074,752</u>
Business-type activities:				
Operating grants and contributions	-	-	-	-
<b>Total primary government program revenues</b>	<b><u>\$ 1,051,996</u></b>	<b><u>\$ 1,133,075</u></b>	<b><u>\$ 1,095,152</u></b>	<b><u>\$ 1,074,752</u></b>

See accompanying independent auditors' report



							Fiscal Year					
2017		2016		2015		2014		2013		2012		
\$	128,465	\$	128,288	\$	103,923	\$	161,913	\$	127,882	\$	108,499	
	49,974		52,056		49,884		49,291		50,690		48,103	
	962,654		941,313		941,531		821,196		826,700		817,768	
	130,182		139,816		178,569		157,491		132,506		110,187	
	168,276		118,582		134,506		118,816		114,673		114,753	
	41,236		39,769		35,890		32,297		32,242		34,651	
	51,397		49,959		48,931		52,192		51,875		44,526	
	1,833,105		1,803,331		1,620,851		1,554,563		1,455,300		1,369,047	
	81,859		96,083		83,276		69,896		69,978		73,975	
	42,321		40,995		49,300		48,188		41,900		39,798	
	<u>3,489,469</u>		<u>3,410,192</u>		<u>3,246,661</u>		<u>3,065,843</u>		<u>2,903,746</u>		<u>2,761,307</u>	
	-		-		-		-		-		-	
	-		-		-		-		-		2,523	
	-		-		-		-		-		2,523	
\$	<u>3,489,469</u>	\$	<u>3,410,192</u>	\$	<u>3,246,661</u>	\$	<u>3,065,843</u>	\$	<u>2,903,746</u>	\$	<u>2,763,830</u>	
	147,471		133,656		138,066		139,431		129,602		134,384	
	28,268		24,269		23,975		19,165		17,716		19,515	
	5,163		10,540		6,623		2,832		9,130		7,839	
	36,647		34,730		40,718		41,811		49,490		48,522	
	760,230		746,277		670,640		583,480		549,596		574,653	
	52,348		39,381		53,099		11,972		37,256		35,337	
	<u>1,030,127</u>		<u>988,853</u>		<u>933,121</u>		<u>798,691</u>		<u>792,790</u>		<u>820,250</u>	
	-		-		-		-		-		-	
\$	<u>1,030,127</u>	\$	<u>988,853</u>	\$	<u>933,121</u>	\$	<u>798,691</u>	\$	<u>792,790</u>	\$	<u>820,250</u>	

See accompanying independent auditors' report

**CHANGES IN NET POSITION (CONTINUED)**

**Government-wide Financial Statements**

**Last Ten Fiscal Years**

*(Amounts in thousands)*

	Fiscal Year		
	2021	2020	2019
<b>NET EXPENSE:</b>			
Governmental activities	\$ (3,036,579)	\$ (2,512,327)	\$ (2,820,940)
Business-type activities	-	-	-
<b>Total primary government net expense</b>	<b>\$ (3,036,579)</b>	<b>\$ (2,512,327)</b>	<b>\$ (2,820,940)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	2,630,781	2,520,908	2,338,507
Excises	103,720	240,908	264,703
Payment in lieu of taxes	88,615	72,349	87,018
Grants and contributions not restricted	233,771	245,559	208,839
Investment income	32,659	43,280	46,405
Miscellaneous	3,867	3,109	3,011
Special items	-	-	57,000
Transfers	-	-	-
Loss on disposal of capital assets	-	-	-
<b>Total governmental activities</b>	<b>3,093,413</b>	<b>3,126,113</b>	<b>3,005,483</b>
Business-type activities:			
Investment income	-	-	-
Miscellaneous	-	-	-
Special items	-	-	-
Transfers	-	-	-
<b>Total business-type activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 3,093,413</b>	<b>\$ 3,126,113</b>	<b>\$ 3,005,483</b>
<b>CHANGES IN NET POSITION:</b>			
Governmental activities	\$ 56,834	\$ 613,786	\$ 184,543
Business-type activities	-	-	-
<b>Total primary government</b>	<b>\$ 56,834</b>	<b>\$ 613,786</b>	<b>\$ 184,543</b>

See accompanying independent auditors' report

							Fiscal Year
2018	2017	2016	2015	2014	2013	2012	
\$ (2,656,300)	\$ (2,459,342)	\$ (2,421,339)	\$ (2,313,540)	\$ (2,267,152)	\$ (2,110,956)	\$ (1,941,057)	
-	-	-	-	-	-	(2,523)	
<u>\$ (2,656,300)</u>	<u>\$ (2,459,342)</u>	<u>\$ (2,421,339)</u>	<u>\$ (2,313,540)</u>	<u>\$ (2,267,152)</u>	<u>\$ (2,110,956)</u>	<u>\$ (1,943,580)</u>	
2,219,700	2,087,659	1,967,021	1,866,277	1,771,166	1,684,908	1,586,988	
239,005	213,198	224,052	236,208	220,761	221,937	191,301	
84,940	80,501	90,215	79,232	73,324	72,335	63,066	
214,106	201,013	199,835	191,172	199,007	185,827	188,895	
31,417	19,588	15,753	15,404	16,713	14,732	10,887	
2,121	3,738	6,058	2,983	4,012	7,820	7,084	
-	-	-	-	-	-	11,450	
-	-	-	-	-	-	(44,872)	
-	-	-	-	-	(903)	-	
<u>2,791,289</u>	<u>2,605,697</u>	<u>2,502,934</u>	<u>2,391,276</u>	<u>2,284,983</u>	<u>2,186,656</u>	<u>2,014,799</u>	
-	-	-	-	-	-	2,688	
-	-	-	-	-	-	(257)	
-	-	-	-	-	-	(59,612)	
-	-	-	-	-	-	44,872	
-	-	-	-	-	-	(12,309)	
<u>\$ 2,791,289</u>	<u>\$ 2,605,697</u>	<u>\$ 2,502,934</u>	<u>\$ 2,391,276</u>	<u>\$ 2,284,983</u>	<u>\$ 2,186,656</u>	<u>\$ 2,002,490</u>	
\$ 134,989	\$ 146,355	\$ 81,595	\$ 77,736	\$ 17,831	\$ 75,700	\$ 73,742	
-	-	-	-	-	-	(14,832)	
<u>\$ 134,989</u>	<u>\$ 146,355</u>	<u>\$ 81,595</u>	<u>\$ 77,736</u>	<u>\$ 17,831</u>	<u>\$ 75,700</u>	<u>\$ 58,910</u>	

See accompanying independent auditors' report

**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

*(Amounts in thousands)*

	Fiscal Year			
	2021	2020	2019	2018
<b>General Fund</b>				
Assigned	\$ 313,001	\$ 359,789	\$ 392,000	\$ 300,652
Unassigned	898,161	911,690	794,610	781,402
<b>Total general fund</b>	<b>\$ 1,211,162</b>	<b>\$ 1,271,479</b>	<b>\$ 1,186,610</b>	<b>\$ 1,082,054</b>
<b>All other Governmental Funds</b>				
Nonspendable	\$ 21,504	\$ 10,041	\$ 10,041	\$ 10,041
Restricted	243,913	239,978	434,893	322,950
Assigned	255,852	211,308	196,634	199,537
<b>Total all other governmental funds</b>	<b>\$ 521,269</b>	<b>\$ 461,327</b>	<b>\$ 641,568</b>	<b>\$ 532,528</b>

See accompanying independent auditors' report

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 283,208	\$ 266,222	\$ 228,236	\$ 251,353	\$ 218,292	\$ 177,942
702,080	682,781	633,936	532,955	533,104	511,765
<b>\$ 985,288</b>	<b>\$ 949,003</b>	<b>\$ 862,172</b>	<b>\$ 784,308</b>	<b>\$ 751,396</b>	<b>\$ 689,707</b>
\$ 10,041	\$ 4,974	\$ 4,974	\$ 4,974	\$ 34,307	\$ 4,974
240,172	204,810	194,044	199,703	137,727	177,685
220,359	203,134	161,742	154,667	132,889	98,557
<b>\$ 470,572</b>	<b>\$ 412,918</b>	<b>\$ 360,760</b>	<b>\$ 359,344</b>	<b>\$ 304,923</b>	<b>\$ 281,216</b>

See accompanying independent auditors' report

FISCAL YEAR ENDED JUNE 30, 2021

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years\*

(Amounts in thousands)

	Fiscal Year			
	2021	2020	2019	2018
<b>REVENUES:</b>				
Real and personal property taxes	\$ 2,650,040	\$ 2,498,435	\$ 2,344,686	\$ 2,221,877
Excises	114,411	241,768	256,229	243,581
Payments in lieu of taxes	88,615	72,349	87,018	84,940
Fines	52,302	67,367	73,792	63,206
Investment Income	3,615	29,472	30,408	15,390
Licenses and permits	67,977	88,272	82,658	74,144
Departmental and other	60,555	103,476	97,442	98,287
Intergovernmental	619,709	627,590	577,458	570,753
<b>Total revenues</b>	<b>3,657,224</b>	<b>3,728,729</b>	<b>3,549,691</b>	<b>3,372,178</b>
<b>EXPENDITURES:</b>				
General government	122,106	117,152	112,998	90,076
Human services	34,010	34,458	34,208	35,023
Public safety	735,254	763,381	726,406	689,929
Public works	116,862	111,346	106,504	111,772
Property and development	32,631	32,618	41,483	39,022
Parks and recreation	29,118	28,616	26,890	25,285
Library	39,422	38,270	38,597	36,025
Schools	1,234,353	1,176,493	1,118,332	1,087,193
Public health programs	106,715	94,337	87,487	81,129
Judgments and claims	11,477	11,670	1,202	7,693
Retirement costs	473,494	447,159	400,973	356,251
Other employee benefits	260,997	259,420	264,832	261,377
State and district assessments	320,220	299,740	283,360	267,205
Capital outlays	19,210	29,270	17,683	9,738
Debt service:				
Principal	124,514	126,553	126,469	122,041
Interest	51,495	57,032	56,256	54,199
<b>Total Expenditures</b>	<b>3,711,878</b>	<b>3,627,515</b>	<b>3,443,680</b>	<b>3,273,957</b>
<b>Deficiency of revenues under expenditures</b>	<b>(54,654)</b>	<b>101,214</b>	<b>106,011</b>	<b>98,221</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Long-term debt and capital leases issued	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-
Premiums on long-term debt issued	-	-	-	-
Transfers, net	(5,663)	(16,345)	(1,455)	(1,455)
<b>Total other financing sources (uses)</b>	<b>(5,663)</b>	<b>(16,345)</b>	<b>(1,455)</b>	<b>(1,455)</b>
<b>Net change in fund balances</b>	<b>\$ (60,317)</b>	<b>\$ 84,869</b>	<b>\$ 104,556</b>	<b>\$ 96,766</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>5.06%</b>	<b>5.41%</b>	<b>5.70%</b>	<b>6.12%</b>

\*General fund only

See accompanying independent auditors' report

Fiscal Year						
2017	2016	2015	2014	2013	2012	
\$ 2,079,693	\$ 1,967,687	\$ 1,867,259	\$ 1,767,783	\$ 1,677,581	\$ 1,591,998	
212,797	236,263	228,962	223,133	221,254	187,572	
80,501	90,215	79,232	73,324	72,335	63,066	
63,046	65,223	60,116	59,952	58,852	64,593	
2,329	1,713	2,312	6,508	5,523	4,137	
84,470	70,191	71,291	62,325	47,290	48,838	
87,985	134,701	139,321	137,366	131,632	123,042	
554,661	827,100	829,582	804,289	749,369	772,491	
<b>3,165,482</b>	<b>3,393,093</b>	<b>3,278,075</b>	<b>3,134,680</b>	<b>2,963,836</b>	<b>2,855,737</b>	
85,855	92,429	67,461	113,743	95,199	85,951	
31,422	40,482	39,578	39,205	37,621	35,406	
643,100	640,599	665,655	596,239	588,771	552,785	
106,059	116,787	142,223	127,703	114,731	90,214	
42,460	102,751	111,513	107,771	106,423	109,707	
23,447	23,378	21,574	20,937	21,407	22,795	
35,791	36,641	36,518	36,026	33,447	31,799	
1,048,987	1,143,249	1,087,896	1,091,899	1,035,828	1,004,168	
77,754	80,525	74,821	68,697	69,105	73,736	
3,766	1,100	3,678	9,493	3,010	3,871	
347,402	309,083	282,648	255,647	235,078	220,340	
247,965	236,661	230,089	234,400	235,002	251,194	
244,320	234,450	215,538	197,939	176,300	160,547	
10,283	234,126	247,474	248,864	241,547	188,377	
117,527	109,825	111,381	110,948	107,189	99,435	
53,604	54,883	46,890	42,967	39,495	38,784	
<b>3,119,742</b>	<b>3,456,969</b>	<b>3,384,937</b>	<b>3,302,478</b>	<b>3,140,153</b>	<b>2,969,109</b>	
<b>45,740</b>	<b>(63,876)</b>	<b>(106,862)</b>	<b>(167,798)</b>	<b>(176,317)</b>	<b>(113,372)</b>	
-	181,193	170,190	178,444	235,136	146,835	
-	8,100	126,735	-	37,080	110,100	
-	(9,487)	(147,658)	-	(35,975)	(95,876)	
-	23,059	36,875	17,172	25,482	33,885	
(9,455)	-	-	-	-	(44,872)	
<b>(9,455)</b>	<b>202,865</b>	<b>186,142</b>	<b>195,616</b>	<b>261,723</b>	<b>150,072</b>	
<b>\$ 36,285</b>	<b>\$ 138,989</b>	<b>\$ 79,280</b>	<b>\$ 27,818</b>	<b>\$ 85,406</b>	<b>\$ 36,700</b>	
5.94%	5.12%	5.03%	5.05%	5.06%	4.80%	

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 <sup>(1)</sup>	Total Direct Tax Rate <sup>(b) (c)</sup>
	Residential Value <sup>(a)</sup>	Commercial Value	Industrial Value	Assessed Value		
2021	\$ 127,136,166	\$ 54,632,351	\$ 1,251,386	\$ 7,633,024	\$ 190,652,927	15.29
2020	115,818,106	51,958,596	1,153,868	7,268,332	176,198,902	15.48
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,120	15.52
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958	15.65
2017	93,462,191	43,571,094	1,103,888	5,804,774	143,941,947	15.77
2016	83,719,423	38,031,832	908,352	5,387,474	128,047,081	16.47
2015	72,346,068	32,451,521	785,062	5,154,211	110,736,862	18.15
2014	64,541,403	29,631,863	707,564	4,951,983	99,832,813	19.16
2013	60,147,396	26,762,023	707,703	4,582,149	92,199,271	19.68
2012	57,517,785	25,790,869	675,290	4,516,466	88,500,410	19.65

<sup>(1)</sup> Represents assessed values determined as of January 1 prior to the start of the fiscal year. For example, fiscal 2020 assessed values are as of January 1, 2019.

<sup>(a)</sup> Exempt residential properties not included.

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

<sup>(c)</sup> 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<sup>(1) (2)</sup>

## Last Ten Fiscal Years

Fiscal Year	Class	City General	Total	% Change	Total Direct <sup>(3)</sup>
2021	Residential	\$ 10.67	\$ 10.67	0.1 %	\$ 15.29
	C.I.P.	24.55	24.55	(0.4) %	
2020	Residential	10.56	10.56	0.2 %	15.48
	C.I.P.	24.92	24.92	(0.3) %	
2019	Residential	10.54	10.54	0.6 %	15.52
	C.I.P.	25.00	25.00	(0.8) %	
2018	Residential	10.48	10.48	(1.0) %	15.65
	C.I.P.	25.20	25.20	(0.7) %	
2017	Residential	10.59	10.59	(3.7) %	15.77
	C.I.P.	25.37	25.37	(5.4) %	
2016	Residential	11.00	11.00	(9.2) %	15.77
	C.I.P.	26.81	26.81	(9.2) %	
2015	Residential	12.11	12.11	(3.7) %	18.15
	C.I.P.	29.52	29.52	(5.3) %	
2014	Residential	12.58	12.58	(4.3) %	19.16
	C.I.P.	31.18	31.18	(2.4) %	
2013	Residential	13.14	13.14	0.8 %	19.98
	C.I.P.	31.96	31.96	0.1 %	
2012	Residential	13.04	13.04	2.0 %	19.65
	C.I.P.	31.92	31.92	2.8 %	

<sup>(1)</sup> 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

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

<sup>(3)</sup> 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 <sup>(1) (2)</sup>**

Current and Nine Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	\$4,455,259,301	1	2.71%	\$2,117,084,330	2	2.39%
Eversource	2,821,909,020	2	1.72%	1,683,367,421	3	1.90%
Oxford Properties	2,120,987,380	3	1.29%			
Rockpoint Group	1,694,039,870	4	1.03%			
Teacher's Insurance and Annuity Association	1,571,299,760	5	0.96%	588,725,000	7	0.67%
Tishman Speyer Properties	1,521,243,750	6	0.92%	872,827,900	4	0.99%
Equity Residential	1,441,300,800	7	0.88%			
PGIM Real Estate fka Fort Hill Associates	1,336,503,000	8	0.81%	665,163,090	5	0.75%
MetLife Real Estate Investments	1,168,447,010	9	0.71%			
Diversified Healthcare Trust fka Senior Housing	948,144,300	10	0.58%			
National Grid	925,078,260	11	0.56%	457,759,220	8	0.52%
Synergy Investments	842,513,814	12	0.51%			
John Hancock Financial	834,954,040	13	0.51%	395,647,060	12	0.45%
Morgan Stanley	797,691,520	14	0.48%			-
Clarion	726,799,800	15	0.44%			
Fortis Property Group	688,788,020	16	0.42%	398,635,480	11	0.45%
Beacon Capital	617,341,480	17	0.38%			
Blackstone Group Equity Office				2,619,952,700	1	2.96%
Brookfield Properties Corporation				633,315,510	6	0.72%
Dewey Square Tower Associates				390,262,060	13	0.44%
One Hundred Federal Street, LPS				415,874,110	10	0.47%
UIDC of Massachusetts, Inc				438,455,100	9	0.50%
	<u>\$24,512,301,125</u>		<u>14.90%</u>	<u>\$11,677,068,981</u>		<u>13.21%</u>

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

Source: City of Boston Assessing and Treasury Departments

See accompanying independent auditors' report

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

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2021		
	Gross <sup>(1)</sup>	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
2021	\$ 2,678.1	\$ 2,674.4	99.9%	\$ 2,665.8	99.5%	99.7%	\$ 2,647.5	98.9%	99.0%
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
2019	2,364.7	2,331.4	98.6	2,362.2	99.9	101.3	2,347.7	99.3	100.7
2018	2,223.2	2,192.6	98.6	2,216.2	99.7	101.1	2,207.1	99.3	100.7
2017	2,093.9	2,055.2	98.2	2,083.3	99.5	101.4	2,075.4	99.1	101.0
2016	1,963.1	1,924.8	98.0	1,958.4	99.8	101.7	1,949.3	99.3	101.3
2015	1,869.0	1,833.1	98.1	1,865.6	99.8	101.8	1,853.6	99.2	101.1
2014	1,779.8	1,744.9	98.0	1,784.7	100.3	102.3	1,765.8	99.2	101.2
2013	1,684.4	1,643.4	97.6	1,677.0	99.6	102.0	1,669.1	99.1	101.6
2012	1,615.9	1,577.3	97.6	1,604.2	99.3	101.7	1,597.8	98.9	101.3

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

Source: City of Boston Treasury Department

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**Last Ten Fiscal Years**

*(Amounts in thousands, except per capita amount)*

Governmental Activities						
Fiscal Year	General Obligation Bonds		Notes Payable <sup>(1)</sup>		Capital Lease Agreements	
2021	\$	1,418,056	\$	21,725	\$	61,608
2020		1,348,339		23,308		56,410
2019		1,491,091		65,822		64,096
2018		1,457,450		67,398		69,626
2017		1,416,971		74,266		69,465
2016		1,395,367		76,619		62,266
2015		1,339,367		63,361		56,425
2014		1,296,153		75,680		45,887
2013		1,233,215		76,587		39,365
2012		1,139,800		40,382		32,566

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

<sup>(1)</sup> Includes Bond Anticipation Notes, MWPAT Notes, and Other Notes.

<sup>(2)</sup> See page 148 for the City's total personal income data.

<sup>(3)</sup> See page 148 for the City's population data.

	<b>Total Primary Government</b>	<b>% of Total Personal Income (2)</b>	<b>Per Capita (3)</b>
\$	1,501,389	4.42%	2,171.11
\$	1,428,057	4.73%	2,052.02
\$	1,621,009	5.37%	2,329.28
\$	1,594,474	5.28%	2,291.15
\$	1,560,702	5.41%	2,285.02
\$	1,534,252	5.55%	2,280.26
\$	1,459,153	5.55%	2,179.57
\$	1,417,720	5.72%	2,160.99
\$	1,349,167	5.80%	2,092.67
\$	1,212,748	5.50%	1,902.30

*See accompanying independent auditors' report*

FISCAL YEAR ENDED JUNE 30, 2021

**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 <sup>(1)</sup>	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita <sup>(2)</sup>
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	0.9%	2,094.26
2017	1,416,971	143,941,947	1.0%	2,074.58
2016	1,395,367	128,047,081	1.1%	2,073.85
2015	1,339,367	110,736,862	1.2%	2,000.64
2014	1,296,153	99,832,813	1.3%	1,975.69
2013	1,233,215	92,199,271	1.3%	1,912.82
2012	1,139,800	88,500,410	1.3%	1,787.88

<sup>(1)</sup> See page 138 for the City's total assessed value of property.

<sup>(2)</sup> See page 148 for the City's population data.



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**LEGAL DEBT MARGIN INFORMATION**

**Last Ten Fiscal Years**

(Amounts in thousands)

	2021	2020	2019	2018	2017
Debt limit	\$ 10,194,726	\$ 8,989,652	\$ 8,989,652	\$ 7,178,810	\$ 7,178,810
Total net debt applicable to limit	2,869,764	2,470,631	2,311,238	2,122,823	1,913,350
Legal debt margin	\$ 7,324,962	\$ 6,519,021	\$ 6,678,414	\$ 5,055,987	\$ 5,265,460
Total net debt applicable to the limit as a percentage of debt limit	28.15%	27.48%	25.71%	29.57%	26.65%

**Legal Debt margin Calculation for Fiscal Year 2020**

Equalized valuation as of January 31, 2020 <sup>(1)</sup>	\$ 179,793,040
Maximum debt limits as of July 1, 2019 <sup>(2)</sup>	8,989,652
Less: Debt outstanding June 30, 2020	(1,153,849)
Less: Debt authorized but unissued as of June 30, 2020	(1,316,780)
Debt incurring capacity as of June 30, 2020	6,519,023
Add: Debt redeemed during fiscal year 2021	115,349
Less: City Council Authorizations during fiscal year 2021 <sup>(3)</sup>	(547,701)
Less: Authorization Adjustments approved through June 30, 2021	35,142
Add: Increase in normal debt limit based on new equalized valuation effective January 31, 2021	1,205,074
Less: Net Adjustment due to Refunding	(1,925)
Debt incurring capacity as of June 30, 2021	\$ 7,324,962

<sup>(1)</sup> Includes the value of Chapter 121A tax agreement properties

<sup>(2)</sup> 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.

<sup>(3)</sup> The debt authorized but unissued as of June 30, 2020 and City Council authorizations during fiscal year 2021 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management



<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
\$ 5,540,530	\$ 5,540,530	\$ 5,156,374	\$ 5,156,374	\$ 5,301,711
1,809,054	1,388,019	1,590,189	1,705,035	1,399,004
<u>\$ 3,731,476</u>	<u>\$ 4,152,511</u>	<u>\$ 3,566,185</u>	<u>\$ 3,451,339</u>	<u>\$ 3,902,707</u>
32.65%	25.05%	30.84%	33.07%	26.39%

*See accompanying independent auditors' report*

FISCAL YEAR ENDED JUNE 30, 2021

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Calendar Years

Fiscal Year	Population <sup>(1)</sup>	Total Personal Income (in thousands) <sup>(2)</sup>	Per Capita Personal Income	Unemployment Rate <sup>(3)</sup>
2021	N/A	N/A	N/A	N/A
2020	691,531	N/A	N/A	9.2
2019	694,295	34,005,181	48,978	2.60
2018	695,926	30,180,223	43,367	3.00
2017	683,015	28,847,822	42,236	3.40
2016	672,840	27,625,465	40,237	3.40
2015	669,469	26,273,980	39,246	4.40
2014	656,051	24,804,632	36,395	5.30
2013	644,710	23,245,664	34,139	6.10
2012	637,516	22,034,466	32,413	6.00

N/A = Information not available for this fiscal year

<sup>(1)</sup> Source: U.S. Census Bureau, Population Estimates Program, Vintage 2020 Population Estimates; BPDA Research Division Analysis

<sup>(2)</sup> Source: U.S. Census Bureau, 2009-2019 1-year American Community Survey estimates; BPDA Research Division Analysis. Converted to 2019 dollars using the Consumer Price Index.

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

<sup>(4)</sup> Due to data collection challenges during the pandemic, the Census Bureau will not be releasing American Community Survey estimates for 2020

**PRINCIPAL EMPLOYERS**

## Current and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	17,575	1	2.10%	14,207	1	2.15%
Brigham and Women's Hospital	13,785	2	1.60%	11,607	2	1.76%
Boston University	10,406	3	1.20%	9,301	3	1.41%
Beth Israel Deaconess Medical Center	8,599	4	1.00%	7,192	5	1.09%
Boston Children's Hospital	7,945	5	0.90%	7,603	4	1.15%
State Street Bank & Trust Company*	7,500	6	0.90%	5,600	7	0.85%
Boston Medical Center	6,705	7	0.80%			
Harvard University Graduate Schools	6,532	8	0.80%	4,875	9	0.74%
Northeastern University**	6,332	9	0.70%			
Fidelity Investments	5,950	10	0.70%	5,457	8	0.83%
Liberty Mutual Holding Company	-		-	7,125	6	1.08%
Tufts Medical Center	-		-	3,915	10	0.59%
Total	91,329		10.70%	76,882		11.65%
Total Boston Employment ***	853,372					

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

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

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

\*\*\* Boston's total payroll and non-payroll employment as of 2018. Total employment for the city for 2019 is not available until the release of U.S. Bureau of Economic Analysis (BEA) data in November, 2020.

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT <sup>(1)</sup>**

Last Ten Fiscal Years

	Fiscal Year				
	2021	2020	2019	2018	2017
<b>CITY-FUNDED:</b>					
Public safety <sup>(2)</sup>	4,460	4,518	4,476	4,442	4,501
Public works	349	358	357	362	373
Other city departments <sup>(3)</sup>	2,727	2,715	2,708	2,730	2,688
Boston Public Health Commission <sup>(4)</sup>	872	847	832	845	827
Schools	9,528	9,303	9,249	9,005	8,782
<b>Total city-funded</b>	<b>17,936</b>	<b>17,741</b>	<b>17,622</b>	<b>17,384</b>	<b>17,171</b>
<b>GRANT-FUNDED:</b>					
Schools	621	654	636	595	610
All others <sup>(5)</sup>	299	287	270	358	385
<b>Total grant-funded</b>	<b>920</b>	<b>941</b>	<b>906</b>	<b>953</b>	<b>995</b>
<b>Total employees</b>	<b>18,856</b>	<b>18,682</b>	<b>18,528</b>	<b>18,337</b>	<b>18,166</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes the Police Department, the Fire Department, and the Office of Emergency Management.

<sup>(3)</sup> Includes Boston Retirement System employees. Since the publication of the fiscal 2019 ACFR, the 2019 number for this category has been adjusted to increase the total by 1 full-time equivalent employee.

<sup>(4)</sup> Boston Public Health Commission employees are funded by the City, but are not employees of the City.

<sup>(5)</sup> Since the publication of the fiscal 2019 ACFR, the 2019 number for this category has been adjusted to decrease the total by 75 full-time equivalent employees.

Source: City of Boston Office of Budget Management

Fiscal Year				
2016	2015	2014	2013	2012
4,456	4,529	4,541	4,413	4,446
377	394	366	342	350
2,650	2,678	2,696	2,643	2,565
777	770	762	798	803
8,746	8,789	8,664	8,381	8,052
<b>17,006</b>	<b>17,160</b>	<b>17,029</b>	<b>16,577</b>	<b>16,216</b>
656	601	698	796	759
370	282	277	293	307
<b>1,026</b>	<b>883</b>	<b>975</b>	<b>1,089</b>	<b>1,066</b>
<b>18,032</b>	<b>18,043</b>	<b>18,004</b>	<b>17,666</b>	<b>17,282</b>

*See accompanying independent auditors' report*

**OPERATING INDICATORS BY FUNCTION**

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Police</b>					
Service calls answered	598,470	568,707	497,728	494,226	516,741
Moving/traffic violations	28,519	61,731	103,485	92,111	95,865
Parking violations as of June 30	908,581	1,067,501	1,289,023	1,414,184	1,358,385
<b>Fire</b>					
Calls answered	75,346	84,357	83,173	86,103	85,598
Inspections conducted	21,614	21,350	25,896	24,009	24,332
<b>Library</b>					
Personnel full-time	400	416	410	411	411
Personnel part-time	38	36	43	45	45
Central and branch libraries	26	26	26	25	25
Books, audio and video materials, newspapers, and magazines in circulation	3,898,416	3,629,323	4,223,612	3,806,215	3,796,379
Library cards in force	504,138	383,240	332,468	292,763	281,439
<b>Schools</b>					
Student enrollment as of June 30	51,434	53,094	54,300	55,594	56,433
<b>Streets, sidewalks, and bridges</b>					
Streets in miles	988	988	988	988	988
<b>Hospitals</b>					
Births as of June 30	20,340	20,532	20,217	20,686	20,089
Deaths as of June 30	8,347	8,771	7,763	7,790	7,526

Source: City of Boston Auditing Department

Fiscal Year				
2016	2015	2014	2013	2012
408,144	421,573	566,297	579,704	598,280
107,204	110,254	90,180	95,454	108,520
1,346,400	1,272,107	1,326,235	1,309,406	1,424,098
82,438	80,079	73,443	73,971	72,511
25,519	23,019	23,896	23,744	25,112
413	417	408	401	384
50	58	59	66	49
24	24	25	26	26
3,707,607	3,715,079	3,732,000	3,694,546	3,796,679
268,275	323,789	361,939	383,931	524,054
56,531	57,102	56,975	56,801	56,535
988	988	988	988	988
20,968	19,586	20,392	21,480	20,540
7,383	7,438	7,330	7,051	7,090

*See accompanying independent auditors' report*

FISCAL YEAR ENDED JUNE 30, 2021

**CAPITAL ASSET STATISTICS BY DEPARTMENT**

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2020	2019	2018	2017
<b>Police</b>					
Officers and personnel	2,883	2,754	2,936	2,869	2,896
Stations	11	11	11	11	11
<b>Fire</b>					
Officers and personnel	1,644	1,855	1,649	1,652	1,623
Stations	34	34	34	34	35
<b>Parks and Recreation</b>					
Personnel (Parks Division)	255	298	274	269	280
Neighborhood (city) parks	258	257	257	257	258
Neighborhood (city) playgrounds – Tot Lots	137	137	137	132	131
Community Centers – (BCYF operated)	30	28	36	36	30
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	20	17	19	19	18
Tennis courts	64	55	58	65	65
<b>Public Education</b>					
Total number of Boston Public Schools employees	10,149	10,380	10,695	10,344	10,255
Total number of schools	123	125	125	125	124
<b>Public Works</b>					
Traffic signals (signalized intersections)	883	847	872	866	859
Parking meters (approximately)	6,258	6,603	6,736	6,722	6,420
Bridges	40	40	40	40	40
<b>Hospitals</b>					
Number of hospitals	20	20	19	19	20
Patient beds	6,140	6,113	6,108	6,053	6,021

Source: City of Boston Auditing Department



Fiscal Year				
2016	2015	2014	2013	2012
2,895	2,907	2,933	2,925	2,913
11	11	11	11	11
1,618	1,604	1,604	1,597	1,559
35	35	35	35	35
251	306	233	220	219
251	251	262	262	251
129	127	129	129	128
29	29	29	35	38
2	2	2	2	2
18	17	18	17	17
65	65	66	66	78
9,634	9,530	9,374	9,467	9,806
125	128	128	127	128
854	849	841	846	837
7,626	7,699	7,614	6,810	7,861
40	36	37	4	4
20	20	21	21	22
5,227	6,049	5,402	5,437	5,618

See accompanying independent auditors' report



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boston, Massachusetts (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Dudley Square Realty Corporation, the Ferdinand Building Development Corporation, certain Other Governmental Funds, the Boston Retirement System, the City's OPEB Trust Fund, the City's Private-Purpose Trust Funds, the Boston Public Health Commission, the Trustees of the Public Library of the City of Boston, and the Economic Development and Industrial Corporation of Boston, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial



statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

KPMG LLP

Boston, Massachusetts  
January 31, 2022



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## **EXHIBIT II**

### **Schedules of Comparative Financial Statements for Fiscal Years 2017 - 2021**

The following schedules of Comparative Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balance as of and for the fiscal years ended June 30, 2021, 2020, 2019, 2018, and 2017 have been prepared by the City of Boston Auditing Department based on information taken from the City's audited financial statements.

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City of Boston

General Fund

Balance Sheets

June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)

	2021	2020	2019	2018	2017
<b>ASSETS:</b>					
Cash and investments.....	\$ 1,466,932	\$ 1,520,175	\$ 1,434,832	\$ 1,309,557	\$ 1,153,840
Receivables :					
Property taxes.....	30,574	31,209	16,974	16,151	18,520
Motor vehicle excise.....	29,559	37,330	35,707	24,594	26,650
Intergovernmental.....	335	12,087	6,629	10,525	38,483
Departmental and other.....	18,855	10,563	15,085	19,003	22,555
Tax title and possession.....	72,064	63,042	60,818	61,831	60,668
Total receivables.....	151,387	154,231	135,213	132,104	166,876
Allowance:					
Tax title and possession.....	(72,064)	(63,043)	(60,819)	(61,831)	(60,668)
Motor vehicle excise.....	(22,892)	(21,765)	(21,001)	(19,996)	(19,018)
Total allowances.....	(94,956)	(84,808)	(81,820)	(81,827)	(79,686)
Net receivable.....	56,431	69,423	53,393	50,277	87,190
Due from other funds.....	1,964	2,967	1,111	1,860	1,868
Due from component units.....	6,454	4,727	3,983	7,234	6,709
Total assets.....	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319	\$ 1,368,928	\$ 1,249,607
<b>LIABILITIES:</b>					
Warrants and accounts payable.....	\$ 64,277	\$ 74,315	\$ 67,915	\$ 57,050	\$ 48,704
Accrued liabilities:					
Payroll and related costs.....	185,196	168,620	170,480	172,942	148,379
Other.....	37,363	33,218	32,231	24,674	26,032
Due to other funds.....	172	1,154	168	923	170
Due to component units.....	2,486	578	4,712	2,413	2,331
Total liabilities.....	\$ 289,494	\$ 277,885	\$ 275,506	\$ 258,002	\$ 225,616
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Revenue not considered available.....	31,125	47,928	31,203	28,872	38,703
Total fund balance.....	1,211,162	1,271,479	1,186,610	1,082,054	985,288
Total liabilities, deferred inflows of resources and fund balance.....	\$ 1,531,781	\$ 1,597,292	\$ 1,493,319	\$ 1,368,928	\$ 1,249,607

**City of Boston**

**General Fund**

**Statements of Revenues, Expenditures, and Changes in Fund Balance  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>					
Local:					
Real and personal property taxes, net.....	2,650,040	2,498,435	2,344,686	2,221,877	\$ 2,079,693
Excises.....	114,411	241,768	256,229	243,581	212,797
Payments in lieu of taxes.....	88,615	72,349	87,018	84,940	80,501
Fines.....	52,302	67,367	73,792	63,206	63,046
Investment income.....	3,615	29,472	30,408	15,390	2,329
Licenses and permits.....	67,977	88,272	82,658	74,144	84,470
Departmental and other revenue.....	60,555	103,476	97,442	98,287	87,985
Total local revenues.....	<u>3,037,515</u>	<u>3,101,139</u>	<u>2,972,233</u>	<u>2,801,425</u>	<u>2,610,821</u>
Intergovernmental:					
Intergovernmental.....	619,709	627,590	577,458	570,753	554,661
Total intergovernmental revenues.....	<u>619,709</u>	<u>627,590</u>	<u>577,458</u>	<u>570,753</u>	<u>554,661</u>
Total revenues.....	<u>3,657,224</u>	<u>3,728,729</u>	<u>3,549,691</u>	<u>3,372,178</u>	<u>3,165,482</u>
<b>EXPENDITURES:</b>					
Current:					
General government.....	122,106	117,152	112,998	90,076	85,855
Human services.....	34,010	34,458	34,208	35,023	31,422
Public safety.....	735,254	763,381	726,406	689,929	643,100
Public works.....	116,862	111,346	106,504	111,772	106,059
Property and development.....	32,631	32,618	41,483	39,022	42,460
Parks and recreation.....	29,118	28,616	26,890	25,285	23,447
Library.....	39,422	38,270	38,597	36,025	35,791
Schools.....	1,234,353	1,176,493	1,118,332	1,087,192	1,048,987
Public Health Programs.....	106,715	94,337	87,487	81,129	77,754
Judgments and claims.....	11,477	11,670	1,202	7,693	3,766
Retirement costs.....	473,494	447,159	400,973	356,251	347,402
Other employee benefits.....	260,997	259,420	264,832	261,377	247,965
State and district assessments.....	320,220	299,740	283,360	267,205	244,320
Capital outlays.....	19,210	29,270	17,683	9,738	10,283
Debt Service.....	176,009	183,585	182,725	176,240	171,131
Total expenditures.....	<u>3,711,878</u>	<u>3,627,515</u>	<u>3,443,680</u>	<u>3,273,957</u>	<u>3,119,742</u>
Excess (deficiencies) of revenues over expenditures.....	<u>(54,654)</u>	<u>101,214</u>	<u>106,011</u>	<u>98,221</u>	<u>45,740</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in.....	20,000	-	-	-	-
Transfers out.....	<u>(25,663)</u>	<u>(16,345)</u>	<u>(1,455)</u>	<u>(1,455)</u>	<u>(9,455)</u>
Total other financing uses, net.....	<u>(5,663)</u>	<u>(16,345)</u>	<u>(1,455)</u>	<u>(1,455)</u>	<u>(9,455)</u>
Net change in fund balances.....	<u>(60,317)</u>	<u>84,869</u>	<u>104,556</u>	<u>96,766</u>	<u>36,285</u>
Fund balance, beginning of year.....	1,271,479	1,186,610	1,082,054	985,288	949,003
Fund balance, end of year.....	<u>\$ 1,211,162</u>	<u>\$ 1,271,479</u>	<u>\$ 1,186,610</u>	<u>\$ 1,082,054</u>	<u>\$ 985,288</u>



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City of Boston

General Fund - Budgetary Basis

Statements of Revenues, Transfers, Available Funds, Expenditures,  
Encumbrances and Prior Years' Deficit Raised - Budget to Actual  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017

(in thousands)

	2021			2020			2019		
	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
<b>Revenues, Transfers and Other Available Funds:</b>									
Real and personal property taxes, net.....	\$2,671,124	\$2,676,286	\$ 5,162	\$2,461,443	\$2,466,831	\$ 5,388	\$2,316,649	\$2,320,883	\$ 4,234
Excises.....	134,540	116,340	(18,200)	216,040	239,950	23,910	201,290	256,219	54,929
Commonwealth of Massachusetts.....	455,736	468,819	13,083	464,201	458,848	(5,353)	446,950	434,357	(12,593)
Departmental and other revenue.....	67,926	77,569	9,643	69,990	76,586	6,596	68,774	83,739	14,965
Fines.....	60,953	52,153	(8,800)	69,175	67,258	(1,917)	68,745	73,931	5,186
Payments in lieu of taxes.....	67,978	88,674	20,696	68,530	72,473	3,943	63,016	88,745	25,729
Investment income.....	4,000	3,615	(385)	15,000	29,472	14,472	5,000	30,408	25,408
Licenses and permits.....	61,960	67,332	5,372	64,047	88,364	24,317	66,260	82,596	16,336
Miscellaneous.....	267	267	-	267	267	-	267	267	-
Transfers from other available funds.....	70,950	60,000	(10,950)	64,850	-	(64,850)	78,450	-	(78,450)
Total revenues, transfers and other available funds.....	<u>3,595,434</u>	<u>3,611,055</u>	<u>15,621</u>	<u>3,493,543</u>	<u>3,500,049</u>	<u>6,506</u>	<u>3,315,401</u>	<u>3,371,145</u>	<u>55,744</u>
<b>Expenditures and Encumbrances:</b>									
General government.....	131,671	128,508	3,163	134,699	130,543	4,156	124,048	122,973	1,075
Human services.....	38,008	36,027	1,981	35,478	35,321	157	34,196	34,129	67
Public safety.....	743,251	757,279	(14,028)	752,940	767,968	(15,028)	718,947	740,556	(21,609)
Public works.....	121,063	118,229	2,834	130,793	123,312	7,481	113,308	113,251	57
Property and development.....	60,892	59,441	1,451	51,214	50,560	654	43,923	43,881	42
Parks and recreation.....	31,305	31,245	60	32,285	31,966	319	30,783	30,768	15
Library.....	41,387	39,841	1,546	39,120	39,120	-	38,664	38,664	-
Schools.....	1,260,490	1,260,465	25	1,178,564	1,178,562	2	1,126,705	1,126,676	29
Boston Public Health Commission.....	106,474	106,474	-	93,405	93,405	-	87,967	87,967	-
Judgments and claims.....	5,000	5,791	(791)	5,000	7,083	(2,083)	5,000	18,234	(13,234)
Other employee benefits.....	264,958	264,719	239	276,529	265,278	11,251	265,325	265,164	161
Retirement costs.....	295,519	295,518	1	284,803	284,119	684	266,850	266,797	53
State and district assessments.....	175,194	171,971	3,223	300,665	299,740	925	282,710	282,617	93
Debt requirements.....	320,222	320,221	1	178,048	177,795	253	176,975	176,857	118
Total expenditures.....	<u>3,595,434</u>	<u>3,595,729</u>	<u>(295)</u>	<u>3,493,543</u>	<u>3,484,772</u>	<u>8,771</u>	<u>3,315,401</u>	<u>3,348,534</u>	<u>(33,133)</u>
Excess of revenues available for appropriation over expenditures.....	<u>\$ -</u>	<u>\$ 15,326</u>	<u>\$ 15,326</u>	<u>\$ -</u>	<u>\$ 15,277</u>	<u>\$ 15,277</u>	<u>\$ -</u>	<u>\$ 22,611</u>	<u>\$ 22,611</u>

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

(continued)

City of Boston

General Fund - Budgetary Basis

Statements of Revenues, Transfers, Available Funds, Expenditures,  
Encumbrances and Prior Years' Deficit Raised - Budget to Actual  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017

(in thousands)

2018			2017		
Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
\$2,185,887	\$2,191,992	\$ 6,105	\$2,047,936	\$2,053,396	\$ 1,614
198,591	264,814	66,223	198,820	209,498	29,896
440,583	439,708	(875)	429,855	424,933	(2,453)
68,064	79,590	11,526	64,088	77,082	12,184
63,721	63,389	(332)	59,560	63,082	839
67,998	83,634	15,636	65,470	82,132	22,229
2,000	15,390	13,390	200	2,329	134
67,056	74,508	7,452	63,785	84,093	22,112
267	267	-	267	267	802
63,450	-	(63,450)	67,450	-	(61,450)
<u>3,157,617</u>	<u>3,213,292</u>	<u>55,674</u>	<u>2,997,431</u>	<u>2,996,814</u>	<u>25,907</u>
111,557	111,283	274	125,158	121,507	2,129
36,051	35,954	97	32,668	32,521	8
679,128	694,457	(15,329)	643,419	641,567	(19,507)
110,254	115,758	(5,504)	107,462	109,478	19
39,476	39,402	74	45,426	45,295	100
28,811	28,793	18	24,634	24,451	86
35,760	35,758	2	34,776	34,775	3
1,093,311	1,093,290	21	1,031,684	1,031,628	8
79,563	79,563	-	77,267	77,267	-
5,000	19,513	(14,513)	5,000	3,188	(6,954)
263,157	262,902	255	257,023	256,044	117
237,034	236,968	66	202,988	202,925	-
267,977	267,949	28	165,254	165,160	-
170,538	170,514	24	244,672	244,320	-
<u>3,157,617</u>	<u>3,192,104</u>	<u>(34,486)</u>	<u>2,997,431</u>	<u>2,990,127</u>	<u>(23,991)</u>
<u>\$ -</u>	<u>\$ 21,188</u>	<u>\$ 21,188</u>	<u>\$ -</u>	<u>\$ 6,687</u>	<u>\$ 1,916</u>

**City of Boston**

**Special Revenue Fund**

**Balance Sheets**  
**June 30, 2021, 2020, 2019, 2018, and 2017**  
**(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>					
Cash and investments.....	\$ 597,206	\$ 414,132	\$ 255,096	\$ 247,631	\$ 245,567
Receivables, net:					
Intergovernmental.....	105,648	82,698	72,723	54,583	52,356
Departmental and other.....	21,871	23,422	24,117	29,215	35,054
Total receivables.....	<u>127,519</u>	<u>106,120</u>	<u>96,840</u>	<u>83,798</u>	<u>87,410</u>
Due from other funds.....	3,888	1,813	357	211	1,745
Total assets.....	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>	<u>\$ 331,640</u>	<u>\$ 334,722</u>
<b>LIABILITIES:</b>					
Warrants and accounts payable.....	\$ 39,581	\$ 22,285	\$ 24,738	\$ 24,382	\$ 25,344
Accrued liabilities:					
Payroll and related costs.....	-	-	-	95	1,282
Other.....	86,883	78,075	65,217	57,673	49,022
Unearned revenue.....	282,718	120,684	-	-	-
Due to other funds.....	4,903	3,626	1,299	1,899	3,405
Total liabilities.....	<u>414,085</u>	<u>224,670</u>	<u>91,254</u>	<u>84,049</u>	<u>79,053</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Revenue not considered available.....	-	-	-	200	254
<b>FUND BALANCES:</b>					
Restricted.....	58,676	53,876	64,405	47,854	35,056
Assigned.....	255,852	243,519	196,634	199,537	220,359
Total fund balance.....	<u>314,528</u>	<u>297,395</u>	<u>261,039</u>	<u>247,391</u>	<u>255,415</u>
Total liabilities and fund balance.....	<u>\$ 728,613</u>	<u>\$ 522,065</u>	<u>\$ 352,293</u>	<u>\$ 331,640</u>	<u>\$ 334,722</u>

**City of Boston**

**Special Revenue Fund**

**Statements of Revenues, Expenditures, and Changes in Fund Balance  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>					
Local:					
Fines.....	\$ 54	\$ -	\$ -	\$ 73	\$ -
Investment income.....	81	954	942	213	100
Licenses and permits.....	295	199	223	212	212
Departmental and other revenue.....	71,736	78,850	76,286	71,385	61,694
Total local revenues.....	<u>72,166</u>	<u>80,003</u>	<u>77,451</u>	<u>71,883</u>	<u>62,006</u>
Intergovernmental:					
Intergovernmental.....	365,007	306,221	284,054	265,723	258,671
Total intergovernmental revenues.....	<u>365,007</u>	<u>306,221</u>	<u>284,054</u>	<u>265,723</u>	<u>258,671</u>
Total revenues.....	<u>437,173</u>	<u>386,224</u>	<u>361,505</u>	<u>337,606</u>	<u>320,677</u>
<b>EXPENDITURES:</b>					
Current operations:					
General government.....	38,192	54,328	11,672	9,472	6,094
Human services.....	11,201	7,103	8,701	8,953	8,329
Public safety.....	38,445	23,747	23,666	21,692	34,371
Public works.....	6,607	7,078	6,732	10,062	8,534
Parks and recreation.....	1,978	4,488	1,423	4,845	1,062
Libraries.....	4,069	3,354	2,137	2,452	3,180
Schools.....	140,268	126,271	153,481	150,198	139,127
Public health.....	10,963	1,516	1,040	2,140	1,615
Property & development.....	137,147	92,562	83,716	88,005	93,717
Other employee benefits.....	2,000	-	-	-	-
Capital outlays.....	437	1,411	1,596	1,659	1,767
Total expenditures.....	<u>391,307</u>	<u>321,858</u>	<u>294,164</u>	<u>299,478</u>	<u>297,796</u>
Excess of revenues over expenditures.....	<u>45,866</u>	<u>64,366</u>	<u>67,341</u>	<u>38,128</u>	<u>22,881</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premiums on long-term debt issued.....	24,208	14,890	110	233	8,247
Payments to escrow agents.....	-	-	-	-	(7,432)
Transfers out, net.....	(52,941)	(42,900)	(53,803)	(46,385)	(15,000)
Total other financing uses, net.....	<u>(28,733)</u>	<u>(28,010)</u>	<u>(53,693)</u>	<u>(46,152)</u>	<u>(14,185)</u>
Net change in fund balances.....	17,133	36,356	13,648	(8,024)	8,696
Fund balance, beginning of year.....	297,395	261,039	247,391	255,415	246,719
Fund balance, end of year.....	<u>\$ 314,528</u>	<u>\$ 297,395</u>	<u>\$ 261,039</u>	<u>\$ 247,391</u>	<u>\$ 255,415</u>

**City of Boston**

**Capital Projects Fund  
Balance Sheets  
June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>					
Cash and investments.....	\$ 139,762	\$ 143,058	\$ 297,463	\$ 198,417	\$ 136,428
Cash and investments held by trustees.....	15,018	12,070	17,994	10,185	10,008
Intergovernmental receivable.....	12,448	7,958	10,011	13,058	6,292
Department and other receivables.....	-	-	-	-	657
Total assets.....	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>	<u>\$ 221,660</u>	<u>\$ 153,385</u>
<b>LIABILITIES:</b>					
Warrants and accounts payable.....	\$ 70,792	\$ 38,775	\$ 46,278	\$ 26,081	\$ 28,573
Due to other funds.....	375	-	-	-	-
Total liabilities.....	<u>71,167</u>	<u>38,775</u>	<u>46,278</u>	<u>26,081</u>	<u>28,573</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Revenue not considered available.....	<u>9,692</u>	<u>7,666</u>	<u>4,713</u>	<u>12,302</u>	<u>3,570</u>
<b>FUND BALANCES:</b>					
Restricted.....	<u>86,369</u>	<u>116,667</u>	<u>274,477</u>	<u>183,277</u>	<u>121,242</u>
Total fund balance.....	<u>86,369</u>	<u>116,645</u>	<u>274,477</u>	<u>183,277</u>	<u>121,242</u>
Total liabilities and fund balance.....	<u>\$ 167,228</u>	<u>\$ 163,086</u>	<u>\$ 325,468</u>	<u>\$ 221,660</u>	<u>\$ 153,385</u>

City of Boston

Capital Projects Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES:</b>					
Intergovernmental.....	\$ 37,938	\$ 27,819	\$ 33,010	\$ 38,261	\$ 43,579
Total revenues.....	<u>37,938</u>	<u>27,819</u>	<u>33,010</u>	<u>38,261</u>	<u>43,579</u>
<b>EXPENDITURES:</b>					
Capital outlays.....	336,954	244,658	244,137	222,598	221,321
Total expenditures.....	<u>336,954</u>	<u>244,658</u>	<u>244,137</u>	<u>222,598</u>	<u>221,321</u>
Deficiency of revenues over expenditures.....	<u>(299,016)</u>	<u>(216,839)</u>	<u>(211,127)</u>	<u>(184,337)</u>	<u>(177,742)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Long-term debt and capital leases issued.....	205,418	15,998	165,836	176,698	181,935
Refunding bonds issued.....	91,405	82,590	-	-	58,370
Payments to escrow agent.....	(95,934)	(82,481)	-	-	(58,367)
Premiums on long-term debt issued.....	34,910	-	25,688	23,289	15,063
Proceeds from Sale of Property..	-	-	57,000	-	-
Transfers in .....	32,941	42,900	53,803	46,385	23,000
Total other financing sources, net.....	<u>268,740</u>	<u>59,007</u>	<u>302,327</u>	<u>246,372</u>	<u>220,001</u>
Net change in fund balances.....	<u>(30,276)</u>	<u>(157,832)</u>	<u>91,200</u>	<u>62,035</u>	<u>42,259</u>
Fund balance, beginning of year.....	<u>116,645</u>	<u>274,477</u>	<u>183,277</u>	<u>121,242</u>	<u>78,983</u>
Fund balance, end of year.....	<u>\$ 86,369</u>	<u>\$ 116,645</u>	<u>\$ 274,477</u>	<u>\$ 183,277</u>	<u>\$ 121,242</u>

**City of Boston**

**Internal Service Fund**

**Balance Sheets**  
**June 30, 2021, 2020, 2019, 2018, and 2017**  
**(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>					
Cash and cash equivalents.....	\$ 114,521	\$ 90,637	\$ 102,341	\$ 89,380	\$ 73,916
Receivables, net.....	2,857	-	-	-	-
Other assets.....	10,455	33,991	7,539	11,988	6,541
Total assets.....	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>	<u>\$ 101,368</u>	<u>\$ 80,457</u>
<b>LIABILITIES:</b>					
Accrued Liabilities:					
Accrued liabilities.....	\$ 30,818	\$ 23,708	\$ 27,576	\$ 19,975	\$ 23,881
Total liabilities.....	<u>30,818</u>	<u>23,708</u>	<u>27,576</u>	<u>19,975</u>	<u>23,881</u>
<b>NET POSITION:</b>					
Unrestricted.....	<u>97,015</u>	<u>100,920</u>	<u>82,304</u>	<u>81,393</u>	<u>56,576</u>
Total fund net position.....	<u>97,015</u>	<u>100,920</u>	<u>82,304</u>	<u>81,393</u>	<u>56,576</u>
Total liabilities and fund net position.....	<u>\$ 127,833</u>	<u>\$ 124,628</u>	<u>\$ 109,880</u>	<u>\$ 101,368</u>	<u>\$ 80,457</u>



**City of Boston**

**Internal Service Fund**

**Statements of Revenues, Expenses, and Changes in Fund Net Position  
Fiscal Years Ended June 30, 2021, 2020, 2019, 2018, and 2017  
(in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017*</u>
<b>REVENUES:</b>					
Employer contributions.....	\$ 213,259	\$ 209,246	\$ 198,178	\$ 172,640	\$ 156,345
Employee contributions.....	<u>86,545</u>	<u>80,615</u>	<u>83,972</u>	<u>68,905</u>	<u>63,287</u>
Total operating revenues.....	<u>299,804</u>	<u>289,861</u>	<u>282,150</u>	<u>241,545</u>	<u>219,632</u>
<b>EXPENSES:</b>					
Health Benefits.....	<u>303,709</u>	<u>271,245</u>	<u>281,239</u>	<u>216,728</u>	<u>211,835</u>
Total operating expenditures.....	<u>303,709</u>	<u>271,245</u>	<u>281,239</u>	<u>216,728</u>	<u>211,835</u>
Changes in net assets.....	(3,905)	18,616	911	24,817	7,797
Net position, beginning of year.....	<u>100,920</u>	<u>82,304</u>	<u>81,393</u>	<u>56,576</u>	<u>48,779</u>
Net position, end of year.....	<u>\$ 97,015</u>	<u>\$ 100,920</u>	<u>\$ 82,304</u>	<u>\$ 81,393</u>	<u>\$ 56,576</u>

\*Restated in 2018 as a result of GASB No. 75 implementation



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**CITY OF BOSTON  
SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION**

## SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

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

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## DEVELOPING MATTERS – COVID-19

The COVID-19 pandemic hit Boston early in the spring of 2020. The COVID-19 pandemic and resulting business closures caused a sudden unprecedented spike in unemployment in Boston as in much of the country. Boston's unemployment rate peaked in June 2020 at 16.1%, a dramatic increase over the 2.6% unemployment in March 2020<sup>1</sup>. Boston's unemployment rate fell to 3.3% by December 2021. Approximately 18,000 Boston residents remain unemployed as of November 2021.

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

The industries with the largest share of Boston residents continuing to claim unemployment benefits in October 2020 were the industries broadly categorized as in-person and support services - restaurants, hotels, retail stores, entertainment venues and cultural institutions, personal services such as hair salons, and support services such as janitorial work<sup>2</sup>. These industries were hard hit on several levels. They generally require in-person work, often in close physical proximity or with large groups of people. As such, they were initially closed by government mandate and continue to be limited by government restrictions and customer health concerns.

Additionally, in-person and support service jobs in Boston rely on commuters and visitors who have not been coming to Boston in large numbers. Cell phone data suggest that the number of commuters in Boston fell by about half during the pandemic<sup>3</sup>. Utilization of office space in Boston has been low, below 20% for Downtown office towers throughout 2021<sup>4</sup>. Low office occupancy and longer-term office vacancies have hurt support businesses such as restaurants, coffee shops, convenience stores, and pharmacies. Boston's office vacancy rate rose from around 6% in 2019 to 11% by the end of 2021.<sup>5</sup>

The COVID-19 pandemic has taken a toll on the travel and tourism industry. While air travel has been increasing since the near shutdown in spring 2020, the number of passengers at Logan International Airport in January 2022 was 42% below January 2019<sup>6</sup>. Hotel occupancy fell to 5% in April 2020 but had recovered to 37% in January 2022. Seated restaurant dining was at half of January 2019 levels in the first week of January 2022 as Boston weathered the Omicron wave of infections.<sup>7</sup>

Industries that depend on in-person activity and the presence of commuters and visitors to Boston will likely continue to operate at a reduced level until the virus can be brought under control. However, the strength of the City's economy in healthcare and biomedical research may again prove an asset in the coming recovery. Hospitals, universities and private researchers in Boston have received more National Institutes of Health (NIH) funding than any other city in the country for 24 of the past 26 years, and medical research is expected to be crucial over the coming years as the world grapples with the pandemic. Even as vacancy and subleasing in the office market rise, demand for laboratory space continues to be strong, fueling development interest in several of the City's neighborhoods. Ultimately, controlling the virus remains the single most important step to returning to the strong economy that Boston experienced in the decade prior to the arrival of COVID-19.

The full impact of the COVID-19 pandemic on the City, its economy, businesses and residents continues to evolve. Historical trends and data, especially pre-pandemic ones, are not necessarily predictive of future trends or outcomes. It is not possible yet to predict the short-term or long-term impact of the pandemic on the Boston and regional economy.

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

<sup>2</sup> NAICS industries: 1. Accommodation and Food Service, 2. Administrative and Support and Waste Management, 3. Transportation and Warehousing, 4. Other Services, 5. Arts, Entertainment, and Recreation, 6. Retail Trade

<sup>3</sup> Cuebiq mobility data. Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously through a GDPR-compliant framework

<sup>4</sup> CBRE, <https://www.cbre.us/research-and-reports/Boston-Office-Figures-Q3-2021>

<sup>5</sup> CoStar

<sup>6</sup> Massachusetts Port Authority, Aviation General Management (MassPort)

<sup>7</sup> OpenTable

## THE BOSTON ECONOMY

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

According to the U.S. Census Bureau’s 2020 Decennial Census, Boston’s population for 2020 was 675,647. The BPDA Research Division estimates there are 792,420 full and part-time, payroll and non-payroll jobs in Boston as of 2020 based on data provided by the Bureau of Economic Analysis (“BEA”) and Massachusetts Executive Office of Labor and Workforce Development (“EOLWD”). Boston’s jobs represent 17.5% of the total statewide jobs.

### ***Overview of Recent Economic Conditions***

Payroll jobs grew in Boston at an average annual rate of 2.4% from 2010 through 2018, exceeding the national recovery from the Great Recession. Boston’s unemployment rate for 2019 was 2.6%, 1.1 percentage points below the national rate.<sup>8</sup> With the onset of the COVID-19 pandemic, Boston’s unemployment rate skyrocketed to 16.1% in June 2020, well above the Great Recession peak of 8.4% reached in September 2009. Boston’s economy began to recover in the summer of 2020 and as of December 2021, Boston’s unemployment rate had fallen to 3.3%.

Boston’s commercial real estate market rebounded from the Great Recession and showed strong growth until the beginning of the pandemic. Reduced demand for office space during the pandemic has led to an increase in office vacancies and increased the square footage on the sublease market. The residential real estate market has been strong after a dip during the spring of 2020. The 2021 annual median sales price for a single-family home in Boston was \$745,000 according to the Department of Neighborhood Development using Banker & Tradesman data.

### ***Statistical Data***

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

The Census Bureau publishes information about population, housing and the economy. The most recent Decennial Census data are from the 2020 Census. In addition, some monthly, quarterly and annual data are available through December 2021 on certain topics for the region, the Commonwealth, and Metropolitan Boston.<sup>9</sup> The Census Bureau also publishes the American Community Survey, which provides data through 2019 on a citywide basis and by census tract.

The BEA publishes quarterly and annual statistics on income and employment. The most recent annual figures for the nation, Massachusetts and Metropolitan Boston are for 2020. The BLS publishes data and reports about the workforce and related subjects including unemployment rates, area wages, and cost-of-living adjustments. The most recent monthly data are for December 2021.

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

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<sup>8</sup>Massachusetts Executive Office of Labor and Workforce Development (EOLWD), U.S. Bureau of Labor Statistics (BLS)

<sup>9</sup>Federal data sources have three prevailing definitions of the Boston Metropolitan Area. Each table with Metropolitan data explains whether Metropolitan Boston refers to: the Metropolitan Statistical Area (“MSA”), the New England City and Town Area (“NECTA”) or Combined Statistical Area (“CSA”). Revised data was unavailable for Boston-Cambridge-Quincy MA-NH MSA and NECTA. All data was revised to reflect the new Boston-Cambridge-Newton MA-NH MSA and NECTA Division.

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

### **Population**

Boston’s population from the 2020 Census was 675,647, which represented a 9.4% increase from the 2010 Census. The Census Bureau’s 2020 population count for Metropolitan Boston was 4,941,632, representing an increase of 8.5% since 2010. Massachusetts’ 2020 Census enumeration was 7,029,917, a gain of 7.4% over the 2010 count.

#### **Population of Massachusetts, Metropolitan Boston <sup>(1)</sup> and the City of Boston 1990 to 2020**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<b>2010 to 2020</b>
					<b>Compound Annual Growth</b>
Massachusetts	6,016,425	6,349,097	6,547,629	7,029,917	1.2%
Metropolitan	4,133,895	4,391,344	4,552,402	4,941,632	1.4
City of Boston	574,283	589,141	617,594	675,647	1.5

<sup>(1)</sup> The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford), as defined by the Office of Management and Budget (OMB).  
Source: U.S. Census Bureau, 1990, 2000, 2010, and 2020 Decennial Censuses

The 2020 Census showed that Boston’s racial composition was White, Non-Hispanic 44.6%; Black, Non-Hispanic 19.1%; Hispanic 18.7%; Asian/Pacific Islander 11.2%; multi-racial 4.8%; other single race 1.4%; and Native American 0.1%. The Hispanic and Asian populations have grown dramatically, growing about 16.9% and 37.8% respectively, from 2010 to 2020, while other populations have seen small growth or decline. Immigration has been a prime driver of increases in the Hispanic and Asian populations. In 2019, Boston’s foreign-born population represented 27.3% of the total population, and the foreign-born population was comprised of 28.2% Hispanic (of any race), 26.3% Asian, 27.4% Black, 16.7% White, and 1.4% other.<sup>10</sup>

Boston continues to be a city of young adults; 35% of all Boston residents in 2019 were between 20 and 34 years old. The fastest growing age group in Boston between 2000 and 2019 was the age group 65-69, which saw a 68% increase. This is consistent with national trends and the aging of the baby boomer population. Boston’s older population (ages 65 and over) grew to 83,656 people but has remained at about 12% of the total population. Boston’s population of school age children (ages 5 to 14) is 57,571, a level it has maintained since the dramatic fall from over 100,000 in the 1970s.

Along with population growth, the number of households in Boston has also grown, to 279,495 households with an average household size of 2.25 according to the 2020 Census.

### **Employment Structure, Employment Trends and Occupational Changes**

The largest industries in the City are health care and social assistance, professional and technical services, finance and insurance, government, accommodation and food services, and education. The table below shows Boston’s employment growth by industry category for 2016 through 2020. The industry categories are in the North American Industrial Classification System (“NAICS”) format, which the BEA began using in 2001. Suffolk County

<sup>10</sup>U.S. Census Bureau, 2019 American Community Survey, BPDA Research Division Analysis. The American Community Survey (ACS) provides detailed demographic information for Boston and its neighborhoods.

data are mathematically reduced to the Boston geography using unemployment insurance coverage data (Employment Security, ES-202, for cities and towns from the Massachusetts EOLWD).

Prior to the pandemic, total employment in Boston had risen to the highest level in recent decades and Boston's job growth had been positive across most industries. The health care and social assistance industry employs the largest number of people in Boston, 18.6% percent of total jobs in 2020. Educational services is an area of specialization for Boston with an employment share three times the national average. With the onset of the COVID19 pandemic and the resulting economic disruption, Boston lost 59,000 jobs in 2020, a decline of 6.9%. Job losses were particularly severe in accommodation and food services which declined 42% and arts, entertainment, and recreation which fell 29.9%.

**City of Boston Employment 2016-2020<sup>(1)</sup>**  
**North American Industry Classification System (NAICS)**

Industry	2016	2017	2018	2019	2020	Absolute change '19-'20	Percentage Change '19-'20
Natural Resources and Mining	347	319	303	278	303	25	9.0%
Utilities	2,014	1,789	1,661	1,823	1,883	60	3.3%
Construction	19,317	20,382	21,540	21,697	20,438	-1,259	-5.8%
Manufacturing	7,926	8,259	8,127	8,401	7,485	-916	-10.9%
Wholesale Trade	9,682	9,930	11,126	11,880	11,255	-625	-5.3%
Retail Trade	35,316	36,629	38,485	40,319	36,056	-4,263	-10.6%
Transportation and Warehousing	32,912	35,173	36,687	38,362	33,057	-5,305	-13.8%
Information	18,393	19,658	20,788	23,361	23,055	-306	-1.3%
Finance and Insurance	93,679	93,494	94,281	94,883	94,205	-678	-0.7%
Real Estate and Rental and Leasing	35,679	36,973	38,575	37,650	36,471	-1,179	-3.1%
Professional and Technical Services	98,075	102,062	106,214	113,180	114,178	998	0.9%
Management of Companies and Enterprises	9,221	9,429	9,771	10,129	9,136	-993	-9.8%
Administrative and Waste Services	39,592	39,879	40,232	40,023	35,989	-4,034	-10.1%
Educational Services	58,734	58,601	60,683	66,402	65,355	-1,047	-1.6%
Health Care and Social Assistance	144,541	148,216	145,338	148,769	147,471	-1,298	-0.9%
Arts, Entertainment, and Recreation	17,905	18,579	19,417	19,089	13,373	-5,716	-29.9%
Accommodation and Food Services	62,734	65,069	65,871	65,645	38,055	-27,590	-42.0%
Other Services <sup>(2)</sup>	33,170	33,282	34,052	34,006	29,603	-4,403	-12.9%
Government	77,012	75,996	75,243	75,571	75,051	-520	-0.7%
<b>Total</b>	<b>796,251</b>	<b>813,720</b>	<b>828,392</b>	<b>851,468</b>	<b>792,420</b>	<b>-59,048</b>	<b>-6.9%</b>

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

<sup>(2)</sup> Other services include repair and maintenance, personal and laundry services, and religious, grant making, civic, professional, and similar organizations.

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

Source: U.S. Bureau of Economic Analysis, Massachusetts Executive Office of Labor and Workforce Development, BPDA Research Division Analysis.

High tech industries are defined as a subset of professional, scientific, and technical services, information, and manufacturing with a high percentage of their workforce in science, technology, engineering and math (STEM) occupations. High tech employment in Boston grew during the pandemic, increasing by 5.0% from 2020 to 2021 to 59,381 jobs. Major Boston high tech clusters include the Innovation District, which provides startups a place to grow, and world class centers for medical research in the Longwood Medical Area and Massachusetts General Hospital campus.

Between 1970 and 2019, the share of white-collar workers in Boston's resident labor force increased from 55% to 71%. Between 2000 and 2019, the proportion of white collar to blue collar workers in the City remained approximately the same.



### Occupational Change in the City's Resident Labor Force, 1970 -2019

	1970		1980		1990		2000		2019	
	Number	%	Number	%	Number	%	Number	%	Number	%
White-Collar	146,657	55	154,456	60	191,251	67	197,049	69	287,347	71
Managerial, Professional & Related	59,929		77,217		107,206		123,850		214,132	
Sales & Office	86,728		77,239		84,045		73,199		73,215	
Blue-Collar & Service	119,848	45	101,561	40	97,453	33	88,810	31	119,590	29
Construction, Extraction, Maintenance	27,157		19,772		18,453		14,118		14,696	
Production, Transportation, & Related	36,695		24,825		19,971		23,630		25,454	
Service and Farm & Fishing	55,996		56,964		59,029		51,062		79,440	
Total	266,505	100	256,017	100	288,704	100	285,859	100	406,937	100

Source: U.S. Census Bureau, 1970-2000 Decennial Censuses, 2019 American Community Survey

## Unemployment

According to the Massachusetts Executive Office of Labor and Workforce Development, Boston's average unemployment rate for 2019 was 2.6%, 1.1 percentage points lower than the national unemployment rate. With the onset of the global COVID-19 pandemic, unemployment spiked in the spring of 2020, resulting in an annual unemployment rate of 9.2% for 2020 recovering to 5.7% for 2021.

### Annual Unemployment Rates, 2016-2021<sup>(1)</sup> (Not Seasonally Adjusted)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021<sup>(3)</sup></u>
City of Boston	3.6%	3.5%	3.1%	2.7%	9.2%	5.7%
Metropolitan Boston <sup>(2)</sup>	3.4	3.3	2.9	2.5	8.2	5.0
Massachusetts	4.0	3.8	3.4	3.0	8.9	5.6
United States	4.9	4.4	3.9	3.7	8.1	5.3

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

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

<sup>(3)</sup> These are preliminary estimates and subject to revision.

Sources: Bureau of Labor Statistics for United States, Massachusetts and Metro; and Massachusetts Executive Office of Labor and Workforce Development for the City, January 2022.

The following table presents monthly unemployment data from January 2019 through December 2021. The latest data for December 2021 show Boston's unemployment rate was 3.3%, down from a peak of 16.1% in June 2020.

### Monthly Unemployment Rates for City of Boston, Metropolitan Boston,<sup>(1)</sup> Massachusetts, and the United States for 2019, 2020, and 2021 (Not Seasonally Adjusted)

	City of Boston			Metropolitan Boston <sup>(1)</sup>			Massachusetts			United States		
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Jan.	3.3%	2.8%	7.5%	3.2%	2.7%	6.7%	4.0%	3.4%	7.5%	4.4%	4.0%	6.8%
Feb.	2.8	2.5	7.0	2.8	2.4	6.4	3.6	3.1	7.3	4.1	3.8	6.6
Mar.	2.8	2.6	6.3	2.7	2.6	5.8	3.4	3.1	6.6	3.9	4.5	6.2
Apr.	2.4	14.9	6.0	2.3	14.4	5.3	2.8	16.3	5.9	3.3	14.4	5.7
May	2.7	15.5	5.2	2.5	14.2	4.5	2.9	15.4	5.0	3.4	13.0	5.5
Jun.	3.1	16.1	5.8	2.8	13.9	4.9	3.2	14.8	5.4	3.8	11.2	6.1
Jul.	3.1	11.5	6.0	2.8	9.6	5.2	3.2	10.1	5.7	4.0	10.5	5.7
Aug.	2.8	10.6	5.6	2.5	8.7	4.9	2.9	9.1	5.4	3.8	8.5	5.3
Sep.	2.6	10.3	5.5	2.4	8.6	4.8	2.8	8.9	5.3	3.3	7.7	4.6
Oct.	2.3	9.0	5.2	2.2	7.8	4.6	2.5	8.1	5.1	3.3	6.6	4.3
Nov.	2.2	8.1	4.6	2.1	7.3	4.1	2.5	7.7	4.6	3.3	6.4	3.9
Dec. <sup>(3)</sup>	2.1	7.6	3.3	2.0	6.7	3.0	2.5	7.3	3.5	3.4	6.5	3.7

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

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

<sup>(3)</sup> Preliminary, subject to revision for 2021

Sources: Bureau of Labor Statistics for United States, Massachusetts, and Metropolitan Boston; and Massachusetts Department of Workforce Development for the City of Boston, January 2022.

## ***Largest Private Employers in Boston***

The ten largest private employers in Boston employ approximately 91,329 people, or about 11.5% of all employment.

### **Top 10 Largest Employers in Boston**

<b>Employer</b>	<b>Jobs</b>	<b>Share of Total</b>
Massachusetts General Hospital	17,575	2.2%
Brigham and Women's Hospital	13,785	1.7
Boston University	10,406	1.3
Beth Israel Deaconess Medical Center	8,599	1.1
Boston Children's Hospital	7,945	1.0
State Street Bank & Trust Company*	7,500	0.9
Boston Medical Center	6,705	0.8
Harvard University Graduate Schools	6,532	0.8
Northeastern University**	6,332	0.8
Fidelity Investments	5,950	0.8
<b>Sum of Top 10 Employers</b>	<b>91,329</b>	<b>11.5</b>
<b>Total Boston Employment***</b>	<b>792,420</b>	

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

\*\* Northeastern's employment includes both Northeastern University and the Northeastern University Professional Advancement Network.

\*\*\* Boston's total payroll and non-payroll employment as of 2020.

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

In addition to private employers, local, state, and federal government institutions employ approximately 75,000 people in Boston. Boston is home to large state government offices, federal regional offices, U.S. Postal Service facilities, state-chartered authorities and commissions (such as the Massachusetts Port Authority and the Boston Water and Sewer Commission), and the City's local government agencies and departments.

## ***Labor Force and Education***

While the size of Boston's resident labor force dipped in the spring of 2020 with the onset of the pandemic, it has since returned to pre-pandemic levels. According to 1-year ACS surveys, Boston's population grew 11.7% between 2010 and 2019 to 694,295, of which 426,347 residents were in the labor force and 406,937 were employed. The educational attainment of Boston residents, measured as the share of residents over the age of 25 with at least a bachelor's degree, also improved from 35.6% in 2000 to 51.7% in 2019. Improving educational attainment has supported the City's transition to a knowledge-based economy.

### **Years of School Completed for Boston Residents Aged 25 and over, 1980, 1990, 2000 and 2019**

	<b>1980</b>		<b>1990</b>		<b>2000</b>		<b>2019</b>	
	<b>Persons</b>	<b>Percent</b>	<b>Persons</b>	<b>Percent</b>	<b>Persons</b>	<b>Percent</b>	<b>Persons</b>	<b>Percent</b>
Fewer than nine years	54,932	16.6%	37,824	10.3%	34,321	9.1%	32,791	6.8%
9 to 12 years, no diploma	49,407	14.9	51,051	14.0	45,308	12.0	22,504	4.6
High school graduate (or GED)	115,787	35.0	97,233	26.6	90,568	24.0	92,791	19.1
Some college or Associates	43,451	13.2	69,889	19.1	73,125	19.4	86,206	17.8
Bachelors, Masters, or Prof.	67,073	20.3	109,711	30.0	134,252	35.6	251,058	51.7
<b>Total</b>	<b>330,650</b>	<b>100.0%</b>	<b>365,708</b>	<b>100.0%</b>	<b>377,574</b>	<b>100.0%</b>	<b>485,350</b>	<b>100.0%</b>

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

Source: U.S. Census Bureau, 1980-2000 Decennial Census reports, 2019 1-year American Community Survey.

The Mayor's Office of Workforce Development (OWD), a division of the BPDA, funds workforce development in the City to promote the full participation of all Boston residents in the City's economy. OWB policies and programs ensure that low-income Boston residents, both youth and adults, are connected to the training necessary to obtain career-oriented employment that leads to economic stability. Programs and services offered

through OWD grants include adult basic education, English for Speakers of Other Languages (ESOL), High School diploma/HiSET, occupational skills training, transitional job experience, career exploration and support services which address a wide range of individual and family needs.

In fiscal year 2020, OWD supported over 88 community organizations with more than \$15 million in funding, to provide a variety of services to greater Boston’s residents. These services included apprenticeship training in hospitality, facilities maintenance, emergency medical services, and the building trades; internship and alternative education programs for young adults; summer youth employment; and adult ESOL programs. OWD also oversees and convenes the city’s two one-stop career centers (American Job Centers), which served 11,459 jobseekers and 778 employers. In addition, funding from OWD served 1,621 young people ages 14 to 24 with a variety of education and skills development programming. Youth Options Unlimited (YOU), a division of OWD that works with at-risk youth, provided case-management services to 354 young people, placing 187 into subsidized jobs. Linkage contributions paid into the Neighborhood Jobs Trust provide supplemental sources of funding for job training and adult education programs. For a full discussion of the City’s jobs linkage program, as well as the housing linkage program, see “The Linkage Program” below.

### ***Income, Wages, and Cost of Living***

Per capita personal income for Suffolk County was \$94,632 in 2020, 52.2% above the national per capita personal income of \$62,178, according to the BEA. According to the 2020 Census, Boston residents constitute approximately 84.7% of the county’s population. The summary table below shows the per capita income from 1980 through 2020 for Suffolk County, Metropolitan Boston, Massachusetts and the nation. Annual growth for per capita income in Suffolk County was about double the national average for Massachusetts, Metropolitan Boston and Suffolk County from 2000 to 2018. The City’s median household income based on Census data from the ACS was \$79,018 in 2019. Per capita personal income reflects earned income of persons residing in the named areas plus rents, interest and other unearned income and transfer payments from governmental entities. As such, these figures consider income sources not included in the survey of average annual wages in the following paragraph, which reflect earned income of persons who work (but do not necessarily reside) in the named areas.

**Per Capita Personal Income Comparison, 1980 to 2020<sup>(1)</sup>  
(In Fixed 2021 Dollars)**

<b>Year</b>	<b>United States</b>	<b>Massachusetts</b>	<b>Metropolitan Boston<sup>(1)</sup></b>	<b>Suffolk County<sup>(2)</sup></b>
1980.....	\$33,316	\$35,095	\$36,558	\$34,137
1990.....	\$40,546	\$47,767	\$51,091	\$50,810
2000.....	\$48,056	\$60,533	\$66,787	\$62,386
2010.....	\$49,948	\$65,793	\$72,123	\$80,256
2015.....	\$55,278	\$71,702	\$78,394	\$76,143
2016.....	\$55,485	\$72,373	\$79,046	\$77,289
2017.....	\$56,969	\$74,609	\$81,663	\$81,536
2018.....	\$58,633	\$77,195	\$84,745	\$87,392
2019.....	\$59,282	\$77,719	\$85,639	\$89,174
2020.....	\$62,178	\$81,976	\$89,568	\$94,632

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

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

<sup>(3)</sup> City residents constitute approximately 84.7% of Suffolk County’s population.

Source: Bureau of Economic Analysis, Personal Income Summary: Personal Income, Population and Per Capita Personal Income, December 2021.

Payroll wages for jobs located in Boston had an average annual payroll wage of \$117,665. Data from the BEA indicate that the average annual wage and salary disbursement per job for 1980 through 2020 by place of work has been consistently higher in Suffolk County than in Metropolitan Boston and the Commonwealth. Adjusted for inflation, the average wage per job in Suffolk County grew by 9.7% from 2019 to 2020.

**Average Wage per Job, 1980 to 2020  
(In Fixed 2021 Dollars)**

	<b>United States</b>	<b>Massachusetts</b>	<b>Metropolitan Boston <sup>(1)</sup></b>	<b>Suffolk County <sup>(2)</sup></b>
1980.....	\$45,936	\$44,388	\$46,248	\$50,734
1990.....	\$48,477	\$54,454	\$57,348	\$64,664
2000.....	\$55,047	\$67,957	\$73,948	\$87,100
2010.....	\$58,285	\$70,413	\$76,383	\$92,801
2015.....	\$60,646	\$74,397	\$81,182	\$100,391
2016.....	\$60,688	\$74,356	\$81,179	\$100,602
2017.....	\$61,385	\$75,519	\$82,594	\$103,264
2018.....	\$61,669	\$78,189	\$85,111	\$108,243
2019.....	\$62,907	\$77,951	\$85,501	\$107,278
2020.....	\$66,888	\$84,961	\$93,282	\$117,665

<sup>(1)</sup> The Boston-Cambridge-Newton MA-NH MSA Includes five counties in Massachusetts (Essex, Middlesex, Norfolk, Plymouth and Suffolk) and two counties in New Hampshire (Rockingham and Strafford).

<sup>(2)</sup> Jobs in Boston constitute approximately 96.1% of jobs in Suffolk County.

Source: Bureau of Economic Analysis, Economic Profile: Average Wages and Salaries, December 2021.

From 2010 to 2020, prices rose at an annual average rate of 1.8% in Metropolitan Boston based on the BLS Consumer Price Index (CPI), while the national index grew at a 1.2% annual rate. Pandemic disruptions caused prices to rise in 2021. For 2021 through November, prices rose by 3.1% in the Metropolitan Boston area and 4.5% nationally.

**Consumer Price Index for All Urban Consumers**  
**2010-2021**  
**(CPI-U) <sup>(1)</sup>**

Year	United States Index	Percent Change	Metropolitan Boston <sup>(2)</sup> Index	Percent Change
2010.....	218.056	1.6%	237.446	1.6%
2011.....	224.939	3.2	243.881	2.7
2012.....	229.594	2.1	247.733	1.6
2013.....	232.957	1.5	251.139	1.4
2014.....	236.736	1.6	255.184	1.6
2015.....	237.017	0.1	256.715	0.6
2016.....	240.007	1.3	260.496	1.5
2017.....	245.120	2.1	267.033	2.5
2018.....	251.107	2.4	275.815	3.3
2019.....	255.657	1.8	281.082	1.9
2020.....	258.811	1.2	286.233	1.8
2021 (through Nov.).....	270.416	4.5	295.084	3.1

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

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

Source: Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, Series ID: CUUR0000SA0, January 2022.

***Medical and Higher Educational Institutions***

Boston’s medical and educational institutions are important components of its economy, providing employment opportunities for residents of the City and Metropolitan Boston. Expenditures by these institutions, as well as their employees, patients, students and visitors stimulate the City’s trade and service sectors. There are twenty-two in-patient hospitals located within the City with a combined total of 6,110 beds as of January 2022.<sup>11</sup> The largest of these are Massachusetts General Hospital, Brigham and Women’s Hospital, Beth Israel Deaconess Medical Center, Boston Children’s Hospital, Tufts New England Medical Center and Boston Medical Center. The City is also home to the medical, dental and public health schools of Harvard, Tufts and Boston University. Boston received a total of \$2.3 billion in NIH awards for fiscal year 2020, with eight organizations receiving over \$125 million each.

Boston is home to top universities such as Boston University, Northeastern University, and University of Massachusetts (UMass) Boston. As of academic year 2020-2021, data from the City of Boston’s University Accountability Ordinance and Department of Neighborhood Development indicate that the City’s universities and colleges had a combined enrollment of 140,833 full- and part-time students.<sup>12</sup> This is an increase of close to 7,342 students since 2013. This number includes the Boston-based Harvard professional and graduate schools and Tufts

<sup>11</sup>AHA’s DataViewer, <http://www.ahadataviewer.com/quickreport/>

<sup>12</sup>City of Boston Department of Neighborhood Development

Health Sciences programs and the school of the Museum of Fine Arts but does not include MIT or undergraduate enrollment at Harvard or Tufts, whose principal campuses are in Cambridge and Medford, respectively. Based on total graduate, undergraduate and professional school enrollment, Northeastern University enrolled the most students during the fall of 2020 at 35,909, followed by Boston University at 30,776. Boston, with 10% of the Commonwealth's population, has about 22% of the statewide college student enrollment. Along with colleges and universities across the country, Boston schools sent students home in March 2020. Students are now back in class in-person and most schools require students to be vaccinated. However, a few institutions have decided to go remote for a short period of time due to covid surges in the winter of 2022.

According to the Department of Neighborhood Development, no new dormitory beds were permitted or completed in 2021. There were 3,864 more students living in private housing compared to 2020, however the total number of students residing in private housing in Boston is about 3,000 below pre-pandemic levels. In total, 6,441 beds have been built between 2014 and 2021, accounting for 35% of the goal of 18,500 beds set out in the Housing a Changing City: Boston 2030 plan. Another 1,100 beds are under construction or soon to be under construction as of the 2020-2021 school years.

In 2021, the BPDA approved 1,281,750 square feet of institutional development across the City. These new projects primarily came from major educational and medical institutions. The projects highlighted below capture major institutional developments approved in 2021.

- Massachusetts General Hospital (MGH) will build a new state of the art clinical building along Cambridge Street in the West End. This new project will total approximately 1,050,450 square feet, providing MGH with approximately 482 beds as well as space for clinical, ambulatory and support services for the hospital. As part of the project, MGH will deliver community benefits to the surrounding area including the addition of 45,600 square feet of new public spaces including publicly accessible roof gardens and plazas on the campus.
- Faulkner Hospital Inpatient Addition and Campus Improvements Institutional Master Plan (IMP) allows for the approval of multiple proposed projects. The Inpatient Addition on the southern side of the Main Building will include approximately 98,000 square feet with 78 new inpatient beds. The project will bring significant transit improvements and new bicycle facilities along Centre Street.
- Benjamin Franklin Institute of Technology was approved in 2021 to build a new Nubian Square campus in Roxbury. BFIT owns a vacant single-story building in Nubian Square that it will demolish to construct a new three-story building containing 20 indoor technical education labs, eight general classrooms, meeting and study rooms, a central student lounge, administration and other offices, as well as support spaces.
- The project at 819 Beacon Street in the Fenway will create 393 residential rental housing units, including 59 on-site affordable units, and 53 institutional patient-family housing units which will allow Boston Children's Hospital to offer a unique patient-family housing program which provides need-based and convenient lodging accommodations for families with children receiving medical care.

### ***Tourism and Culture***

Boston ranks among the top destinations in North America for conventions, meetings and trade shows, based on the number and quality of the shows booked. Boston currently has three main convention sites—the John B. Hynes Veterans Memorial Convention Center (“Hynes”), the Seaport World Trade Center and the 2.1 million square foot Boston Convention & Exhibition Center (“BCEC”), which is the largest building in New England and capable of hosting large national and international events. In late summer of 2014, the Massachusetts Convention Center Authority (“MCCA”) also opened “The Lawn on D,” a flexible outdoor public and event space immediately adjacent to the BCEC. In 2019 the Hynes and the BCEC hosted a combined total of 336 events with an aggregate of 832,243 attendees. This resulted in approximately 800,000 hotel room nights and generated an overall economic impact of approximately \$870 million, according to the MCCA<sup>13</sup>. The COVID-19 pandemic forced the cancellation of conventions and events, and the BCEC was converted to the Boston Hope field hospital in April and May 2020. In 2021, the convention centers gradually reopened, hosting a combined total of 68 events with 128,484 attendees, for an estimated economic impact of \$153 million<sup>14</sup>.

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<sup>13</sup>Massachusetts Convention Center Authority, January 2020.

<sup>14</sup>Massachusetts Convention Center Authority, January 2022

Boston is a popular vacation destination with historical and cultural attractions such as the Freedom Trail, Faneuil Hall, Fenway Park, Boston Common and Public Garden, the Museum of Fine Arts, and the Museum of Science. Visitors also come to Boston to enjoy the local restaurants and attend performances such as the Boston Symphony Orchestra and theater productions. With the COVID-19 crisis, visitors to Boston declined dramatically in the spring of 2020 and have been slowly returning. Domestic visitors to Boston recovered to 79% of October 2019 levels in October 2021 before falling back to 56% of 2019 levels at the end of December 2021 as the Omicron wave hit the City and region.

### ***Hotel Market***

As of January 2022, Boston had 95 hotels open for business with a total of 24,300 hotel rooms in establishments of fifty or more rooms<sup>15</sup>. The Omni Boston Hotel at the Seaport (1,054 rooms) and the Hampton Inn Boston Seaport District (411 rooms) both opened in 2021.

The average occupancy rate of hotels in Boston was 90.7% in October 2019, according to the Pinnacle Perspective Monthly Report. Boston hotels were closed to general public accommodation from late March to early June 2020 due to the COVID-19 pandemic. Hotel occupancy has recovered somewhat, reaching 30.8% in October 2020 and rising to 72.1% in October 2021 before falling to 36.7% in January 2022 with the Omicron wave and winter weather. The City’s Average Daily Rate (“ADR”) represents the average rate paid per room over a given period. The ADR is highly correlated with the occupancy rate, which follows the same trend but on a lagged basis. The table below shows the room supply, occupancy rate, ADR and revenue per available room for Boston for the years 1990, 2000, 2010, and 2015 through 2021. The hotel industry provided 6,089 jobs in Boston in 2020 (down from 11,609 in 2018), accounting for 1.0% of Boston’s total payroll jobs and 24.3% of Massachusetts’ hotel industry employment.

**Boston Hotel Room Supply, Occupancy, Room Rate and Revenues per Available Room**

<b>Year</b>	<b>Room Supply</b>	<b>Average Occupancy Rate %</b>	<b>Average Daily Rate (2021\$)</b>	<b>Revenue Per Available Room (2021\$)</b>
1990	12,070	74.3%	\$245.71	\$182.56
2000	14,002	78.4%	\$310.93	\$243.92
2010	18,363	75.4%	\$244.65	\$184.46
2015	19,420	81.8%	\$291.42	\$238.36
2016	20,172	81.2%	\$287.88	\$233.84
2017	20,498	82.4%	\$286.26	\$235.75
2018	21,356	82.8%	\$284.36	\$235.39
2019	22,524	82.7%	\$277.64	\$229.54
2020	22,947	26.5%	\$169.05	\$44.82
2021	24,300	46.9%	\$215.67	\$101.19

Source: Occupancy, ADR and RevPAR reported by Pinnacle Advisory Group. All dollar concepts in fixed 2021 dollars.

### ***Transportation***

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

<sup>15</sup>City of Boston Licensing Board.



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

The MBTA provides commuter rail, subway, local bus and express bus services throughout eastern Massachusetts. MBTA ridership fell dramatically with the onset of the pandemic in the spring of 2020. While ridership has slowly recovered, ticket validations at gated stations in Boston remained 47.5% below 2019 levels as of December 2021<sup>16</sup>.

The MBTA and MassDOT jointly produce a Capital Investment Plan (“CIP”), integrating the decision-making process around funding allocation and aligning the agencies’ goals and program evaluation procedures<sup>17</sup>. Given the uncertainties surrounding the pandemic, the 2022 CIP continues the framework laid out in the 2017-2021 CIP. The 2022 CIP commits \$4.0 billion in programmed transportation spending for roads, rails, shared use paths, airports, buses, and bridges. Approximately 44% of the investments are focused on improving the reliability and resiliency of the existing core transportation system, with an additional 28% devoted to modernizing these systems<sup>18</sup>.

The Red Line / Orange Line Transformation program replaces and expands the MBTA’s Red Line and Orange Line fleets, including upgrading yards, maintenance facilities, test tracks, signals and power. When fully implemented along with additional improvements to stations, track, signals and power projects, these investments are expected to allow three-minute headways on the Red Line and four-and-a-half-minute headways on the Orange Line. Final completion for initial infrastructure improvements is scheduled for Summer 2022 and final delivery of vehicles for the fleet replacement is anticipated for September 2023.

The Green Line Transformation (GLT) integrates over 60 Green Line projects in a cohesive investment strategy including (1) Safety & State of Good Repair, (2) Accessible Stations, (3) Legacy car Replacement, and (4) Increased Capacity. The Green Line Extension (GLX) project is a 4.7-mile light rail line that will extend current Green Line service from a relocated Lechmere Station in East Cambridge to a terminus at College Avenue in Medford, and a spur to Union Square in Somerville. This project is estimated to cost \$2.28 billion and is funded with federal funds (FFGA and FHWA), state bonds, and contributions from the cities of Cambridge and Somerville. The first portion of the extension opened for service on March 21, 2022. The remainder of the project is expected to be in operation by the end of summer 2022.

The Sumner Tunnel Centennial Project will rehabilitate the Sumner Tunnel which was constructed in the 1930s. The tunnel arch and deck will be rehabilitated and the ceiling, wall panels, lighting, fire standpipe and communications systems will be replaced. The work will be done in three phases with a 16-week closure planned for the Summer of 2023. This project is funded with federal highway funds and state bond cap match.

The I-90 Allston Intermodal Program will replace the I-90 Allston viaduct and reconfigure the interchange. Changes to the interchange will include flattening the curve of I-90 as it passes through Allston and connecting I-90 to Cambridge Street and Soldiers’ Field Road via a new urban street grid. These changes provide MassDOT with the opportunity to enhance parkland along the Charles River, introduce bicycle and pedestrian connections around and through the former Beacon Park Yard site, and invest in improved commuter rail through the introduction of West Station. This project is still in early planning stages and is not yet underway nor have decisions yet been made regarding financing.

### ***Seaport and Airport***

The Massachusetts Port Authority (“Massport”) was created by the state legislature to develop and manage the City’s major air and sea transportation centers. Massport is financially independent, and the City is not responsible for any debt or other obligations incurred by Massport. Heavy use of Boston Logan International Airport (“Logan Airport”) and the Port of Boston have induced significant expansion of both facilities.

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<sup>16</sup>MBTA Datablog

<sup>17</sup>MassDOT, “2019-2023 Capital Investment Plan,” 2017

<sup>18</sup>MassDOT, “2022 Capital Investment Plan,” 2021

The Port of Boston serves the six-state New England region as a natural deep-water port supporting import and export of containerized bulk and general cargo. The port also provides ship repair supply services, customs and international freight forwarding services, intermodal cargo warehouse facilities and other maritime support services. Massport's Conley Container Terminal provides containerized freight water access to other container terminals across the world. The Port of Boston is also a major cruise port. The cruise terminal served 402,346 passengers in 2019, but the pandemic forced a shutdown of operations<sup>19</sup>.

The Port of Boston handled 300,762 boxed containers in calendar year 2019, 268,418 boxed containers in 2020 and 187,902 for 2021.<sup>20</sup> The port also handled 52,018 automobiles in 2019, 48,245 in 2020 and 36,743 in 2021. Additionally, the port handled 99,586 cement metric tons in 2019 and 116,202 cement metric tons in 2021, a record for the Port.

Logan Airport served a total of 42.5 million domestic and international passengers in 2019. The onset of the pandemic caused passenger volume to fall in April 2020 to 2.6% of April 2019 levels. Passenger volume gradually increased throughout 2021, reaching 75.7% of 2019 levels in November 2021 before falling to 41.5% of 2019 levels in January 2022.

### ***Construction Activity***

Building permits issued do not necessarily result in construction, but they provide an indication of potential future construction activity. The estimated revenue from building permit fees during fiscal year 2020 indicated the potential for \$8.2 billion in construction activity compared to an estimate of \$7.4 billion for fiscal year 2019. Between 2019 and 2020, building permit revenue increased by 11.2% in fixed terms. In fiscal year 2022, Boston's property tax levy increased by \$62.1 million due to new real estate growth.<sup>21</sup>

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

<sup>20</sup>"Port Statistics", Massport.com. <http://www.massport.com/conley-terminal/about-the-port/port-statistics/>

<sup>21</sup>Boston Assessing Department. Includes prior year amended growth.

**Boston Building Permit Revenues and Estimated Construction Activity  
Fiscal Years, 2011-2020 in Millions of Fixed 2020 Dollars**

<b>Fiscal Year</b>	<b>Building Permit Revenues <sup>(1)</sup></b>	<b>Estimated Potential Construction Activity <sup>(2)</sup></b>
2011	27.0	3,176
2012	36.7	4,319
2013	32.6	3,824
2014	43.8	5,154
2015	56.5	6,644
2016	56.4	6,633
2017	65.4	7,696
2018	54.5	5,592
2019	62.6	7,363
2020	69.6	8,188
Total 2011-2020	505.2	58,588
Annual Average 2011-2020	50.5	5,859

<sup>(1)</sup> Columns may not add due to rounding.

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

Source: City of Boston, Auditing Department Annual Comprehensive Financial Report. BPDA Research Division Analysis January 2022.

***Public Sector Projects***

Currently there are several ongoing and proposed public sector projects spread across downtown and into Boston’s neighborhoods. The list of large public projects below is not comprehensive but highlights some unique projects covering transportation and other major infrastructure. Funding for these projects is from various sources and generally does not include City funds.

The North Washington Street Bridge Project began in 2018 and will continue until early 2023. This major bridge replacement project will be constructed while also maintaining access throughout the construction process by providing a parallel temporary bridge structure. This important connection provides access between Charlestown and the North End/Central Business District and is estimated to cost \$177 million.

The Massachusetts Water Resources Authority (“MWRA”) is an independent state authority. The MWRA’s fiscal year 2020 Capital Improvements Program enumerates five major initiatives: the Boston Harbor Program, the MetroWest Water Supply Tunnel, and the Carroll Water Treatment Plant, the Combined Sewer Overflow Control Plan, and Covered Storage facilities. The Boston Water and Sewer Commission’s South Boston Sewer Separation project will install new drains and replace sewers and water mains in 403 acres of South Boston from West Broadway to Andrew Square to Telegraph Hill at a cost of \$120 million with construction from 2020 to 2027.

The Community Preservation Act (“CPA”), which passed in November 2016, is helping the City of Boston achieve its housing and economic goals by generating revenue that is specifically allocated to three project categories: creating and preserving affordable housing units, restoring and building parks and recreational open space, and preserving historical sites through a 1% surcharge on real property tax. Since 2018, the first year of allocations, Boston’s nine-member Community Preservation Committee, composed of Boston residents, has recommended 198 projects totaling more than \$92 million: 85 open space and recreation projects, 27 affordable housing projects and 86 historic preservation projects.

***Office Market***

The City had approximately 66.8 million square feet of office space in the third quarter of 2021. Boston’s direct vacancy rate was 13.7%, according to realty firm Jones Lang LaSalle (JLL). Boston’s YTD net absorption of office space was -1.8 million square feet. Compared to this time last year (third quarter of 2020), YTD net absorption has increased by 16% and the vacancy rate has increased by 4 percentage points. The average asking rent citywide in 2021 Q3 was \$73.01, \$25.84 less per square foot than the average rent in the Cambridge office market.

## Boston Office Market—Third Quarter 2021

Market Area	Inventory Foot	Square	YTD Absorption	Vacancy	Average Asking Rent
Back Bay.....	12,469,737		-361,442	9.9%	\$73.84
Charlestown.....	1,854,011		-103,203	18.7%	\$46.95
Fenway.....	1,700,325		-1,169	6.0%	NA
Downtown*.....	37,442,811		1,699,072	14.6%	\$75.11
North Station.....	2,371,416		394,856	19.5%	\$54.16
Seaport District.....	9,747,525		-41,884	13.50%	\$65.77
South End.....	1,203,716		-7,265	16.6%	\$62.24
<b>Boston.....</b>	<b>66,789,541</b>		<b>-1,819,179</b>	<b>13.7%</b>	<b>\$73.01</b>

Source: Office Statistics: Boston Q3 2021, Jones Lang LaSalle IP, Inc. No available office space on the market in the Fenway in Q32021.

The Boston Planning & Development Agency (BPDA) Board approved a net increase of 3.2 million square feet of office development in 2020, but just 0.1 million square feet in 2021. 601 Congress Street in the South Boston Waterfront was approved in September for approximately 233,500 square feet of office space. 80 West Broadway in South Boston will create 72,200 square feet of office space, as well as ground floor retail and manufacturing space. Other mixed-use developments around the city will add office space in primarily residential or retail projects. For example, 149-155 Newbury Street in Back Bay, is a primarily retail project also planning to add 26,000 square feet of office space.

Many office projects approved in previous years are under construction or completed construction in 2021. 15 Necco Street in South Boston Waterfront started construction in October and will add nearly 300,000 square feet of office space once completed. Boston Garden Phase 3 was completed in May, adding 651,000 square feet of office space to the West End. In the South End, 321 Harrison and the Harrison Albany Block both finished construction in early 2021, adding 216,000 and 80,000 square feet of office space respectively. Another large office space completion for this year, 135 Morrissey Boulevard in Dorchester finished construction in August, adding 695,000 square feet of office space to the city.

### ***Retail Market***

In the second quarter of 2021, there were a total of 63,246 employees in retail trade and accommodation and food services in Boston, with 31,480 in retail and 31,766 in accommodation and food services. The retail sector is complemented by an estimated 18,214 employees in personal services businesses, which include such services as repair and maintenance, hair and nail care and laundry and dry-cleaning service. Accommodation and food service employment in Boston remains at approximately half of its pre-pandemic level.

The COVID-19 crisis has provoked a sharp drop in participation in in-person activities such as in-person shopping and eating in restaurants. According to Mastercard Geographic Insight, by November 2021, in-person consumer spending had recovered to 87 percent of the levels in the same period in 2019.

The Boston retail real estate market has struggled during the pandemic. According to CoStar, Boston's retail vacancy rate in Q3 2021 was 2.4%, up from 1.9% in Q3 2020. Retail rents have dipped from \$48.81/sf in Q3 2019 to \$47.05/sf in Q3 2020 to \$45.63/sf in Q3 2021.

Two new supermarkets are planned in Boston. A 1.9 million square foot redevelopment of the 11-acre Stop & Shop supermarket in Allston (dubbed "Allston Yards") was approved in 2019. Once complete, it will introduce a new Stop & Shop supermarket with up to 1,200 parking spaces, in addition to office space and 868 residences. The Landmark Center Redevelopment in Fenway will include a 50,000 square foot Star Market supermarket.

### ***Industrial and Lab R&D Markets***

The growth in the life science industry in Boston has been driving recent development trends, with new projects proposing lab/R&D space and previously approved projects proposing changes to pivot towards lab/R&D space. 88 Black Falcon Avenue, a new project in South Boston Waterfront, was approved in May and will add 327,600 square feet of Lab Space. Another new project, the 100 Hood Park Drive Addition in Charlestown, will add 151,700 square feet of lab space as well as ground floor retail. 321 Harrison, a previously approved and already under construction office project, came back to the BPDA Board in July, changing its primary square footage from office to lab space. This project will add 220,000 square feet of lab space to the South End. Parcel 12 in Back Bay was approved in 2019 as a mixed-use development. In December 2021, the Parcel 12 developers returned to the BPDA Board to convert 118,191 square feet of the retail and office space into lab space.

The Raymond L. Flynn Marine Park (RLFMP), formerly the Boston Marine Industrial Park, consists of over three million square feet of developed real estate. The RLFMP, zoned for industrial and marine uses and close to downtown Boston, is a sought-after location for state-of-the-art research and development. The RLFMP continues to sustain robust industrial uses such as ship repair, seafood processing and design wholesale business clusters, along with small scale manufacturing and life science research and technology companies.

Newmarket is a commercial/industrial district situated in northern Dorchester between Massachusetts Avenue, Melnea Cass Avenue and Interstate-93. Newmarket is one of Boston's industrial economic centers, it is home to many wholesale trade, warehousing, and logistics companies as well as construction companies. In June 2019 the BPDA kicked off the Newmarket Planning initiative to envision a 21<sup>st</sup> century industrial area, while preserving existing industrial jobs and encouraging new industries to enter the expanded neighborhood.

### ***Housing Stock, Housing Values, and Development***

There were 301,702 housing units in Boston according to the 2020 Census, 279,495 of which were occupied. Preliminary data for 2021 real estate trends were provided by the City's Department of Neighborhood Development (DND). Rental data are provided to DND by Multiple Listing Service (MLS) and Rental Beast, an online database of rental listings. Because the sample of rental listings in a given month or year does not necessarily represent the compositions of units in each neighborhood or the City as a whole, DND uses a weighted average methodology to compare rents across time periods. By holding the compositions of units by bedroom and neighborhood constant based on their share in the ACS, this methodology isolates changes in rent levels from other changes in the sample. The citywide weighted average advertised rents fell 4.3% in real terms between 2020 and 2021. Rents fell in neighborhoods with higher student and young adult populations such as Allston while continuing to rise in neighborhoods such as Hyde Park. In the fourth quarter of 2021 as students returned and offices reopened, rents began to rise again. Weighted average rents for an apartment in Boston's neighborhoods ranged from a high of \$4,233 in the South Boston Waterfront to a low of \$2,053 in Hyde Park.

**Average Monthly Rent of Newly Rented Apartments in Boston Neighborhoods  
(In Fixed 2021 Dollars)**

<b>Neighborhood</b>	<b>2019 Weighted Average Rent <sup>(1)</sup></b>	<b>2020 Weighted Average Rent <sup>(1)</sup></b>	<b>2021 Weighted Average Rent <sup>(1)</sup></b>	<b>Percent Change, 2020-2021</b>
Allston	\$ 2,425	\$ 2,332	\$ 2,149	-7.9%
Back Bay	3,596	3,499	3,218	-8.0
Bay Village	2,950	2,772	2,468	-11.0
Beacon Hill	3,019	2,934	2,548	-13.2
Brighton	2,322	2,284	2,171	-4.9
Charlestown	3,039	2,980	2,831	-5.0
Dorchester	2,299	2,313	2,357	1.9
Downtown	3,154	3,032	2,672	-11.9
East Boston	2,298	2,312	2,269	-1.9
Fenway	2,736	2,665	2,460	-7.7
Hyde Park	1,974	1,976	2,053	3.9
Jamaica Plain	2,634	2,611	2,493	-4.5
Longwood Medical Area	2,604	2,532	2,478	-2.1
Mattapan	2,091	2,139	2,178	1.8
Mission Hill	2,558	2,511	2,377	-5.3
North End	2,960	2,854	2,539	-11.1
Roslindale	2,113	2,116	2,135	0.9
Roxbury	2,449	2,433	2,481	2.0
South Boston	3,099	3,027	2,925	-3.4
South Boston Waterfront	4,752	4,679	4,233	-9.5
South End	3,469	3,370	3,026	-10.2
West End	3,699	3,581	3,198	-10.7
West Roxbury	2,213	2,119	2,168	2.3
Citywide	2,673	2,631	2,519	-4.3

<sup>(1)</sup> Averages weighted to match bedroom composition of units by neighborhood in ACS 2019 5-Year Estimates.

<sup>(2)</sup> MLS rental listings are created by local real estate agents and the system helps to market and manage property listings.

<sup>(3)</sup> Rental Beast is an online database of current rental listings.

Source: City of Boston, Department of Neighborhood Development using Multiple Listing Service (MLS) and Rental Beast, January 2022.

The median sale price for a single-family home in Boston reached \$745,000 in the 2021 according to sales record data provided by Banker & Tradesman and DND. This reflects a 5.6% increase in real terms over 2020. Real sales prices of two and three-family structures rose 3.5% between 2020 and 2021. The median condo sales price fell 2.5% in real terms from 2020, reaching \$690,000 in 2021.

**Median Residential Sales Prices for Boston  
2012 through 2021  
(In Fixed 2021 Dollars)**

<b>Year</b>	<b>Single-Family Median Sales Price</b>	<b>Percent Change</b>	<b>Two and Three- Family Median Sales Price</b>	<b>Percent Change</b>	<b>Condo Median Sales Price</b>	<b>Percent Change</b>
2012.....	\$422,771	0.5%	\$418,119	8.3%	\$471,120	4.3%
2013.....	464,318	9.8	481,730	15.2	510,750	8.4
2014.....	499,741	7.6	548,288	13.8	536,865	5.1
2015.....	519,115	3.9	616,093	12.4	598,979	11.6
2016.....	563,349	8.5	653,485	6.1	668,003	11.5
2017.....	606,759	7.7	744,659	14.0	650,887	-2.6
2018.....	635,368	4.7	807,671	8.5	709,674	9.0
2019.....	645,213	1.5	851,470	5.4	698,100	-1.6
2020.....	705,265	9.3	923,144	8.4	707,355	1.3
2021.....	745,000	5.6	955,000	3.5	690,000	-2.5

Source: City of Boston, Department of Neighborhood Development using Banker & Tradesman data, January 2022.

The total number of residential sales (1-3 families and condos) fell by 10.9% from 2019 to 2020 as the pandemic hit, but then rose by 28.0% from 2020 to 2021 as the market rebounded.

**Annual Residential and Condominium Sales in Boston  
2012-2021**

<b>Year</b>	<b>Single-Family Sales</b>	<b>Percent Change</b>	<b>Two and Three- Family Sales</b>	<b>Percent Change</b>	<b>Total Condos Sales</b>	<b>Percent Change</b>	<b>Resident ial and Condo Sales</b>	<b>Percent Change</b>
2012...	1,270	29.3%	1,140	41.8%	4,885	23.5%	7,295	27.0%
2013...	1,391	9.5	1,305	14.5	5,287	8.2	7,983	9.4
2014...	1,258	-9.6	1,180	-9.6	4,900	-7.3	7,338	-8.1
2015...	1,366	8.6	1,289	9.2	5,166	5.4	7,821	6.6
2016...	1,418	3.8	1,251	-2.9	5,606	8.5	8,275	5.8
2017...	1,378	-2.8	1,231	-1.6	5,204	-7.2	7,813	-5.6
2018...	1,394	1.2	1,205	-2.1	5,698	9.5	8,297	6.2
2019...	1,245	-10.7	1,079	-10.5	5,453	-4.3	7,777	-6.3
2020...	1,081	-13.2	834	-22.7	5,015	-8.0	6,930	-10.9
2021...	1,295	19.8	1,024	22.8	6,552	30.6	8,871	28.0

Source: City of Boston, Department of Neighborhood Development using Banker & Tradesman data, January 2022.

Prices and sales volumes for single-family homes and for condominiums are shown by neighborhood for calendar years 2020 and 2021. Areas of the City with the largest number of single-family home sales included West Roxbury, Hyde Park, Dorchester and Roslindale. In the Back Bay, Beacon Hill, and the South End the median single-family sales price was over \$3 million. Mattapan had the lowest median single-family sales price at \$557,500.

**Short Term Trends in Housing Prices**  
**Median Sales Prices and Sales Volume of Single-Family Homes**  
**In Boston's Neighborhoods, Calendar Years 2020 and 2021**  
**(In Fixed 2021 Dollars)**

<b>Neighborhood</b>	<b>2020 Single-Family Price</b>	<b>2021 Single Family Price</b>	<b>Percent Change</b>	<b>2020 Sales Volume</b>	<b>2021 Sales Volume</b>	<b>Percent Change</b>
Allston/Brighton	\$788,330	\$868,000	10.1%	48	52	8.3%
Back Bay/Beacon Hill	4,309,956	3,850,000	-10.7	26	30	15.4
Charlestown	1,319,630	1,325,000	0.4	60	89	48.3
Dorchester	635,261	668,000	5.2	145	180	24.1
Downtown	*	*	*	-	1	*
East Boston	608,618	650,000	6.8	56	53	-5.4
Fenway	*	*	*	2	1	-50.0
Hyde Park	538,091	585,000	8.7	136	169	24.3
Jamaica Plain	958,639	965,000	0.7	84	95	13.1
Mattapan	508,836	557,500	9.6	29	48	65.5
Mission Hill/Longwood	*	*	*	3	3	0.0
North End	*	*	*	1	3	200.0
Roslindale	656,942	716,500	9.1	120	152	26.7
Roxbury	625,858	611,000	-2.4	33	36	9.1
South Boston	903,350	935,000	3.5	78	88	12.8
South Boston Waterfront	*	*	*	-	-	*
South End	3,003,908	3,290,000	9.5	25	39	56.0
West End	*	*	*	-	-	*
West Roxbury	708,400	737,500	4.1	235	256	8.9
Citywide	705,265	745,000	5.6	1,081	1,295	19.8

\* Medians or percentages with a sample size of less than ten are not reliable.

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

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

Source: City of Boston, Department of Neighborhood Development using Banker & Tradesman data, January 2022.

Condominium sales volume and prices also showed variability across the neighborhoods of Boston in 2020 and 2021. The most expensive neighborhoods for condominiums were the South Boston Waterfront and Downtown which had median sales prices over \$1 million. West Roxbury and Hyde Park had the least expensive condominiums with median sales prices under \$500,00.



**Short Term Trends in Housing Prices**  
**Median Sales Prices and Sales Volume of Condominiums**  
**In Boston's Neighborhoods, Calendar Years 2020 and 2021(In Fixed 2021 Dollars)**

<b>Neighborhood</b>	<b>2020 Condo Price</b>	<b>2021 Condo Price</b>	<b>Percent Change</b>	<b>2020 Sales Volume</b>	<b>2021 Sales Volume</b>	<b>Percent Change</b>
Allston/Brighton	\$511,970	\$500,000	-2.3%	317	472	48.9%
Back Bay/Beacon Hill	1,462,773	990,000	-32.3	493	571	15.8
Charlestown	783,106	745,000	-4.9	346	409	18.2
Dorchester	539,136	561,000	4.1	556	641	15.3
Downtown	1,200,519	1,189,500	-0.9	181	270	49.2
East Boston	595,558	635,000	6.6	310	615	98.4
Fenway	751,761	632,500	-15.9	94	200	112.8
Hyde Park	430,107	450,000	4.6	69	84	21.7
Jamaica Plain	679,145	659,900	-2.8	558	551	-1.3
Mattapan	482,715	601,000	24.5	35	67	91.4
Mission Hill/Longwood	623,768	589,500	-5.5	40	58	45.0
North End	794,077	730,000	-8.1	152	197	29.6
Roslindale	493,686	550,000	11.4	224	232	3.6
Roxbury	552,197	542,500	-1.8	134	174	29.9
South Boston	775,792	758,500	-2.2	658	930	41.3
South Boston Waterfront	1,440,622	1,399,500	-2.9	209	196	-6.2
South End	1,123,201	966,450	-14.0	470	682	45.1
West End	637,873	680,000	6.6	54	63	16.7
West Roxbury	470,177	449,000	-4.5	115	140	21.7
Citywide	707,355	690,000	-2.5	5,015	6,552	30.6

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

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

Source: City of Boston, Department of Neighborhood Development using Banker & Tradesman data, January 2022.

Despite the economic distress created by the COVID-19 pandemic, foreclosure activity in 2020 was at record lows, in part because of the relief provided to eligible homeowners by both the Commonwealth of Massachusetts and the federal government. The State foreclosure moratorium, which ended in October 2020, prevented lenders or servicers from undertaking foreclosure-related actions such as a foreclosure sale or exercising a right to entry. This moratorium applied to owner-occupied homes of four units or fewer that were neither vacant nor abandoned and generally did not allow homeowners to skip payments; instead, it allowed homeowners to pay in a lump sum, via a repayment schedule, or through a loan modification. In addition, during the moratorium period, penalties and late fees were waived for missed payments. The federal foreclosure moratorium, which ended on June 30, 2021, applied to federally backed mortgages such as Freddie Mac, Fannie Mae, and HUD/FHA loans. However, lenders or servicers of non-federally backed mortgages may provide some relief on their own. While the moratorium has ended, borrowers can take advantage of foreclosure forbearance programs as well as state and local city or town foreclosure prevention assistance.

Launched in 2014, Housing Boston 2030 laid out a plan for the creation of 53,000 new units by 2030 to accommodate Boston's growing population. In September 2018, the City revised its housing goal to 69,000 new

units by 2030 to accommodate population growth that was exceeding initial growth estimates. Overall housing starts are on target to reach the 2030 goal of 69,000 units, with 39,326 units permitted 2011 through 2021.<sup>22</sup> Residential developments under construction in 2021 include Harrison-Albany Block B, (South End, 303 rental units), 3368 Washington St (Jamaica Plain, 202 low-income rental), 780 Morrissey Boulevard (Dorchester, 219 rental units), Allston Yards Building A (Allston, 165 rental units), Bartlett Place Building D (Roxbury, 106 net new units, BHA JJ Carroll Redevelopment (64 BHA replacement + 78 new elderly units), BHA Orient Heights Phase 3 (123 BHA replacement units), 140 Clarendon St (131 new affordable units - 110 serving those who have experienced homelessness), and 139-149 Washington St (Brighton, 55 condos).

Housing completions in 2021 set a record, with 4,050 units coming online, following a strong year for housing production in 2020 with 4,029 new units completed.<sup>23</sup> Residential developments completed in 2021 include 370-380 Harrison Ave (South End 273 units), The Mark at DeNormanie Wharf/99 Sumner St (E Boston, 107 condos), Indigo Block/Rental (Dorchester, 80 rental units), Rope Walk Complex (Charlestown, 97 rental units), 20 W Fifth St (S Boston, 54 condos), Garden Garage (469 rental units) and 95 St Alphonsus St (115 rental units), and Whittier Redevelopment Phase 2 (Roxbury, 52 units).

In 2021, the BPDA Board approved 7.1 million square feet of new housing, for a total of 6,666 new housing units across the City. Of these units, 2,366 are on-site income-restricted units. The largest new residential project from 2021 was the Bunker Hill Housing Redevelopment in Charlestown. Approved in January, this project will add 2,699 residential units, 1,010 of which will be income restricted. Other large residential approvals include: 1515 Commonwealth Avenue in Brighton for 253 residential units, 135 Dudley Street in Roxbury for 168 residential units, 220 Huntington Avenue in Back Bay for 325 residential units, 323-365 Dorchester Avenue in South Boston for 310 residential units, and 819 Beacon Street in Fenway for 393 residential units.

### ***The Linkage Program***

The City implemented its development linkage program in 1983 to direct some of the benefits of downtown investment to the building of affordable housing in its neighborhoods through the Neighborhood Housing Trust (“NHT”). The linkage program also funds job training for City residents through the Neighborhood Jobs Trust (“NJT”). Under the linkage program, real estate developers seeking approval of large scale commercial or institutional developments are required to enter into agreements to pay exactions in the amount of \$15.39 per square foot of non-residential construction over 100,000 square feet, of which \$2.39 per square foot goes to the job training fund and \$13.00 per square foot goes for affordable housing purposes. The fee was last adjusted as of March 11, 2021. Since its inception through January 10, 2022, the linkage program has collected \$220.4 million for the NHT and \$54.3 million for the NJT.

The NHT has awarded approximately \$222.6 million in grant funds from the start of the program through CY2021. The NHT funding contributed to the construction or renovation of 16,638 housing units of which 15,033 units were income restricted. The NHT funding represents 4.4% of the combined development cost of all assisted projects. NHT grant awards are allocated to fund low and moderate-income housing through the renovation of old buildings and schools and the construction of new housing. Projects have included rental developments of family-sized units, single room occupancy units, units set aside for homeless or formerly homeless households, elderly housing units, and units exclusively for other special needs populations. In addition, the NHT grants support the development of housing ownership opportunities in condominiums, housing cooperatives, and single-family homes.

NJT supports innovative education and training activities leading to high wage employment, new or non-traditional employment opportunities, and community-based projects that respond to specific neighborhoods’ education and training needs. In Fiscal Year 2020, NJT disbursed approximately \$1.97 million to job training and education programs. Among the NJT-funded programs were 24 job training programs chosen through an open request for proposals process. From Fall 2019 through Fall 2020, these grantees trained more than 200 adults for such industry sectors as banking/finance, culinary arts, hospitality, healthcare, human services, and retail. Many of these adults faced at least one of the following barriers to employment: CORI record, Temporary Assistance for Needy Families, housing vouchers, or homelessness/near-homelessness.

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<sup>22</sup>Department of Neighborhood Development

<sup>23</sup>Department of Neighborhood Development

In addition, NJT funded special projects through such organizations as SkillWorks and English for New Bostonians. NJT also provided \$200,000 in Individual Training Account vouchers to supplement WIOA funds administered by Boston's one-stop career centers. These programs provided critical job training, English language instruction, and educational opportunities for Boston residents. Neighborhood Jobs Trust funds also supported key mayoral initiatives, including the Tuition-Free Community College (TFCC) Plan. TFCC provides up to three years of tuition and mandatory fees for income-eligible Boston students who are attending college. To date, over 800 students have enrolled in TFCC. NJT funds also supported City Academy, an innovative training pipeline for residents to access skills training for jobs with City agencies. To date, over 200 students have completed training to obtain either their Commercial Driver's License or Emergency Medical Technician license.



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## PROPOSED FORM OF LEGAL OPINION



111 Huntington Avenue  
 9th Floor  
 Boston, MA 02199-7613  
 Telephone: 617-239-0100  
 Fax: 617-227-4420  
 www.lockelord.com

(Date of Delivery)

Justin Sterritt, Chief Financial Officer  
 and Collector-Treasurer  
 City of Boston  
 Boston, Massachusetts

\$335,215,000  
 City of Boston, Massachusetts  
 General Obligation Bonds  
 2022 Series A

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

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

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

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City.
2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Internal Revenue Code of 1986, as amended that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds

to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

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

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

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

LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Boston, Massachusetts (the “Issuer”) in connection with the issuance of its \$335,215,000 General Obligation Bonds, 2022 Series A dated April 13, 2022 (the “Bonds”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“Obligated Person” shall mean the Issuer.

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated March 30, 2022 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

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

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

SECTION 5. Reporting of Significant Events.

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

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



7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

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

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

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

format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

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

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

Date: April 13, 2022

CITY OF BOSTON, MASSACHUSETTS

By: \_\_\_\_\_  
Chief Financial Officer and Collector-Treasurer

\_\_\_\_\_  
Mayor of Boston

\_\_\_\_\_  
City Auditor

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



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**OFFICIAL NOTICE OF SALE  
CITY OF BOSTON, MASSACHUSETTS**

\$334,315,000\*  
GENERAL OBLIGATION BONDS  
2022 SERIES A

**Dated: Date of Delivery**

**Due: November 1, as shown on page 3 herein**

ELECTRONIC BIDS  
WILL BE RECEIVED BY THE CITY OF BOSTON  
ON WEDNESDAY, MARCH 30, 2022

UNTIL 10:30 A.M. (EASTERN TIME)

AS DESCRIBED HEREIN  
CITY HALL, ROOM M-35  
BOSTON, MASSACHUSETTS

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\*Preliminary, subject to change as described herein.

**OFFICIAL NOTICE OF SALE**  
*of the*  
**CITY OF BOSTON, MASSACHUSETTS**

**relating to**

\$334,315,000\*  
General Obligation Bonds, 2022 Series A

ELECTRONIC BIDS will be received by Justin Sterritt, Chief Financial Officer and Collector-Treasurer (the “Collector-Treasurer”) of the City of Boston, Massachusetts (the “City”), until:

10:30 a.m., Eastern Time, on

March 30, 2022

for the City’s \$334,315,000\* General Obligation Bonds, 2022 Series A (the “Bonds”).

Bids for the purchase of the Bonds must be submitted electronically via BiDCOMP/Parity (“PARITY”). Instructions on how to submit a bid via PARITY are provided for the convenience of prospective bidders in Attachment A of this Official Notice of Sale. Electronic bids may be received on a business day thereafter, if necessary, after notification on TM3 (www.tm3.com) (“TM3”) not later than 5:00 p.m., Eastern Time, on the day preceding the day designated for receipt of bids (the “Bid Notification Date”). Such notice, if any, will specify the date selected for sale, the proposed aggregate principal amount of Bonds to be issued, and any changes to the schedule of maturities.

The Bonds will be valid general obligations of the City, for the payment of the principal or redemption price of and the interest on which the full faith and credit of the City will be pledged. The Bonds are payable from *ad valorem* taxes which may be levied upon all taxable property in the City without limit as to rate or amount. See “Security for the Bonds” in the Preliminary Official Statement.

*Electronic Bidding Procedures* - Any prospective bidder that intends to submit a bid must submit its bid through the facilities of PARITY. The Official Bid Form for purposes of a bid will be the electronic bidding form submitted via PARITY. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit a bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. A bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder. If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY at (212) 849-5021. For purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “Basis of Award” below. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale.

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\* Preliminary, subject to change as described herein.

*Details of the Bonds* - The Bonds will be dated their date of delivery, and will mature, subject to the right of prior redemption as described hereinafter, on November 1 in each of the years 2022 to 2041, inclusive, in the principal amounts described in the table below, subject to any adjustments described in “Adjustment of Maturity Schedule” below:

<u>Year*</u>	<u>Principal Amount*</u>	<u>Year*</u>	<u>Principal Amount*</u>
2022	\$10,900,000	2032	\$14,505,000
2023	20,355,000	2033	15,230,000
2024	21,375,000	2034	15,995,000
2025	22,445,000	2035	16,790,000
2026	23,570,000	2036	17,630,000
2027	12,825,000	2037	15,320,000
2028	13,465,000	2038	16,085,000
2029	14,140,000	2039	16,890,000
2030	14,850,000	2040	17,735,000
2031	15,590,000	2041	18,620,000

The Bonds will bear interest, calculated on the basis of 30-day months and a 360-day year, at such rate or rates per annum as are specified by the successful bidder therefore in accordance herewith. The Bonds will be issued by means of a book-entry system with no physical distribution of Bonds made to the public. One Bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Interest on the Bonds will be payable semiannually on May 1 and November 1, beginning November 1, 2022 until maturity or redemption prior to maturity. Principal of the Bonds will be paid annually on November 1, as set forth in the foregoing maturity schedule, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The record date for principal and interest payments will be the fifteenth day of the month next preceding the date on which interest is to be paid, however, if such date is not a business day, the record date will be the following business day. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Chief Financial Officer and Collector-Treasurer determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the City will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will authenticate and deliver replacement Bonds in the form of fully registered certificates.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with

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\* Preliminary, subject to change as described herein.

the terms of its bid. No CUSIP identification numbers shall be deemed to be part of any Bond or a part of the contract evidenced thereby and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers. The City shall pay all expenses in connection with the initial assignment and printing of CUSIP numbers. The original purchaser of the Bonds will be responsible for applying for and obtaining CUSIP identification numbers for the Bonds.

*Redemption\** - The Bonds maturing on or before November 1, 2032 will not be subject to redemption prior to maturity. The Bonds maturing after November 1, 2032 will be subject to redemption prior to maturity at the option of the City, on or after November 1, 2032 as a whole or in part at any time, in such order of maturity as the City may determine and by lot within each maturity as selected by DTC and its participants, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Term bonds, if any, shall be subject to mandatory sinking fund redemption on November 1 in the year or years immediately prior to the stated maturity of such term bonds as specified by the successful bidder (the particular Bonds of such maturity to be redeemed to be selected by lot), in the amount in each such year indicated in the foregoing maturity schedules at the principal amount thereof plus accrued interest to the redemption date, without premium.

Notice of redemption of the Bonds will be given as set forth in the Official Statement.

*Price, Debt Service and Interest Rates* - Bids for the Bonds must be for the entire series (all or none) at a price not less than 100% of the aggregate principal amount of the Bonds. The dollar amount bid by the successful bidder will be adjusted proportionately to reflect any reduction or increase in the final aggregate principal amount of the Bonds (see Adjustment of Principal Amount, below). Bids must state an interest rate for each maturity of the Bonds. For Bonds maturing prior to or on November 1, 2032, the interest rate for each maturity may not exceed 5.00%. For Bonds maturing after November 1, 2032, the interest rate for each maturity shall be 5.00%. Each Bond shall bear interest from its date to its stated maturity date at the single interest rate specified in the bid. Bids may specify that all the Bonds are to be issued as serial bonds or that the principal amounts of the Bonds in any two or more consecutive years may be combined into no more than two term bonds. The Bonds will be issued as serial bonds or a combination of serial bonds and term bond(s) in accordance with the bid submitted by the successful bidder. All such term bonds are subject to mandatory sinking fund redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedules. Each mandatory sinking fund redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year.

*Adjustment of Principal Amount* - After selecting the winning bid, the City reserves the right to determine the aggregate principal amount and annual principal amounts of the Bonds. The City will not reduce or increase the aggregate principal amount of the Bonds by more than 10%, although individual maturities could vary by more than 10%.

The City anticipates that the final aggregate principal amount and final maturity schedule will be communicated to the successful bidder by 4:00 p.m., Eastern Time, on the day of award, provided the City has received the reoffering prices and yields for the Bonds from the successful bidder, as described below under "Certificate of Winning Bidder." The dollar amount bid by the successful bidder will be adjusted to reflect any adjustment in the principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue

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\* Preliminary, subject to change as described herein.



discount/premium, if any, but will not change the per-bond underwriter's discount as calculated from the bid and reoffering prices required to be delivered to the City as stated herein. The successful bidder may not withdraw their bid or change the interest rates bid or initial reoffering prices as a result of any changes made to the principal amounts within these limits.

*Basis of Award* - Unless all bids are rejected, all of the Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest net effective interest rate to the City. **Such interest rate shall be determined on a true interest cost (TIC) basis. True interest cost (expressed as an annual interest rate) shall be determined for each bid by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the date of delivery (expected to be April 13, 2022) and to the price bid.** In the event there is more than one bid specifying the lowest such rate, the Bonds will be awarded to the bidder whose bid is selected by the Chief Financial Officer and Collector-Treasurer by lot from among all such bids. It is requested that each bid be accompanied by a statement of such interest cost, computed at the interest rate or rates stated in the bid in accordance with the above method of computation (computed to six decimal places), but such statement will not be considered as part of the bid.

On the date of award, both the City and the successful bidder for the Bonds shall execute a Bid Confirmation and Award Certificate to be provided by the City.

*Women & Minority Participation* - It is the policy of the City that women's business enterprises and minority business enterprises shall be given appropriate consideration. The City requests and strongly urges bidders to make a good faith effort to include such firms in their management or selling groups or syndicates.

*Right to Cancel or Postpone the Submission of Bids; Right to Reject Bids* - The City reserves the right to cancel or postpone the submission of bids, or to reject any and all bids. If the City elects to exercise its right to cancel the submission of bids, or its right to reject all submitted bids, this Official Notice of Sale shall become void. The City may, but shall not be required to, solicit bids thereafter, subject to the terms of a revised official notice of sale to be published subsequent to such cancellation or rejection. If the City elects to exercise its right to postpone the submission of bids, it shall provide subsequent notice of the date on which bids will be received after notification on TM3 not later than 8:30 a.m., Eastern Time, on the day designated for receipt of bids.

Any bid not complying with the terms of this Official Notice of Sale or specifying any conditions additional to those herein may be rejected. The City reserves the right to waive any irregularity or informality in compliance with the terms of this Official Notice of Sale to the extent permitted by law. Any award by the Chief Financial Officer and Collector-Treasurer to a successful bidder is subject to the approval of the Mayor.

*Right to Modify or Amend Official Notice of Sale* - The City reserves the right to modify or amend this Official Notice of Sale, including changing the scheduled maturities or increasing or reducing the aggregate principal amount of the Bonds and the principal amount of any maturity offered for sale, prior to the bid date. If any modifications occur, supplemental information with respect to the Bonds will be communicated via TM3 not later than 5:00 p.m., Eastern Time, on the day preceding the day designated for the receipt of bids, and bidders shall bid upon the Bonds based upon the terms thereof set forth in this Official Notice of Sale as so modified.

*Preliminary Official Statement* - For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), as of the date of the Preliminary Official Statement dated March 21, 2022 (the "Preliminary Official

Statement”), the City deemed the Preliminary Official Statement “final” (as that term is used in paragraph (b)(1) of said Rule 15c2-12) except for the omission of certain information permitted to be omitted by such rule.

*Official Statement* - The initial reoffering price or yield for each maturity of the Bonds, as provided by the successful bidder, will be printed on the inside cover page of the Official Statement relating to the Bonds (including all appendices thereto, the “Official Statement”) to be dated the date of award of the Bonds to the successful bidder (the “Sale Date”). The successful bidder will be required to acknowledge receipt of such Official Statement and will be responsible to the City and its officials in all respects for the accuracy and completeness of such reoffering information. The City assumes no responsibility or obligation for distribution or delivery of any copies of the Official Statement to anyone other than the successful bidder.

The City confirms that, upon delivery thereof in accordance herewith, the Official Statement will be a final Official Statement within the meaning of Rule 15c2-12, and further agrees to provide the successful bidder not later than seven business days after the Sale Date, as many copies of the Official Statement as the successful bidder may reasonably request in order for the successful bidder to comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board (“MSRB”). Electronic copies of the Official Statement will be furnished without cost to the successful bidder of the Bonds. Further copies of the Official Statement, if desired, will be made available to the successful bidder at its expense. The successful bidder shall notify the City as soon as practicable of the date which is the “end of the underwriting period” (as defined in Rule 15c2-12).

From the date of the Official Statement until the earlier of (i) ninety (90) days from the end of the underwriting period, as such underwriting period is defined in Rule 15c2-12, or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than twenty-five (25) days following the end of such underwriting period, if any event affecting the City or the Bonds shall occur of which the City has actual knowledge and which would cause the Official Statement, in the reasonable opinion of the City or the successful bidder, to contain an untrue or incorrect statement of material fact or to omit to state a material fact that would cause the Official Statement to be misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the City will notify the successful bidder and, at the written request of the successful bidder, will forthwith prepare and furnish to each successful bidder such number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the City and the successful bidder) as the successful bidder may reasonably request in order for the successful bidder to comply with Rule 15c2-12 and the rules of the MSRB, which will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

If the sale of the Bonds is awarded to a syndicate, the City will designate the senior managing underwriter of the syndicate as its agent for purposes of distributing copies of the Official Statement to each participating underwriter. Any underwriter executing and delivering a bid form with respect to the Bonds agrees thereby that if its bid is accepted it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purpose of assuring the receipt and distribution by each such participating underwriter of the Official Statement.

*Continuing Disclosure* - In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement. The City will deliver a certificate regarding its undertaking with respect

to continuing disclosure substantially in the form presented in Appendix C to the Preliminary Official Statement referenced herein (the “Certificate”).

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

*Certificate of Winning Bidder* - The successful bidder must, by facsimile transmission, email, manual delivery or overnight delivery received by the City within 24 hours after receipt of bids for the Bonds, furnish the following information to the City to complete the Official Statement in final form, as described below:

- A. The re-offering prices for the Bonds (expressed as the price or yield per maturity, exclusive of any accrued interest).
- B. Selling compensation (aggregate total anticipated compensation to the successful bidders expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
- C. The identity of the underwriters if the successful bidder is a part of a group or syndicate.
- D. Any other material information necessary to complete the Official Statement in final form but not known to the City.

*Establishment of Issue Price* - The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the date of delivery of the Bonds (the “Closing Date”) an “issue price” or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sale prices of the Bonds together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by PFM Financial Advisors LLC (“Municipal Advisor”) and any notice or report to be provided to the City may be provided to the Municipal Advisor.

Competitive Sale Requirements. The City expects that the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the sale of the Bonds because:

- (1) the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

- (4) the City anticipates awarding the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. By submitting a bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds and that it will be an “underwriter” (as defined below) that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. In this event, the successful bidder may use either Option A or Option B, set forth below.

Failure to Meet the Competitive Sale Requirements - Option A - The 10% Test to Apply. If the competitive sale requirements are not satisfied, the successful bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the City or the Municipal Advisor that it no longer needs to do so. If the successful bidder uses Option A, the successful bidder shall provide to the City on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 - Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements - Option B - The Successful Bidder Intends to Reoffer the Bonds and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m., Eastern Time, on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder uses Option B and delivers a Hold the Price Notice to the Financial Advisor, the successful bidder shall provide to the City on or before the Closing Date the certificate attached to this Notice of Sale as Exhibit 1 - Option B.

*Settlement* - It is expected that settlement of the Bonds will occur on April 13, 2022 or, in any event, on a business day not later than 30 days after the City awards the Bonds to the successful bidder therefor. Delivery of the Bonds shall be made to DTC against payment therefor in federal funds; and delivery of the other documents referred to below will be made at the office of Locke Lord LLP, 111 Huntington Avenue, Boston, Massachusetts, 02199-7613. The City will notify the purchaser of the Bonds of the date on which the settlement will take place not later than 72 hours after the Bid Notification Date. If the Bonds are not delivered within 30 days after the award of the Bonds, the successful bidder for the Bonds may withdraw its bid.

*Documents to be Delivered at Closing* - It shall be a condition to the obligation of a successful bidder for the Bonds to purchase such Bonds that, contemporaneously with or before accepting evidence of the ownership of the Bonds and paying therefor, the successful bidder shall be furnished with (a) the approving opinion of Locke Lord LLP, Bond Counsel to the City, substantially in the form presented in Appendix B to the Preliminary Official Statement; (b) a certificate of the Corporation Counsel, dated as of the date of delivery of the Bonds, to the effect that there is no litigation pending, or to his knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of the Bonds; (ii) in any way contesting or affecting any authority for or the validity of the Bonds; (iii) contesting the power of the City to levy and collect taxes to pay the Bonds; (iv) contesting the corporate existence or boundaries of the City; or (v) contesting the title of officials of the City who have acted with respect to the proceedings for

the issuance and sale of the Bonds to their respective offices; (c) a signed copy of the Official Statement relating to the Bonds, which Official Statement shall be substantially in the form of the Preliminary Official Statement with such changes as the City deems necessary or appropriate to reflect the final terms of the Bonds; (d) a certificate of the Chief Financial Officer and Collector-Treasurer to the effect that to the best of his knowledge and belief the Preliminary Official Statement (excluding the information under the heading “The Bonds - Book-Entry Transfer System”), as of the Sale Date and the Official Statement (excluding the initial public offering prices (or yields) of the Bonds on the cover page thereto, the information under the heading “The Bonds - Book-Entry Transfer System” and the information regarding reoffering compensation due to underwriters under the heading “Competitive Sale of Bonds” and, if bond insurance is obtained by a successful bidder, the information relating to the insurance policy and the provider thereof), both as of the Sale Date and the date of settlement of the Bonds, did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; (e) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement; and (f) a supplemental opinion of Locke Lord LLP, Bond Counsel to the City, addressed to the successful bidder for the Bonds, to the effect that, they have rendered legal advice and assistance to the City in the course of and have participated in the preparation of the Official Statement and, based upon such participation, they are of the opinion that the information contained in the Official Statement under the captions “The Bonds” (except for the information therein under the heading “Book-Entry Transfer System”), “Security for the Bonds,” “Tax Exemption” and “Legal Matters” (except for any financial or statistical data included therein as to which no view will be expressed) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; in addition, based upon such participation and, except as to the information contained therein under the captions set forth above, although they are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, and have not undertaken to determine the accuracy or completeness of the statements contained therein, during the course of their participation and the preparation of the Preliminary Official Statement and the Official Statement, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of the Sale Date, and the Official Statement, as of the Sale Date and the date of settlement of the Bonds (except in each case for the financial statements and other financial and statistical data included therein, the information contained under the heading “The Bonds - Book-Entry Transfer System”, the information contained in Exhibits I, II and III to Appendix A thereto, the stabilization clause, the initial public offering prices (or yields) of the Bonds contained in the Official Statement on page (i) thereto, and, if, bond insurance is obtained by successful bidder with respect to the Bonds, the information in the Official Statement relating to the insurance policy and the provider thereof, as to which no view will be expressed) contained any untrue statement of a material fact or omitted to state any material facts necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

*Additional Information* - Further information concerning the City and the Bonds will be contained in the Preliminary Official Statement, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Official Notice of Sale. Copies of the Preliminary Official Statement and this Official Notice of Sale may be obtained from the Treasury Department, City Hall, Room M-35, Boston, Massachusetts 02201-1020 ((617) 635-4140) or from the City's financial advisor, PFM Financial Advisors LLC, 100 High Street, 23<sup>rd</sup> Floor, Boston, Massachusetts 02110 ((617) 330-6914).

City of Boston, Massachusetts

By: \_\_\_\_\_  
Chief Financial Officer and  
Collector-Treasurer

March 21, 2022

### **INSTRUCTIONS TO SUBMIT A BID VIA BiDCOMP/PARITY**

- You must be a contracted customer of the i-Deal LLC BiDCOMP Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer.
- In BiDCOMP, select the City of Boston sale among the list of current sales.
- Go to the bid form page. Keep notice of the time clock and be sure to read all bid specifications on bottom.
- Once you have created and saved a bid in BiDCOMP, click the Final Bid button in BiDCOMP to submit the bid to PARITY.
- Upon clicking the Final Bid button, the bidder will see a message box in BiDCOMP that states: “Do you want to submit this bid to PARITY?”. By submitting the bid electronically via PARITY, you represent and warrant that this bid for the purchase of the Bonds is submitted by the representative who is duly authorized to bind the bidder to a legal, valid, enforceable contract for the purchase of the Bonds. The Notice of Sale is incorporated herein by this reference.”
- If during bid calculation BiDCOMP warns you that your current bid violates the bid parameters, please change your bid to meet bid specifications. The BiDCOMP system will submit bids which violate the bid parameters, but the City does not intend to consider any bids that do not meet its parameters.
- You may choose to proceed with submission of the bid or choose to cancel the submission.
- Contact BiDCOMP/Parity at (212) 849-5021 with questions or problems.

#### **Summary of Bidding Schedule**\*

<b><u>Date</u></b>	<b><u>Time</u></b>	<b><u>Occurrence</u></b>
<b>March 29, 2022</b>	5:00 p.m.	Revisions, if any, to preliminary amounts of the Bonds and bid date and delivery date for the Bonds given by notification published on TM3 (www.tm3.com).
<b>March 30, 2022</b>	10:30 a.m.	Deadline for submission of bids via Dalcomp/Parity for Bonds. City receives bid via Dalcomp/Parity. Successful bidder provides initial reoffering prices to the City within 30 minutes after being notified that such bidder’s bid appears to be the apparent winning bid, subject to verification.
	4:00 p.m.	Bids firm until this time; deadline for the City to award the Bonds.

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\* Preliminary, subject to change



**EXHIBIT 1**

**Issue Price Certificate for Use if the Competitive Sale Requirements are Met**

§ \_\_\_\_\_  
**CITY OF BOSTON**  
**GENERAL OBLIGATION BONDS, 2022 SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the City of Boston (the “Issuer”).

**1. Reasonably Expected Initial Offering Prices.**

- (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.
- (b) the Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.
- (c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

- (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 30, 2022.
- (d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2022

[SUCCESSFUL BIDDER]

By: \_\_\_\_\_  
Name:  
Title:

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**SCHEDULE A**

**REASONABLY EXPECTED INITIAL OFFERING PRICES**

**(Attached)**

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**SCHEDULE B**

**COPY OF SUCCESSFUL BIDDER'S BID**

**(Attached)**

**EXHIBIT 1 - OPTION A**

**Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the Hold the Price Rule Is Not Used**

§ \_\_\_\_\_  
**CITY OF BOSTON**  
**GENERAL OBLIGATION BONDS, 2022 SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ (the \_\_\_\_\_ (“[Successful Bidder][Representative]”)), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Sale of the Bonds.** As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public on the Sale Date is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities as of the Closing Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until the 10% Test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s financial advisor, Public Financial Management, Inc. (the “Financial Advisor”), the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

3. **Defined Terms.**

- (a) *Issuer* means the City of Boston.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an

underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

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**SCHEDULE A**

**SALE PRICES**

**[(Attached)]**

**or**

**[Complete Schedule Below]**

Maturity

Price

**EXHIBIT 1 - OPTION B**

**Issue Price Certificate for Use if the Competitive Sale Requirements are Not Met and the Hold the Price Rule Is Used**

§ \_\_\_\_\_  
**CITY OF BOSTON**  
**GENERAL OBLIGATION BONDS, 2022 SERIES A**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the (“[Successful Bidder][Representative]”)), on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**A. Issue Price.**

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[2. ***Initial Offering Price of the Hold-the Offering-Price Maturities.***

(a) The [Successful Bidder][Representative] offered the Unsold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date, which correspond to the yields shown on Schedule A and on the inside cover of the Official Statement relating to the Bonds dated the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) The [Successful Bidder][Representative] agrees that (i) for each Maturity of the Unsold Maturities it will neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Bonds of a Maturity of the Unsold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

[2.][3.] ***Defined Terms.*** [keep applicable definitions, depending on sale outcome]

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Unsold Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Unsold Maturities.”

(c) ***Holding Period*** means, with respect to a Unsold Maturity, the period starting on the Sale Date and ending on the earlier of (a) the close of the fifth business day after the Sale Date, or (ii) the date

on which the Underwriters have sold at least 10% of such Unsold Maturity to the Public at prices that are no higher than the Initial Offering Price for such Unsold Maturity.

(d) *Issuer* means the City of Boston.

(e) *Maturity* means Bonds with the same credit and prepayment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 30, 2022.

(h) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

**B. Reliance.**

The representations set forth in this certificate are limited to factual matters only. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate dated April 13, 2022 relating to the Issue, to which this certificate is attached as an exhibit, and with respect to compliance with the federal income tax rules affecting the Issue, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Issue is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038 and other federal income tax advice that it may give to the Issuer from time to time relating to the Issue.

Dated: \_\_\_\_\_, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**  
**SALE PRICES OF THE GENERAL RULE MATURITIES AND**  
**INITIAL OFFERING PRICES OF THE UNSOLD MATURITIES**  
**(ATTACHED)**

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**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
**(ATTACHED)**



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