

PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2026

NEW MONEY/REFUNDING ISSUE - BOOK-ENTRY ONLY

Ratings[±]
Moody's S&P
Aaa AAA

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

CITY OF BOSTON, MASSACHUSETTS

\$380,000,000*
General Obligation Bonds
2026 Series A

\$229,250,000*
General Obligation Refunding Bonds
2026 Series B

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The City of Boston, Massachusetts (the "City") will issue its \$380,000,000* General Obligation Bonds, 2026 Series A (the "New Money Bonds") and \$229,250,000* General Obligation Refunding Bonds, 2026 Series B (the "Refunding Bonds," and together with the New Money Bonds, the "Bonds"), by means of a book-entry system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the Bonds are set forth in this Official Statement. Interest on the Bonds will be payable semiannually on each June 1 and December 1, commencing December 1, 2026, until maturity or earlier redemption. The Bonds will be subject to redemption prior to maturity as more fully described herein.

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

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

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the final approving opinion of Troutman Pepper Locke LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. PFM Financial Advisors LLC, serves as Municipal Advisor to the City. See "MUNICIPAL ADVISOR" herein. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York, on or about June __, 2026.

Wells Fargo Securities

BofA Securities

Blaylock Van, LLC

J.P. Morgan

Morgan Stanley

Raymond James

May __, 2026

* Preliminary, subject to change.

± See "Credit Ratings" herein.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THE CITY OF BOSTON, MASSACHUSETTS

\$380,000,000*
General Obligation Bonds
2026 Series A

Dated: Date of Delivery

Due: June 1, as shown below

<u>Maturity*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number†</u>
2027	\$ 6,105,000	%	%	
2028	21,455,000			
2029	22,525,000			
2030	23,650,000			
2031	24,830,000			
2032	16,810,000			
2033	17,650,000			
2034	18,535,000			
2035	19,455,000			
2036	20,435,000			
2037	16,190,000			
2038	16,995,000			
2039	17,840,000			
2040	18,730,000			
2041	19,670,000			
2042	17,935,000			
2043	18,835,000			
2044	19,780,000			
2045	20,770,000			
2046	21,805,000			

* Preliminary; subject to change.

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

\$229,250,000*
General Obligation Refunding Bonds
2026 Series B

Dated: Date of Delivery

Due: June 1, as shown below

<u>Maturity*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Number†</u>
2027	\$ 19,890,000	%	%	
2028	31,380,000			
2029	29,240,000			
2030	17,755,000			
2031	18,650,000			
2032	7,980,000			
2033	8,375,000			
2034	8,795,000			
2035	9,230,000			
2036	8,115,000			
2037	8,525,000			
2038	8,950,000			
2039	9,395,000			
2040	7,775,000			
2041	8,165,000			
2042	8,575,000			
2043	9,000,000			
2044	9,455,000			

* Preliminary; subject to change.

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

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

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

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OFFICIAL STATEMENT
of the
CITY OF BOSTON, MASSACHUSETTS
relating to

\$380,000,000*
General Obligation Bonds
2026 Series A

\$229,250,000*
General Obligation Refunding Bonds
2026 Series B

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 \$380,000,000* General Obligation Bonds, 2026 Series A (the “New Money Bonds”) and \$229,250,000* General Obligation Refunding Bonds, 2026 Series B (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”) as described herein. Certain credit factors concerning the Bonds are described throughout this Official Statement, which should be read in its entirety. This Official Statement speaks only as of its date and the information contained herein is subject to change after this date.

THE CITY

The City of Boston, incorporated as a town in 1630 and as a city in 1822, is the largest city in Massachusetts and the capital of The Commonwealth of Massachusetts (the “Commonwealth”). The City and its component governmental units are responsible for the provision of a wide range of government services, including education, public safety, public health, urban planning and development and the maintenance of the City’s infrastructure, and for funding certain employee benefits, state authority assessments and debt service requirements. Its primary sources of revenue are property taxes, state aid and certain excises. Management of the City’s finances includes preparation of annual operating and capital budgets, the exercise of expenditure controls and cash management. For a full discussion concerning the City, and its finances, see Appendix A—City of Boston, Massachusetts, Information Statement dated March 27, 2026, as supplemented on May 1, 2026 (the “Information Statement”).

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

SECURITY FOR THE BONDS

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

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

In the opinion of Bond Counsel, the City is subject to suit on the Bonds, and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the Bonds from available funds or, in the absence of available funds, to order the inclusion of the required amount in the next annual tax levy.

* Preliminary, subject to change.

In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors, including the current operating needs of the City and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of property of any inhabitant. There has been no judicial determination, however, as to whether the remedy is constitutional under current due process and equal protection standards.

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

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

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

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

The rights of the holders of the Bonds and the enforceability of payment of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise

of judicial discretion in appropriate cases. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws.

THE BONDS

Description

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

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

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

Authorization and Purpose

The Bonds will be issued pursuant to the Bond Procedure Act of 1983 and various loan orders of the City Council approved by the Mayor. The New Money Bonds will be issued to finance various capital projects of the City, including through the current refunding of the 2026A BAN (defined below), and the Refunding Bonds will be issued to current refund certain of the City’s outstanding general obligation bonds as more fully described under “Plan of Refunding” below.

A portion of the proceeds of the New Money Bonds is expected to be used to retire the City’s \$75,000,000 General Obligation Bond Anticipation Notes, 2026 Series A (the “2026A BAN”) at or prior to maturity on July 1, 2026. The 2026A BAN is currently held by Wells Fargo Municipal Capital Strategies, LLC, an affiliate of Wells Fargo Bank, National Association, one of the underwriters of the Bonds. See “UNDERWRITING” herein.

Redemption Prior To Maturity*

Optional Redemption at Par

The Bonds maturing after June 1, 20__ will be subject to redemption prior to maturity at the option of the City, on and after June 1, 20__, as a whole or in part at any time, in such order of maturity as the City may determine and by lot within each maturity as selected by DTC and its participants, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Make-Whole Optional Redemption. The Bonds maturing on or before June 1, 20__ are subject to redemption prior to maturity at the option of the City, from any moneys available therefor at any time, in whole or in part, in such manner as determined by the City and within a maturity by lot at the Make-Whole Redemption Price (as defined below), plus accrued interest to the redemption date.

* Preliminary, subject to change.

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

The “Amortized Value” will equal the principal amount of such Bonds to be redeemed multiplied by the price of such Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, a maturity date equal to the stated maturity date of such Bonds and a yield equal to such Bonds’ original reoffering yield as set forth on the inside cover page of this Official Statement.

The “Applicable Tax-Exempt Municipal Bond Rate” means the “Interpolated AAA Yields” rate for the maturity date of the Bonds to be redeemed or tendered, as published by the Municipal Market Data (“MMD”) at least five (5) calendar days, but not more than 60 calendar days, prior to the redemption date, as determined by the City in its discretion, or if no such rate is established for the applicable maturity date, the “Interpolated AAA Yields” rate for the published maturities closest to the applicable maturity date.

Should the MMD no longer publish the “Interpolated AAA Yields” rate, then the Applicable Tax-Exempt Municipal Bond Rate will equal the “BVAL Muni AAA Monthly Callable Yields” rate for the maturity date (made available by Bloomberg at the close of each business day). In the further event that Bloomberg no longer publishes the “BVAL Muni AAA Monthly Callable Yields” rate, the Applicable Tax-Exempt Municipal Bond Rate for such Bonds will be determined by an independent verification agent appointed by the City, based upon the rate per annum equal to the semiannual equivalent yield to maturity for those tax-exempt general obligation bonds rated in the highest rating category by Moody’s Ratings and S&P Global Ratings, with a maturity date equal to the stated maturity date of such Bonds to be redeemed having characteristics (other than the ratings) most comparable to those of such Bonds in the judgment of the verification agent. The verification agent’s determination of the Applicable Tax-Exempt Municipal Bond Rate shall be final and binding in the absence of manifest error.

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

Notice of Redemption

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

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

Record Date

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

Book-Entry Transfer System

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

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

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

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

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

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

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

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

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

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

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

PLAN OF REFUNDING

The following bonds of the City expected to be refunded as shown below are collectively referred to as the "Refunded Bonds." The list of bonds set forth below is not final and is subject to change. The refunding of the Refunded Bonds or any other bonds of the City is subject to market conditions at the time of the sale of the Refunding Bonds. The City reserves the right to refund any or all of the Refunded Bonds or to refund any other bonds of the City or not to refund any such bonds at this time.

The Refunding Bonds are being issued to refund, at par, certain of the City's outstanding bonds, as further described below (collectively, the "Refunded Bonds"):

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General Obligation Bonds, 2014 Series A*:

<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon</u>	<u>CUSIP**</u>
3/1/2029	\$7,385,000	4.00%	100853TX8
3/1/2030	6,220,000	3.50	100853TY6
3/1/2031	6,440,000	4.00	100853TZ3

* To be redeemed on July __, 2026 at a price of 100%.

General Obligation Refunding Bonds, 2015 Series B*:

<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon</u>	<u>CUSIP**</u>
4/1/2028	\$10,565,000	5.00%	100853VM9

* To be redeemed on July __, 2026 at a price of 100%.

General Obligation Bonds, 2016 Series A*:

<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon</u>	<u>CUSIP**</u>
3/1/2027	\$4,300,000	5.00%	100853VZ0
3/1/2028	4,510,000	5.00	100853WA4
3/1/2029	4,735,000	5.00	100853WB2
3/1/2030	4,970,000	4.00	100853WC0
3/1/2031	5,170,000	4.00	100853WD8

* To be redeemed on July __, 2026 at a price of 100%.

General Obligation Bonds, 2024 Series A:

<u>Maturity Date</u>	<u>Amount</u>	<u>Coupon</u>	<u>CUSIP**</u>
12/1/2028	\$89,775,000	4.02%	N/A
12/1/2033	108,155,000	3.93	N/A

* To be redeemed on June __, 2026 at a price of 100%.

Upon delivery of the Refunding Bonds, the City will enter into a Refunding Escrow Agreement (the “Escrow Agreement”) with U.S. Bank Trust Company, National Association, as refunding escrow agent (the “Escrow Agent”) to provide for the refunding of the Refunded Bonds. Upon receipt of the proceeds of the Refunding Bonds, the City will transfer the proceeds to the Escrow Agent for deposit in an escrow fund (the “Refunding Escrow Fund”) established under the Escrow Agreement. Such Escrow Agreement will provide for the deposit of the net proceeds of the Refunding Bonds with such escrow agent, to be applied immediately upon receipt to purchase non-callable direct obligations of, the United States of America, State and Local Government Series (the “Escrow Obligations”) and to funding, if needed, a cash deposit in such account. Such Escrow Agreement will require that maturing principal of and interest on the Escrow Obligations held under such Escrow Agreement, plus any initial cash deposit, be held in trust in such account and paid to the City solely for the payment of the principal of and the interest on the Refunded Bonds subject to such Escrow Agreement. The Refunding Escrow Fund, including any interest earnings on the Escrow Obligations, is pledged for the benefit of the holders of the Refunded Bonds.

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

Verification of Mathematical Accuracy

American Municipal Tax-Exempt Compliance Corporation, dba AMTEC, independent arbitrage consultants (“AMTEC”), will examine the arithmetical accuracy of certain computations included in the schedules provided by or on behalf of the City relating to (a) the computation of anticipated receipts of principal and interest on the Government Obligations and the anticipated payments of principal and interest to redeem the Refunded Bonds and (b) computation of the yields on the Bonds and the Escrow Securities. Such computations were based solely upon assumptions and information supplied by or on behalf of the City. AMTEC has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the City’s outstanding general obligation debt as of March 1, 2026, the debt service requirements on the Bonds, and the resulting 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, 2026		The Bonds		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2026	\$51,235	\$25,567			
2027	174,870	77,989			
2028	155,876	71,042			
2029	143,688	64,635			
2030	128,195	59,033			
2031	127,257	53,697			
2032	126,910	48,339			
2033	124,903	43,226			
2034	118,296	38,109			
2035	91,185	33,598			
2036	87,670	29,452			
2037	83,985	25,421			
2038	79,255	21,579			
2039	73,605	17,864			
2040	70,260	14,380			
2041	69,885	10,970			
2042	64,455	7,672			
2043	48,115	4,891			
2044	29,195	2,993			
2045	30,655	1,533			
2046	-	-			
Totals	\$1,879,494	\$651,989	\$	\$	\$

* Rows and columns may not add due to rounding.

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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, 2026 to be retired (in thousands)	Percentage of Debt Outstanding as of March 1, 2026 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 2026-2031*	\$781,120	41.6%	\$	%
Fiscal 2032-2036	548,964	29.2		
Fiscal 2037-2041	376,990	20.9		
Fiscal 2042-2046	172,420	9.2		
Total	\$1,879,494	100.0%	\$	100.0%

Source: City of Boston Auditing Department.

* Fiscal 2026-2031 includes the remaining 4 months of principal and interest to be retired in Fiscal 2026.

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. 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. 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.

TAX EXEMPTION

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

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

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts

corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

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

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

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

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

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

Risk of Future Legislative Changes and/or Court Decisions

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

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

CREDIT RATINGS

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

UNDERWRITING

The Underwriters, represented by Wells Fargo Bank, National Association, have agreed, subject to certain conditions, to purchase all of the Bonds from the City at a purchase price of \$_____, which reflects the aggregate par amount of the Bonds, less [net] original issue premium/discount of \$_____, less an underwriters' discount of \$_____. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The public offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters.

As noted above under "THE BONDS – Authorization and Purpose", a portion of the proceeds of the New Money Bonds is expected to be used to retire at or prior to maturity the 2026A BAN, which is currently held by an affiliate of Wells Fargo Bank, National Association, one of the underwriters of the Bonds.

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

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

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

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

time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

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

MUNICIPAL ADVISOR

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

CONTINUING DISCLOSURE

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

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

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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.

If and when included in this Official Statement, the words “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, global conflicts, pandemics, litigation and various other events, conditions and circumstances, many of which 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.

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

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

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

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

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

CITY OF BOSTON, MASSACHUSETTS

By: _____
Chief Financial Officer and Collector-Treasurer

Dated: May __, 2026

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CITY OF
BOSTON, MASSACHUSETTS



SUPPLEMENT DATED MAY 1, 2026
TO
INFORMATION STATEMENT
DATED MARCH 27, 2026

Except as specifically provided herein, the City of Boston Information Statement dated March 27, 2026 (the “Information Statement”) has not been updated or supplemented. The Information Statement contains information only through its date, except as specifically set forth in this Supplement. The Information Statement, together with this Supplement, should be read in its entirety.

The Information Statement is supplemented as of the date hereof as set forth below:

The section entitled “FINANCIAL OPERATIONS – Fiscal 2026 Budget” is supplemented by inserting at the end of the section on page A-15 the following –

The City currently estimates the fiscal 2026 deficit for the School Department to be approximately \$23 million - \$28 million and approximately \$48 million for City Departments. The actual deficit amounts will not be known until year-end, but as noted, the City has sufficient reserves to cover any final deficit.

The section entitled “FINANCIAL OPERATIONS – Fiscal 2027 and 2028 Forecasts” on pages A-15-16 is deleted in its entirety and replaced with the following –

Fiscal 2027 and 2028 Forecasts and Proposed Fiscal 2027 Budget

At the time of publishing the fiscal 2026 adopted budget, the City conservatively projected budget deficits in fiscal 2027 and fiscal 2028 of \$27.0 million and \$64.6 million, respectively. The larger projected shortfall in fiscal 2027 was driven in large part by fixed costs, which are expected to increase by approximately \$102.5 million or 8.7%. The largest components of that fixed cost increase include Pensions, \$41.4 million, and Debt Service, \$28.6 million. Pension payments are expected to fall by nearly \$250 million in fiscal 2028 as the City fully funds its unfunded pension liability, but overall spending is still expected to grow, paced in part by education, \$47.9 million or 2.4% across the School Department and Charter School Tuition, and the Collective Bargaining Reserve, \$61.5 million or 93.8%, reflecting anticipated union contract settlements. The forecast projected conservative property tax growth in fiscal 2027 and 2028. Interest on Investments is projected to decrease in fiscal 2027 by \$15.2 million and again in fiscal 2028 by an additional \$12.8 million due to anticipated downward adjustments to the Federal Funds rate. Licenses and Permits revenue is also projected to decrease in fiscal 2027 before stabilizing in fiscal 2028.

As the City examined projected expenditures for fiscal 2027 and fiscal 2028 at the time of the forecast, expenditures were anticipated to grow at a faster rate than the City's overall revenue growth, which was conservatively expected to range from 1.5% to 2.5%. This combination will require continued active management to achieve and maintain a balanced budget. In addition to the growth in fixed costs, the City continues to project considerable appropriations growth due to rising employee-related costs, especially with respect to health care costs.

As required by the Boston City Charter, the Mayor submitted the proposed fiscal 2027 budget to the City Council on April 8, 2026. The proposed budget calls for a 2.1% or \$99.4 million increase in spending over the fiscal 2026 budget. Excluding health insurance costs, education, public health, central appropriations, and fixed costs, other departmental budgets show a proposed \$20.4 million, or 1.3%, decrease as compared to fiscal 2026. The proposed budget reflects a total revenue estimate of \$4.9 billion, which reflects a \$99.4 million increase. The revenue estimate includes a gross property tax levy increase of \$128.1 million, which includes \$40.0 million of projected new growth. The budget proposal also reflects a revised pension funding appropriation for fiscal 2027 and expected for fiscal 2028, as compared to the original forecast. The new appropriation schedule will still permit full funding of the unfunded liability by fiscal 2028 but avoid steeper increases and decreases in these years. The proposed budget is currently pending before the City Council.

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CITY OF
BOSTON, MASSACHUSETTS



INFORMATION STATEMENT
Dated March 27, 2026

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

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

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

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

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

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

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SECTION 1: THE CITY

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

The Mayor is the chief executive officer of the City. Michelle Wu, the Mayor of the City, was first elected Mayor in a special election held concurrently with the regular election on November 2, 2021. Her first four-year term began in November 2021. Michelle Wu was reelected as Mayor of Boston on November 4, 2025 and was sworn in for her second four-year term on January 5, 2026.

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

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

The current members of the City Council, all of whose terms will end in January 2028 are set forth below in Table 1.

Table 1. City of Boston City Councilors

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

Organization of City Government

The City of Boston is organized using a cabinet structure for facilitating the coordination and execution of the work of City government. The structure of the Mayor’s cabinet is set forth in the organizational chart on the following page. The organizational chart was submitted as a part of fiscal 2026 budget that became effective in July 2025 and is subject to change. As noted in the following diagram, the Boston Water & Sewer Commission and Boston Housing Authority are independent agencies not included within the City’s operating budget, whereas the Public Health Commission is independent but is included in the operating budget.

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PEOPLE OF BOSTON

MAYOR

NON-MAYORAL

City Council (elected)
City Clerk (appointed by City Council)
Finance Commission (appointed by Governor)

Chief of Staff

Chief of Policy

• Intergovernmental Relations

Chief of Communications

Corporation Counsel

• Law

Chief of Arts and Culture

• Office of Arts & Culture

Public Health

• Boston Public Health Commission (1)

Superintendent of Schools

• Boston Public Schools

Chief of Community Engagement

• Neighborhood Services

Chief of Economic Opportunity and Inclusion

• Consumer Affairs and Licensing
• Office of Economic Opportunity and Inclusion
• Supplier and Workforce Diversity
• Tourism, Sports, and Entertainment

Chief of Equity and Inclusion

• Black Male Advancement
• Commission for Persons with Disabilities
• Fair Housing & Equity
• Immigrant Advancement
• Language & Communications Access
• LGBTQIA2S+ Advancement
• Office of Equity
• Women's Advancement

Environment, Energy, and Open Space

• Climate Resilience
• Environment
• Food Justice
• Parks & Recreation
• Historic Preservation

Chief Finance Officer

• Assessing
• Auditing
• Budget Management
• Execution of Courts
• Office of Finance
• Participatory Budgeting
• Procurement
• Treasury

Retirement Board*

Chief of Housing

• Office of Housing

Boston Housing Authority*

Chief of Human Services

• Age Strong
• Boston Centers for Youth and Families
• Boston Public Library
• Office of Human Services
• Veterans Services

Chief of Worker Empowerment

• Labor Compliance, Worker Protection & Safety
• Office of Workforce Development
• Youth Employment & Opportunity

Chief of Operations

• Inspectional Services
• Property Management
• Public Facilities

Chief People Officer

• Office of People Operations
• Elections
• Health Insurance
• Human Resources
• Labor Relations
• Medicare
• Registry
• Unemployment Compensation
• Workers' Comp

Office of Police Accountability and Transparency

Joint Chiefs of Public Safety

• Emergency Management
• Fire
• Police

Chief Technology Officer

• Innovation & Technology

Chief of Streets

• Central Fleet Management
• Office of Streets
• Public Works
• Snow & Winter Management
• Transportation

Boston Water & Sewer Commission*

Chief of Planning

• Planning Department
• Boston Planning & Development Agency, EDIC*

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

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

Clare Kelly was appointed Chief of Staff in November 2025. Prior to her appointment, she served as the Director of Intergovernmental Relations for the Mayor. Before joining the Wu administration in 2022, Kelly served as Executive Director of the Environmental League of MA Action Fund. The Chief of Staff is responsible for overseeing daily operations and long-term initiatives of the Mayor's Office.

Chief of Policy & Research

Kristin McSwain was appointed Chief of Policy & Research in December 2025. Prior to her appointment, she served as Senior Advisor to the Mayor and Director of the Office of Early Childhood. McSwain has spent her entire professional career in education and national and community service and had most recently served as Executive Director of the Boston Opportunity Agenda. The Chief of Policy & Research works across cabinets and departments to coordinate the City's efforts to analyze, test, and recommend policy actions to advance the Mayor's citywide agenda.

Chief of Operations

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

Corporation Counsel

Michael Firestone was appointed Corporation Counsel in December 2025. Prior to his appointment, Mr. Firestone served as the Mayor's Chief of Policy and Strategic Planning. Firestone also served as Chief of Staff to former Massachusetts Attorney General Maura Healey. 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

In February 2026, Veronica Yoo was appointed as Chief Communications Officer. The Chief Communications Officer oversees all press activity and serves as an advisor on overall communications and media relations strategy.

Chief Information Officer

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

Chief Financial Officer & Collector-Treasurer

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

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

Budget Director

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

City Auditor

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

Commissioner of Assessing

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

First Assistant Collector-Treasurer

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

Chief of People Operations

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

Chief of Economic Opportunity & Inclusion

As of March 2026 Donald Wright serves as the interim Chief of the Economic Opportunity and Inclusion Cabinet. This Cabinet works to spur economic development in all neighborhoods across the City. The Chief of Economic Opportunity and Inclusion oversees the Office of Economic Opportunity and Inclusion, Office of Consumer Affairs & Licensing, Office of Tourism, Sports, and Entertainment, and the Office of Supplier Diversity.

Superintendent of Schools

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

Joint Chiefs of Public Safety

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

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

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

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

Chief of Environment, Energy & Open Space

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

Chief of Housing

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

Chief of Equity & Inclusion

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

Chief of Human Services

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

Chief of Arts & Culture

In February 2026 Joseph Henry was appointed as Chief of Arts & Culture. Prior to his appointment Mr. Henry served as the Director of Cultural Planning for the Office of Arts & Culture. The Chief is responsible for supporting and promoting the arts community in Boston and works to bring the arts to the forefront of City life.

Chief of Streets, Transportation & Sanitation

Nicholas Gove was appointed interim Chief of Streets, Transportation & Sanitation in November 2025. Most recently, Gove served as Deputy Chief of Streets for the Boston Transportation Department. The Cabinet includes the

Public Works Department and Transportation Department and works to deliver exceptional city services and manage all programs, projects, and policies related to vehicular and pedestrian traffic safety.

Chief of Community Engagement

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

Chief of Worker Empowerment

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

Chief of Planning

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

Principal Government Services

Table 2 below shows the distribution of the City’s fiscal 2026 appropriations by primary government functions and departments.

**Table 2. Purposes of City Appropriations—Fiscal 2026 ⁽¹⁾
(Budgetary Accounting Basis) ⁽²⁾
(\$ in thousands)**

	<u>Amount</u>	<u>Percent of Total Appropriations</u>
General Government	\$254,253	5.25%
Public Safety	888,451	18.34
Public Works	161,270	3.33
Property and Development	107,804	2.23
Parks and Recreation	42,672	0.88
Library	50,771	1.05
Human Services	54,228	1.12
Schools	1,636,938	33.8
Boston Public Health Commission	145,927	3.01
Employee Benefits	310,195	6.41
Current Period Retirement Contributions	472,388	9.75
Debt Requirements	309,785	6.40
State and District Assessments	408,324	8.43
Total	<u>\$4,843,006</u>	<u>100.00%</u>

(1) Represents the fiscal 2026 budget as of January 1, 2026 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 2022 to 2025 Actual Results and Fiscal 2026 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 46,964 students for the 2025-2026 school years, which is an increase from the previous year. There are 116 schools in the Boston Public Schools, including: 9 schools for early learners (PK-1-3), 43 elementary schools (K-5 or K-6), 27 elementary/middle schools (K-8), 35 high schools (6-12, 7-12 or 9-12), and 2 K-12 schools.

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 13 support locations, consisting of the Charlestown Neighborhood Sub-Station, Police Academy, Bike Unit, Firearms Training Range, Harbor Patrol Unit, Fleet Management Division, Telecommunications Division, Evidence and Property Management Division, Special Operations Division, Stress Support Unit, Recruit Investigation Unit, Field Support Division, and the K-9 unit.

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

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

Public Health

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

Public Works

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

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

Other Services

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

Suffolk County

While existing state law provides that the Mayor and City Council serve as the Commissioners of Suffolk County, which includes the cities of Boston, Chelsea, Revere and the Town of Winthrop, all of the functions and costs of county government (including the county courts, registry of deeds and the Office of the Suffolk County Sheriff) have been assumed by the Commonwealth, except for an annual assessment by the Commonwealth for the purpose of

funding the unfunded portion of pension liability for retirees of the Office of the Suffolk County Sheriff who retired prior to January 1, 2010. This annual assessment can be no greater than the City’s fiscal 2009 appropriation to support the Office of the Suffolk County Sheriff of approximately \$3.0 million, and will terminate when the pension liability of these retirees is fully funded in 2027.

City Employees

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

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

	<u>2024</u>	<u>2025</u>	<u>2026</u>
<i>City Funded:</i>			
Public Safety ⁽²⁾	4,330	4,335	4,521
Public Works	305	325	333
Other City Departments ⁽³⁾	2,900	3,223	3,450
Boston Public Health Commission ⁽⁴⁾	<u>862</u>	<u>936</u>	<u>959</u>
Subtotal	<u>8,397</u>	<u>8,819</u>	<u>9,263</u>
Schools ⁽⁵⁾	<u>10,050</u>	<u>10,609</u>	<u>10,734</u>
Total City Funded	<u>18,447</u>	<u>19,427</u>	<u>19,997</u>
<i>Grant Funded:</i>			
Schools ⁽⁵⁾	1,394	784	533
All Others ⁽⁶⁾	<u>345</u>	<u>431</u>	<u>321</u>
Total	<u>20,186</u>	<u>20,642</u>	<u>20,851</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) The increase in FY25 was driven in part by a shift of grant funded positions from expiring Elementary and Secondary School Emergency Relief (ESSER) federal funding onto the operating budget. There is a corresponding decrease in grant funded positions from FY24 to FY25. See “Departmental Revenues – Grants” for more context.
- (6) Does not include grants managed by the Boston Public Health Commission.

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

Employee Relations

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

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

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

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

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

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

Table 4. Collective Bargaining Units

<u>Union</u>	<u>Department</u>	<u>Number of Employees Represented ⁽¹⁾</u>	<u>Contract Expiration Date</u>
Boston Police Patrolmen’s Association	Police	1,507	6/30/2026
Boston Police Superior Officers Federation	Police	248	6/30/2025
Boston Police Detectives Benevolent Society	Police	254	6/30/2025
Superior Detective Benevolent Society	Police	128	6/30/2025
Forensic Group	Police	33	9/30/2027
Police Cadet Association	Police	42	9/30/2027
School Traffic Supervisors Assoc	Police	176	8/31/2027
International Association of Firefighters, Local 718	Fire	1,580	6/30/2028
New England Police Benevolent Association, Local 173	Property & Construction Mgmt	65	6/30/2027
New England Police Benevolent Association, Local 174 ⁽²⁾	Property & Construction Mgmt	7	6/30/2027
SEIU, Local 888	Citywide	833	6/30/2027
SEIU, Local 888	Housing	109	9/30/2027
SENA, Locals 9158 and 9158E	Citywide	859	9/30/2027
AFSCME C93 (Citywide & various locals)	Citywide	1,093	6/30/2027
AFSCME Local 1526	Library	226	9/30/2027
Professional Staff Association	Library	192	9/30/2027
Park Rangers	Parks	15	6/30/2027
Typographical Union	Police	2	9/30/2027
OPEIU AFL-CIO L16 (Housing Inspectors)	Inspectional Services	22	6/30/2027
IBEW, Local 103	Inspectional Services	10	6/30/2027
Teamsters Local 2	Property & Construction Mgmt	6	6/30/2027
International Alliance of Theatrical Stage Employees	Tourism	3	6/30/2027
Boston Teachers Union	School	10,342	8/31/2027
BASAS (School Administrators & Supervisors)	School	351	8/31/2027
Administrative Guild	School	271	8/31/2027
Planning & Engineering	School	37	8/31/2026
Boston School Police	School	44	8/31/2024
School Police Superior Officers Assoc.	School	15	6/30/2024
School Custodians Local 1952, Painters & Allied Trades District Council #35	School	556	8/31/2026
Plant Administrators Association	School	16	8/31/2026
School Bus Monitors USWA Local 8751 ⁽²⁾	School	791	6/30/2028
AFSCME C93, Local 230 Cafeteria Workers/Mgrs Association	School	327	8/31/2027
Lunch Hour Monitors Association	School	464	8/31/2027
AFSCME C93, Storekeepers & Deliverymen	School	6	8/31/2026
Total		20,630	

(1) Number of bargaining unit members (not Full-Time Equivalents) as of January 1, 2026.

(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 and the Boston Public Schools (“BPS”) currently have settled agreements with 79% of unions, including the Boston Teachers Union, AFSCME, SEIU, SENA, Boston Fire Local 718, and the Boston Police Patrolmen’s Association. Most City non-public safety unions have contracts through at least June 2027. Approximately 97% of union employees are currently under contract. Negotiations and discussions are ongoing with the remaining unions, including three of the four Police Department sworn officers unions. The City budgets for the costs of future contracts through the collective bargaining reserve.

SECTION 2: FINANCIAL OPERATIONS

Budget Process

Charter Amendment

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

Operating Budget

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

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

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

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

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

by the Commonwealth for tax rate purposes. In general, the City is required to raise in the tax levy a deficit incurred on a statutory accounting basis in the prior year’s operating budget, or a deficit incurred in the property tax abatement reserves.

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

Five-Year Capital Plan

The Office of Budget Management manages the City’s capital plan, including evaluating the condition of the City’s capital assets, forecasting the timing and financial requirements of new construction and rehabilitation, and assessing the allocation of current and future resources to meet the City’s infrastructure needs. Through an annually updated five-year capital plan, the City refines its capital needs and resources each fiscal year. In April 2025, the Mayor released the fiscal 2026-2030 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 2026 capital authorizations have been approved by the City Council. The next capital plan is expected to be released in April 2026.

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. See “CITY INDEBTEDNESS – Capital Planning and Borrowing Program” below.

Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2022 to 2025 Actual Results and Fiscal 2026 Budget

The following table shows the City’s General Fund budget for fiscal 2026, together with budgetary actual results for fiscal 2022 through 2025. 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.

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**Table 5. Summary and Comparison of Operating Results
Fiscal 2022 to 2025 Actual Results and Fiscal 2026 Budget
General Fund—Budgetary Basis
(\$ in millions)***

	Fiscal 2022 Actual Results	Fiscal 2023 Actual Results	Fiscal 2024 Actual Results	Fiscal 2025 Actual Results	Fiscal 2026 Budget ⁽¹⁾
Revenues:					
Recurring Revenue:					
Property Taxes	\$2,827.0	\$2,998.9	\$3,188.9	\$3,358.4	\$3,521.3
Overlay Reserve ⁽²⁾	(33.2)	(29.8)	(52.0)	(33.0)	(36.0)
Excises	191.6	281.3	314.0	311.9	311.0
Fines	61.8	60.6	60.3	66.0	63.8
Interest on Investments	4.4	88.3	162.7	119.0	79.6
Payments in Lieu of Taxes	56.6	56.4	57.6	62.1	58.2
Urban Redevelopment Chapter 121A	54.3	62.7	45.3	45.6	42.2
Misc. Department Revenue	83.6	88.4	93.4	98.4	84.1
Licenses and Permits	84.0	99.4	81.5	68.1	67.4
Penalties & Interest	12.8	12.0	14.4	13.9	10.3
Intergovernmental Revenues ⁽³⁾	-	-	-	28.2	46.1
Available Funds ⁽⁴⁾	-	-	-	-	31.0
State Aid	470.0	494.0	503.00	510.8	524.0
Total Recurring Revenue	\$3,812.9	\$4,212.2	\$4,469.0	\$4,649.4	\$4,803.0
Budgetary Fund Balance	-	-	-	110.0	40.0
Sale of Surplus Property					
American Rescue Plan	55.0	40.0	-	-	-
Total Non-Recurring Revenue ⁽⁵⁾	\$55.0	\$40.0	-	\$110.0	\$40.0
Total Revenues	\$3,867.91	\$4,252.2	\$4,469.0	\$4,759.4	\$4,843.0
Expenditures:					
Total Departmental Expenditures					
City Departments ⁽⁶⁾	\$1,494.3	\$1,539.9	\$1,720.8	\$1,923.6	\$1,796.3
Boston Public Health Commission	114.8	120.8	131.6	140.3	145.1
School Department	1,294.7	1,379.5	1,445.8	1,568.3	1,636.9
Collective Bargaining Reserve	52.0	40.0	4.6	12.1	36.9
OPEB Trust Fund ⁽⁷⁾	40.0	40.0	40.0	40.0	40.0
Total Department Expenditures	\$2,995.8	\$3,120.2	\$3,342.8	\$3,684.3	\$3,655.3
Fixed Costs:					
Pensions ⁽⁸⁾	\$323.7	\$381.9	\$422.6	\$422.5	\$467.7
Debt Service ⁽⁹⁾	184.3	198.4	239.4	249.3	310.3
State Assessments	329.7	352.0	368.0	378.1	405.4
Suffolk County Sheriff Reserve	2.9	2.9	2.9	2.9	2.9
Reserve	2.3	4.3	5.5	-	1.4
Total Fixed Costs	\$842.8	\$939.5	\$1,038.4	\$1,052.8	\$1,187.7
Total Expenditures	\$3,838.6	\$4,059.7	\$4,381.1	\$4,737.1	\$4,843.0
Excess of Revenues Over Expenditures	\$29.3	\$192.5	\$87.9	\$22.3	\$0.00

* Columns may not add due to rounding.

- (1) Represents the fiscal 2026 budget following the Tax Rate setting process as of January 1, 2025.
- (2) If the City's reserves for abatements prove at the end of the fiscal year to be insufficient to cover the City's abatement liability, the City is required to raise in the following year's tax rate in an amount sufficient to generate additional reserves to cover the shortfall.
- (3) Intergovernmental Revenues consist of reimbursements for City expenditures by the Boston Planning Development Agency that were moved to the City's General Fund starting in FY25
- (4) Available Funds comprises appropriations from the Parking Meter Fund and the Cemetery Trust Fund. Appropriations from these funds are restricted to specific uses.
- (5) Non-recurring revenue represents the use of available Budgetary Fund Balance of \$40.0 million in fiscal 2026. In fiscal 2025, \$110.0 million of Budgetary Fund Balance was used for a one-time investment in the Mayor's Housing Accelerator Program. American Rescue Plan Act (ARPA) federal relief funding was used for the purpose of revenue replacement of \$55.0 million in fiscal 2022 and \$40.0 million in fiscal 2023.
- (6) In fiscal 2025 City Departments includes \$110.0 million appropriated from the one-time investment in the Mayor's Housing Accelerator Program
- (7) 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 2026 represents the nineteenth consecutive year that the City has made a substantial appropriation for the OPEB Trust Fund. See "Employee Benefits-Other Post Employment Benefits."

(Continued on following page)

- (8) Excludes noncontributory pensions and annuities included in City Departments with expenditures of \$3.3 million in fiscal 2022, \$5.6 million in fiscal 2023, \$4.7 million in fiscal 2024, \$5.0 million in fiscal 2025, and budgeted expenditures of \$4.7 million in fiscal 2026. In addition, the Boston Public Health Commission's funding supports the general fund portion of their pension obligation. Such amounts are \$24.7 million in fiscal 2022, \$26.5 million in fiscal 2023, \$29.1 million in fiscal 2024, \$32.9 million in fiscal 2025, and \$33.3 million is budgeted in fiscal 2026.
- (9) The debt service amount is derived from principal and interest, less certain offsetting revenues. The revenues utilized to offset debt for budgetary and tax rate setting purposes vary from those used in Table 18 "Debt Service Requirements-Fiscal 2023-2026" and Table 20 "Debt Summary, Fiscal 2023 - 2025." See "City Indebtedness-Debt Service Requirements."

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

Fiscal 2022-2024 Actual Results

Revenues

During the fiscal 2022 to 2024 period, the City continued its pattern of producing annual budget surpluses as shown in the prior table. The City's property tax base continued to experience notable growth as an increase in residential development linked to the City's housing production goals. Several properties also moved from tax-exempt to taxable status during this time period. The growth in excise taxes also contributed to the increasing surplus, increasing from \$191.6 million in fiscal 2022 to \$314.0 million in fiscal 2024. Interest on Investments revenues also were affected by higher interest rates and City cash balances between 2022 and 2024. In fiscal 2022 Interest on Investment revenues were \$4.4 million, followed by \$88.3 million in fiscal 2023 and \$162.7 million in fiscal 2024.

In the fiscal 2022 to 2024 period, 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.

Expenditures

Fiscal 2022 ended with a \$29.3 million general fund budget surplus. In fiscal 2022, the City's expenditures totaled \$3.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$242.9 million or 6.8% from fiscal 2021 expenditures. Budgeted fiscal 2022 departmental expenditures compared with fiscal 2021 expenditures were as follows: City Departments increased \$104.2 million or 7.5%; the Public Health Commission increased \$8.3 million or 7.8%; the School Department increased \$34.2 million or 2.7%. Actual fixed costs for fiscal 2022 compared with actual fiscal 2021 fixed costs were as follows: Pensions increased \$31.6 million or 10.8%; Debt Service increased \$12.0 million or 7.0%; and State Assessments and Suffolk County Sheriff costs increased \$12.4 million or 3.9 %.

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

Fiscal 2023 ended with a \$192.5 million general fund budget surplus. In fiscal 2023, the City's expenditures totaled \$4.1 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$221.1 million or 5.8% from fiscal 2022 expenditures. Fiscal 2023 departmental expenditures compared with fiscal 2022 expenditures were as follows: City Departments increased \$45.6 million or 3.1%; the Public Health Commission increased \$6.0 million or 5.2%; the School Department increased \$84.8 million or 6.5%. In fiscal 2023, budgetary increases were supported by improved economic conditions which spurred increases in local receipts and Non-Recurring Revenue in the form of federal American Rescue Plan Act (ARPA) funds to replace lost revenue due to the COVID-19 pandemic. Actual fixed costs for fiscal 2023 compared with actual fiscal 2022 fixed costs were as follows: Pensions increased \$58.2 million or 18.0%; Debt Service increased \$14.1 million or 7.7%; and State Assessments increased \$22.3 million or 6.8%.

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

Fiscal 2024 ended with a \$87.9 million general fund budget surplus. In fiscal 2024, the City's expenditures totaled \$4.4 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$321.4 million or 7.9% from fiscal 2023 expenditures. Fiscal 2024 departmental expenditures compared with fiscal 2023 expenditures are as follows: City Departments increased \$180.9 million or 11.7%; the Public Health Commission increased \$10.8 million or 8.9%; the School Department increased \$66.4 million or 4.8%. In fiscal 2024, budgetary increases were supported by improved economic conditions which spurred increases in local receipts. Actual fixed costs for fiscal 2024 compared with actual fiscal 2023 fixed costs are as follows: Pensions increased

\$40.7 million or 10.7%; Debt Service increased \$41.0 million or 20.7%; and State Assessments increased \$15.9 million or 4.5%.

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

Fiscal 2025 Actual Results

Revenues

Actual revenues for fiscal 2025 totaled \$4.8 billion, an increase from fiscal 2024 actual revenues of \$290.4 million or 6.5%. Selected fiscal 2025 actual revenues compared with fiscal 2024 actual revenues are as follows: The Gross Property Tax Levy collections (including new growth of \$90.5 million) increased \$169.5 million or 5.3%; Excises decreased by \$2.1 million or -0.7%; Interest on Investments decreased \$43.7 million or -26.9%; Department Revenue increased \$5.0 million or 5.4%; Licenses and Permits decreased by \$13.5 million or -16.5%; Fines increased by \$5.7 million or 9.5%; voluntary Payment In Lieu of Taxes (“PILOT”) revenues increased by \$4.5 million or 7.8%; Chapter 121A revenues increased by \$0.3 million or 0.6%; and State Revenue increased \$7.8 million or 1.6%.

Excise taxes are particularly sensitive to local and national economic conditions. While Room Occupancy excise increased \$2.5 million or 1.7%, Aircraft Fuel excise decreased \$6.2 million or -13%, mainly due to the reduction in the average fuel cost compared to fiscal 2024. As mentioned above, Interest on Investments decreased \$43.7 million or -26.9%, due to lower interest rates. Building permit revenue decreased by \$14.9 million or -23.7% in fiscal 2025 as compared to fiscal 2024 due to fewer large construction projects.

Expenditures

Fiscal 2025 ended with a \$22.3 million general fund budget surplus. In fiscal 2025, the City’s expenditures totaled \$4.7 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$356.0 million or 8.1% from fiscal 2024 expenditures. Fiscal 2025 departmental expenditures compared with fiscal 2024 expenditures are as follows: City Departments increased \$202.9 million or 11.8%; the Public Health Commission increased \$8.7 million or 6.6%; the School Department increased \$122.4 million or 8.5%. In fiscal 2025, budgetary increases were supported by increases in the Property Tax Levy, State Aid, and use of the Budgetary Fund Balance. Actual fixed costs for fiscal 2025 compared with actual fiscal 2024 fixed costs are as follows: Pensions decreased \$0.1 million; Debt Service increased \$9.9 million or 4.1%; and State Assessments increased \$10.2 million or 2.8%.

Fiscal 2025 ended with \$71.1 million in appropriations deficits. These deficits were driven by public safety, Snow and Winter Management, and Execution of Courts. The Police Department had a \$44.4 million deficit and the Fire Department had a \$12.8 million deficit. These deficits were primarily attributable to overtime spending. Additionally, there was a deficit related to the Snow and Winter Management appropriation of \$9.7 million driven by response to winter weather events and a deficit in the Execution of Courts account of \$4.2 million resulting from judgments and claims exceeding the budgeted amount.

Fiscal 2026 Budget

The following is a summary of expectations regarding the City’s fiscal 2026 budget on a budgetary accounting basis. The figures cited below are comparisons to fiscal 2025 actual figures.

Revenues

Budgeted revenues for fiscal 2026 are expected to total \$4.8 billion, an increase of \$83.6 million or 1.8% from fiscal 2025 actual revenues.

Selected fiscal 2026 budgeted revenues compared with fiscal 2025 actual revenues as follows: The budgeted Gross Property Tax Levy (including new growth of \$78.1 million) increased \$162.9 million or 4.9%; in fiscal 2026, the City reserved 1.0% of the gross levy for abatements; Excises are budgeted reflecting a decrease of \$0.9 million or -0.3%; Fines are budgeted reflecting a decrease of \$2.2 million or -3.3%; Interest on Investments is budgeted \$39.4 million lower or -33.1%; Payments in Lieu of Taxes are budgeted reflecting a decrease of \$3.9 million or -6.3%; Chapter 121A revenues are budgeted reflecting a decrease of \$3.4 million or -7.4%; Miscellaneous Department Revenues are budgeted reflecting a decrease of \$14.3 million or -14.5%; Licenses and Permits are budgeted reflecting a decrease of \$0.7 million or -1.0%; Penalties and Interest are budgeted reflecting a decrease of \$3.7 million or -26.4%; State Aid is budgeted to increase by \$13.2 million or 2.6% and Non-Recurring Revenue is expected to remain the same.

The growth in budgeted Property Taxes is due to the allowable increase of the City's levy by 2.5% and new growth that is excluded from the levy limit. New growth, as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$78.1 million in fiscal 2026, as compared to \$90.5 million, a \$12.4 million decrease from fiscal 2025. Property Tax, the City's largest source of revenue, has become increasingly important to the City's revenue growth given recent fluctuations in state aid from the Commonwealth—the City's second largest single source of revenue, see "City Revenues—State Aid." The City has consistently increased the Property Tax levy annually by the maximum amount allowed under statutory limits.

The budgetary decreases in budgeted Excises, Fines, Interest on Investments, PILOTs, Miscellaneous Department Revenue, Licenses and Permits, Fines, and Penalties are based on conservative assumptions regarding local conditions and future economic uncertainty from national interest rate, trade, and immigration policies. These revenues are more economically sensitive than Property Tax, and are more likely to decline in a recession or economic slowdown. Chapter 121A revenue is expected to decline as agreements related to certain 121A projects expire. State Aid is budgeted based on the final fiscal 2026 State Aid budget.

Based on revenue collections year-to-date through January 2026, the City appears likely to meet or exceed budgeted revenues in the aggregate and across most revenue categories. For more detailed information regarding City revenues, see "City Revenues."

Expenditures

In fiscal 2026, the City's currently budgeted expenditures total approximately \$4.8 billion including direct expenditures for departmental services and fixed expenses, representing an increase of \$105.9 million or 2.2% from fiscal 2025 actual expenditures. The majority of this increase comes from the School Department, the Collective Bargaining Reserve, and fixed costs. In fiscal 2026, City Department expenditures are budgeted to decrease \$127.3 million, or -6.6% from fiscal 2025 actual expenditures. In fiscal 2025, public safety departments experienced significant overtime costs, and such overtime costs are expected to continue in fiscal 2026. School Department budgeted expenditures increased \$68.7 million or 4.4%. The School Department continues to experience expenditure pressure particularly in the areas of student transportation, facilities management, health insurance and other employee benefits, and the increasing costs related to a high needs student population, but will continue to explore identifying efficiencies to reduce costs. The School Department, much like City Departments, made targeted investments to recover from the COVID-19 pandemic, and with federal funding having expired in fiscal 2025, the need to sustain certain essential investments helped drive budgetary growth. Other notable budget increases in the School Department relate to an expanded commitment to inclusive education and school-directed investments in student supports and academic rigor. As of February 2026, the School Department and City departmental appropriations were projecting expenditures that exceed their budgets for fiscal 2026. In City departmental appropriations certain costs, including, in particular, Police and Fire departmental overtime and Snow and Winter Management costs are exceeding the approved budgets for fiscal 2026. As of February 2026, the School Department projected a shortfall of approximately \$53.0 million. City departmental appropriations are currently estimated to have a total net deficit of approximately \$48.4 million. These estimated amounts are subject to change. Cost controls have been implemented by both the City and School Department to reduce these deficits, including spending freezes on travel, supplies and equipment, deferred hiring and restrictions to other discretionary spending through the end of fiscal 2026. While the actual deficit amounts, if any, won't be known until closer to fiscal 2026 year-end, the City nonetheless anticipates maintaining a balanced budget in fiscal 2026. The cost controls and above-budget revenue receipts are expected to help offset the estimated deficits, but if needed, the City has sufficient reserves including free cash (essentially surplus revenue from prior years, with certain adjustments certified annually by the Commonwealth's Department of Revenue) to close any remaining gap.

The Collective Bargaining Reserve increased by \$24.8 million, reflecting large unsettled contracts, including Local 718 (representing Firefighters) and certain Police unions, as well as other civilian contracts. The City prioritized increasing wages for lower wage earners in this round, and have since settled with most collecting bargaining units.

The appropriation to the OPEB Trust Fund is level-funded at \$40.0 million. Budgeted fixed expenses for fiscal 2026 compared with fiscal 2025 actual expenditures as follows: Pensions increased by \$45.2 million or 10.7%; Debt Service increased \$60.9 million or 24.4%; and State Assessments increased \$27.3 million or 7.2%. Most of the increase in State Assessments is for charter school tuition, \$13.4 million.

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.

Fiscal 2027 and 2028 Forecasts

At the time of publishing the fiscal 2026 adopted budget in June 2025, the City conservatively projected budget deficits in fiscal 2027 and fiscal 2028 of \$27.0 million and \$64.6 million, respectively. The larger projected shortfall

in fiscal 2027 was driven in large part by fixed costs, which are expected to increase by approximately \$102.5 million or 8.7%. The largest components of that fixed cost increase include Pensions, \$41.4 million, and Debt Service, \$28.6 million. Pension payments are expected to fall by nearly \$250 million in fiscal 2028 as the City fully funds its unfunded pension liability, but overall spending is still expected to grow, paced in part by education, \$47.9 million or 2.4% across the School Department and Charter School Tuition, and the Collective Bargaining Reserve, \$61.5 million or 93.8%, reflecting anticipated union contract settlements. The forecast projected conservative property tax growth in fiscal 2027 and 2028. Interest on Investments is projected to decrease in fiscal 2027 by \$15.2 million and again in fiscal 2028 by an additional \$12.8 million due to anticipated downward adjustments to the Federal Funds rate. Licenses and Permits revenue is also projected to decrease in fiscal 2027 before stabilizing in fiscal 2028.

As required by the Boston City Charter, the Mayor will submit the fiscal 2027 budget no later than April 8, 2026. As the City examines projected expenditures for fiscal 2027 and fiscal 2028, expenditures are anticipated to grow at a faster rate than the City's overall revenue growth, which is conservatively expected to be in the range of 1.5% to 2.5%. This combination will require continued active management to achieve and maintain a balanced budget. In addition to the growth in fixed costs, the City continues to project considerable appropriations growth due to rising employee-related costs, especially with respect to health care 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 2025 audited financial statements, see Note 2 to such audited financial statements, which are attached hereto as Exhibit I. The City's fiscal 2025 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 2025 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, 2025, 2024, 2023, 2022, and 2021, 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.

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Summary and Comparison of Operating Results (GAAP Basis)—Fiscal 2021-2025

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 2021 through 2025, which were prepared in accordance with the GAAP basis of accounting by the City and audited by KPMG LLP and CLA LLP (2025), as independent auditors.

Table 6. Summary of General Fund Statements of Revenues, Expenditures, Other Financing Sources and Changes in Fund Equity Fiscal Years 2021-2025 (GAAP Basis)
(\$ in millions)*

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total revenues	\$3,657.2	\$4,047.4	\$4,441.3	\$4,732.3	\$4,924.9
Total expenditures	<u>3,711.9</u>	<u>3,977.1</u>	<u>4,159.2</u>	<u>4,459.4</u>	<u>5,034.9</u>
Excess (deficiency) of revenues over expenditures	(54.7)	70.3	282.1	272.9	(110.0)
Total other financing (uses) sources	<u>(5.7)</u>	<u>33.8</u>	<u>9.6</u>	<u>(47.6)</u>	<u>62.5</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(60.3)</u>	<u>104.1</u>	<u>291.7</u>	<u>225.3</u>	<u>(47.5)</u>
Fund balance, beginning of year	<u>1,271.5</u>	<u>1,211.1</u>	<u>1,315.3</u>	<u>1,607.0</u>	<u>1,832.3</u>
Fund balance, end of year ⁽¹⁾	<u>\$1,211.2</u>	<u>\$1,315.3</u>	<u>\$1,607.0</u>	<u>\$1,832.3</u>	<u>\$1,784.8</u>

* Columns may not add due to rounding.

(1) The unassigned fund balances for the General Fund, amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City for fiscal 2021, 2022, 2023, 2024 and 2025 were \$898.2 million, \$994.5 million, \$1,186.9 million and \$1,342.8 million, \$1,224.6 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 2021 through fiscal 2025. The figures appearing in this section for the period are derived from the City’s audited financial statements. The analysis 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, statutory and voluntary 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 2021

General Fund revenue decreased by \$71.5 million, or 1.9%, from fiscal 2020. Property taxes, excise taxes, and payments in lieu of taxes totaled \$2.9 billion or 78.0% of total revenue. Property taxes increased by \$151.6 million, representing a positive change of 6.1% from fiscal 2020. Licenses and permits decreased by \$20.3 million or 23.0%. Departmental revenue decreased by \$42.9 million or 41.5% in fiscal 2021.

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

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

Fiscal 2022

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

Fiscal 2022 expenditures increased by \$265.2 million or 7.1% from fiscal 2021. The City’s largest expenditures were for schools (\$1.3 billion), public safety (\$797.4 million), retirement costs (\$502.6 million), state and district assessments (\$332.6 million), and other employee benefits (\$258.1 million). School expenditures increased from fiscal

2021 by \$90.1 million or 7.3%, public safety increased by \$62.1 million or 8.5%, retirement costs increased by \$29.1 million or 6.2%, state and district assessments increased by \$12.4 million or 3.9%, and other employee benefits decreased by \$2.9 million or 1.1%.

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

Fiscal 2023

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

Fiscal 2023 expenditures increased by \$182.1 million or 4.6% from fiscal 2022. The City's largest expenditures were for schools (\$1.4 billion), public safety (\$809.0 million), retirement costs (\$565.8 million), state and district assessments (\$354.9 million), and other employee benefits (\$259.5 million). School expenditures increased from fiscal 2022 by \$32.5 million or 2.5%, public safety increased by \$11.7 million or 1.5%, retirement costs increased by \$63.2 million or 12.6%, state and district assessments increased by \$22.3 million or 6.7%, and other employee benefits decreased by \$1.4 million or 0.5%.

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

Fiscal 2024

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

Fiscal 2024 expenditures increased by \$300.2 million or 7.2% from fiscal 2023. The City's largest expenditures were for schools (\$1.4 billion), public safety (\$914.8 million), retirement costs (\$657.3 million), state and district assessments (\$370.8 million), and other employee benefits (\$262.1 million). School expenditures increased from fiscal year by \$5.2 million or 0.4%, public safety increased by \$105.7 million or 13.1%, retirement costs increased by \$91.4 million or 16.2%, state and district assessments increased by \$15.9 million or 4.5%, and other employee benefits increased by \$2.6 million or 1.0%.

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

Fiscal 2025

General fund revenue for fiscal 2025 increased by \$192.6 million, or 4.1% from fiscal 2024. Property taxes, excise taxes, and payments in lieu of taxes totaled \$3.8 billion or 76.3% of total revenue. Property taxes increased \$166.6 million representing a positive change of 5.3% from fiscal 2024. Licenses and permits decreased by \$11.7 million or 14.9%. Departmental revenue increased by \$9.1 million and 8.4% in fiscal 2025. Interest on investments decreased by \$43.6 million and 26.9%, due to the lower interest rates.

Fiscal 2025 expenditures increased by \$575.5 million or 12.9% from fiscal 2024. The City's largest expenditures were for schools (\$1.6 billion), public safety (\$950.6 million), retirement costs (\$720.6 million), state and district assessments (\$381.0 million), and other employee benefits (\$289.1 million). School expenditures increased from fiscal 2024 by \$260.2 million or 19.1% due in part to collective bargaining increases, public safety increased by \$35.8 million or 3.9%, retirement costs increased by \$63.3 million or 9.6%, state and district assessments increased by \$10.2 million or 2.7%, and other employee benefits increased by \$27.0 million or 10.3%.

The General Fund's equity balance as of June 30, 2025 was \$1.8 billion, a decrease of \$47.5 million from fiscal 2024.

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 2023 and ending with December of fiscal 2026, the most recent month for which data is available. The cash balances presented do not necessarily reconcile with revenue and expenditures for similar accounts calculated on a budgetary accounting basis or on a GAAP basis.

Table 7. End-of-Month Cash Balances for Fiscal 2023-2026
(\$ in thousands)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
July	\$2,316,004	\$2,845,565	\$2,516,315	\$2,379,505
August	2,421,266	2,442,880	2,415,333	2,239,515
September.....	2,263,573	2,334,926	2,288,145	2,035,882
October	2,523,088	2,538,546	2,576,385	2,186,605
November.....	2,530,885	2,641,364	2,468,228	2,175,923
December.....	2,313,322	2,424,907	2,296,078	2,055,287
January.....	2,655,306	2,708,879	2,508,714	
February.....	2,700,135	3,024,323	2,492,631	
March.....	2,417,483	2,636,509	2,204,870	
April.....	2,635,296	2,898,885	2,509,549	
May.....	2,717,680	2,912,332	2,513,987	
June.....	2,736,433	2,767,014	2,759,728	

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. This policy was last reviewed and updated in March 2026.

Financial Management

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

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

Investment Policy

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

Performance Management and Program Evaluation

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

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

Risk Management

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

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

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

In recent years, the City has experienced an increase in the number of lawsuits alleging civil rights violations in cases where convictions were reversed. The City has settled some of these matters, typically resulting in multi-million-dollar awards, which reflect various factors such as the length of the wrongful incarceration. The City cannot predict the timing or amounts of any settlements or awards for these matters or any other pending litigation, but believes it has sufficient resources to meet its obligations resulting from litigation against the City. Judgments and settlements of litigation are paid from the City's Execution of Courts account, which may result in a permissible deficit in such account in any fiscal year. The City's fiscal 2026 budget does not currently include any amount for possible judgments but maintains reserves to address costs associated with judgements and settlements. See, for example, "FINANCIAL OPERATIONS – Fiscal 2022-2024 Actual results and – Fiscal 2025 Actual Results" for information on recent payments from the Execution of Courts account.

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

City properties are managed and maintained by the Property Management Department and property managers of individual departments. Large damages are insured through a catastrophic all risk property insurance policy, which provides \$100 million in all risk coverage and additional excess capacity depending on the type of hazard after a \$10

million deductible. Separate insurance policies provide \$300 million coverage for stand-alone terrorism, \$150 million coverage for fine arts, \$50 million coverage per incident for equipment breakdown, and an additional \$5 million for storm surge flooding. The City has not had any insurance claim in excess of the City's deductibles in the last 20 years and has never had a claim or settlement that exceeded any of its insurance policy limits. Insurance premiums, broker fees, and insurance related costs are budgeted annually as part of the General Fund. Remaining funds from this annual budget are moved to the Catastrophic Risk Retention Reserve.

The Catastrophic Risk Retention Reserve was established in 1998 under M.G.L Ch. 40 S.5 as a stabilization fund to mitigate current and future risks. At the end of fiscal 2025, there is an available balance of \$42.1 million in this reserve fund.

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SECTION 3: CITY REVENUES

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

Property Taxes

Real and personal property taxes are the largest single source of the City's revenue. The City's gross property tax levy for fiscal 2026 equals \$3.5 billion, or 72.7% of expected General Fund revenues of \$4.8 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 2026, 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 2026 equals \$3.5 billion. In fiscal 2026, the allowable 2.5% increase is \$84.0 million, and "new growth," as certified by the Commonwealth's Department of Revenue during the Tax Rate setting process, is \$78.1 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."

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Table 8. Proposition 2½ Property Tax Levy Limits, Fiscal 2022-2026 ⁽¹⁾
(\$ in thousands)

	2022	2023	2024	2025	2026
Total Assessed Valuation	\$197,826,916	\$212,217,474	\$220,853,171	\$226,374,895	\$228,602,349
Growth Levy Limit ⁽²⁾	2,823,729	2,993,144	3,189,421	3,359,406	3,521,354
Levy Ceiling ⁽³⁾	4,945,673	5,305,437	5,521,329	5,659,372	5,715,059
Tax Levy ⁽⁴⁾	2,823,323	2,993,144	3,188,712	3,357,989	3,521,322
<u>Under Levy Ceiling</u>	2,122,350	2,312,293	2,332,617	2,301,383	2,193,737

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

Source: City of Boston Assessing Department.

Revaluation

Current state law mandates a revaluation of all taxable property every five years. These revaluations are reviewed and certified by the Commonwealth. In the years between revaluations, the Commonwealth requires municipalities to establish new values 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 2024, the City concluded work on its last scheduled revaluation for fiscal 2025, with an assessment date of January 1, 2024. The next revaluation is scheduled for fiscal 2030. For fiscal 2026, assessments are based on market activity leading up to the assessment date of January 1, 2025.

Values of existing commercial property, excluding new growth, declined for the second consecutive year in fiscal 2026 due to the impact of continuing vacancies in office space. As area businesses continue to reevaluate their space needs and balance in-person and remote work it is anticipated that office values will continue to face downward pressure over the short to medium term, especially for non-class A space. Valuation changes of this nature do not impact total tax revenue as they are automatically built into changes in the tax rates for all classes of property. Residential property values continued to increase in fiscal 2026.

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, 2025. The fiscal 2026 tax rates were applied to the January 1, 2025 valuation to determine levy and tax liability for fiscal 2026.

**Table 9. Assessed Valuation of Taxable Real Property by
Real Estate Classes, Assessment Dated January 1, 2025 (\$ in thousands)**

Real Estate Classes	Parcel Count	Residential Valuation	Commercial Valuation	Industrial Valuation	Total Valuation
1-Family (101)	30,439	\$27,558,915	-	-	\$27,558,915
Residential Condominium (102)	74,239	\$65,241,657	-	-	\$65,241,657
Misc. (103, 108, 109, 110)	8,782	\$1,040,613	-	-	\$1,040,613
2-Family (104)	16,701	\$16,003,619	-	-	\$16,003,619
3-Family (105)	13,169	\$15,808,504	-	-	\$15,808,504
4-Family & Apartments (111-125)	5,555	\$17,325,380	-	-	\$17,325,380
Residential Land (130-132, 106)	5,855	\$397,265	-	-	\$397,265
Commercial (300-393)	7,237	-	\$55,010,179	-	\$55,010,179
Industrial (400-452)	668	-	-	\$1,358,110	\$1,358,110
Agricultural	3	-	\$643	-	\$643
Mixed Use (012-043)	2,956	\$14,819,367	\$3,788,364	\$71,110	\$18,678,841
Total	165,604	\$158,195,320	\$58,799,186	\$1,429,220	\$218,423,726

Source: City of Boston Assessing Department.

**Table 10. Tax Rates, Fiscal 2022-2026
(per \$1,000 of assessed value)**

Fiscal Year	Commercial, Industrial and Personal Property	Residential Property
2026	\$26.96	\$12.40
2025	25.96	11.58
2024	25.27	10.90
2023	24.68	10.74
2022	24.98	10.88

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. In 2025 the City Council passed a Home Rule petition to shift a larger portion of the residential property taxes to the commercial, industrial, and personal property classes. As of March 2026, this petition has not received approval by the State Legislature. See “OTHER MATTERS – Home Rule Petitions.”

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 2026, 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 2026, each qualifying resident who receives the maximum residential exemption has their taxable assessed value reduced by \$351,108. 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 for fiscal 2022-2026.

**Table 11. Assessed Valuations—Fiscal Years 2022-2026 ⁽¹⁾
(\$ in thousands)***

Fiscal Year	Residential Valuation	Commercial Valuation	Industrial Valuation	Personal Property Valuation	Total Valuation
2026	\$158,195,320	\$58,799,186	\$1,429,221	\$10,178,624	\$228,602,350
2025	154,028,711	61,184,889	1,475,114	9,686,180	226,374,895
2024	147,244,423	63,034,630	1,403,467	9,170,651	220,853,171
2023	141,541,580	60,779,084	1,427,979	8,468,832	212,217,474
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916

* 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 2026 assessed values are as of January 1, 2025.

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 following table is a list of all of the taxpayers in the City that had an aggregate tax liability in excess of \$20.0 million for fiscal 2026. Assessed valuations and fiscal 2026 taxes reflect the valuation of property as of January 1, 2025 and the tax liability using applicable tax rates.

Table 12. Largest Taxpayers: City of Boston, Fiscal 2026 ⁽¹⁾⁽²⁾
(\$ in thousands)

Owner	Personal Property Value	Real Property Value	Total Assessed Value	Fiscal 2026 Tax Liability
Alexandria Real Estate	\$ -	\$ 1,373,557	\$ 1,373,557	\$ 37,031
Beacon Capitol Partners	904	1,175,726	1,176,630	31,722
Blackstone Real Estate	206	1,208,890	1,209,096	32,597
Boston Properties	12,679	4,300,368	4,313,048	102,878
Diversified Healthcare Trust	-	972,464	972,464	26,218
Equity Residential	2,401	1,743,804	1,746,205	24,970
Eversource	3,925,910	187,330	4,113,240	110,893
METLIFE	1,368	1,036,147	1,037,514	27,971
Morgan Stanley	15,467	949,723	965,189	24,937
National Grid	1,342,472	38,524	1,380,996	37,232
Nuveen	301	1,089,646	1,089,947	29,385
Oxford Properties	126	1,534,398	1,534,524	40,408
Pembroke	-	971,290	971,290	26,186
PGIM Real Estate	-	1,049,939	1,049,939	28,306
Related Beal	264	1,134,127	1,134,391	25,915
Rockpoint Group	9,441	1,523,166	1,532,607	41,319
Samuels & Associates	3,669	1,466,780	1,470,448	26,424
Synergy	325	1,382,387	1,382,712	36,744
Tishman	1,552	1,760,911	1,762,462	40,694
Verizon	815,229	128,281	943,511	25,431
WS Development	-	1,301,082	1,301,082	34,981

- (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 Department.

Real Estate Tax Levies and Collections

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

Table 13. Tax Collections in Relation to Property Tax Levies Fiscal 2021-2025
(Statutory Accounting Basis)
(\$ in millions)

Fiscal Year	Tax Levy			Tax Levy Collected Within Year of Levy			Tax Levy Net of Refunds Collected as of June 30		
	Gross ⁽¹⁾	Net	Net Gross	Gross Amount	Gross Levy	Net Levy	Net Amount	Gross Levy	Net Levy
2025	\$3,358.5	\$3,325.5	99.0%	\$3,337.4	99.4%	100.4%	\$3,328.5	99.1%	100.1%
2024	3,188.9	3,136.9	98.4%	3,173.3	99.5%	101.2%	3,163.1	99.2%	100.8%
2023	2,996.1	2,966.3	99.0%	3,001.1	100.2%	101.2%	2,971.1	99.2%	100.2%
2022	2,826.2	2,793.0	98.8%	2,809.3	99.4%	100.6%	2,801.0	99.1%	100.3%
2021	2,678.1	2,674.4	99.9%	2,665.8	99.5%	99.7%	2,647.5	98.9%	99.0%

- (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 filing an Instrument of Taking at the Registry of Deeds. 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 for takings filed before November 1, 2024 and 8% for takings filed thereafter. If the taxes remain unpaid for a period of six months from the tax taking, the City may petition the Land Court to foreclose the equity owner’s right of redemption.

Tax title receipts were \$19.6 million, \$25.5 million, and \$26.1 million in fiscal 2023, fiscal 2024, and fiscal 2025, 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. Developments participating in the Office to Residential Conversion Program are included in these agreements. Through 2025, eight projects have started construction or completed. These payments are different from the voluntary PILOT payments made by hospitals, universities, and the Massachusetts Port Authority, totaling \$62.0 million in fiscal 2025, which are not included in the amounts below.

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

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

Fiscal Year Ended June 30	Excise Payments In Lieu of Taxes (Section 10)	Contractual Payments ⁽¹⁾	Total*
2025.....	\$14,061	\$31,500	\$45,561
2024.....	14,333	30,988	45,320
2023.....	16,803	45,921	62,724
2022.....	19,083	35,227	54,310
2021.....	21,410	25,561	46,971

* Totals may not add due to rounding.

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

Source: City of Boston Office of Budget Management.

Community Preservation Act

The Massachusetts Community Preservation Act (the “CPA”) permits municipalities that accept its provisions to levy a surcharge of up to 3% on its real property tax levy for the acquisition, creation, preservation, rehabilitation and restoration of open space, historic resources and affordable housing. 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). 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 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.

Municipalities that accept the provisions of the CPA are also eligible to receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy. These matching funds are raised from certain recording and filing fees of the register of deeds. Amounts raised are deposited into a state trust fund and are not subject to annual appropriation by the State Legislature.

The City accepted the CPA in November 2016 and set the rate at 1%. The City is utilizing CPA revenues to help achieve its housing and economic goals of creating affordable housing units, restoring open spaces, rehabilitating recreational sites, and preserving historical resources. The City collected \$29.5 million in fiscal 2021, \$34.8 million in fiscal 2022, \$36.7 million in fiscal 2023, \$35.6 million in fiscal 2024, and \$40.5 million in fiscal 2025. For fiscal 2026, the City initially estimated that it would receive approximately \$28.0 million attributable to this surcharge with state matching funds in the amount of \$4.6 million. In fiscal 2025, the City appropriated \$38.1 million to 52 projects including: 27 Historic Preservation projects, 7 Affordable Housing projects and 18 Recreational Use and Open Space projects. In fiscal 2026 the City plans to appropriate \$32.6 million to additional projects.

State Revenue

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

The largest component of state revenues in fiscal 2026 is Chapter 70 aid. This revenue is the Commonwealth's main contribution to the City's public schools. The Student Opportunity Act (Chapter 132 of the Acts of 2019) altered the allocation formula to direct more funds to districts with higher needs populations like Boston's. For fiscal 2026, Boston is scheduled to receive \$245.3 million, up from \$236.7 million in fiscal 2025.

Boston also receives state revenues for its charter schools. Distributions from the Commonwealth charter school reimbursement account are based on a formula to provide transitional dollars to municipalities when a student leaves a district school for a charter school, but this account is subject to appropriation. Prior to the Student Opportunity Act, the Commonwealth underfunded the charter school reimbursement account. Between fiscal 2021 and 2026, Boston's charter school tuition reimbursement increased by 30.3% to \$39.5 million.

General government expenditures are supported through Unrestricted General Government Aid, "UGGA." After Chapter 70 aid, UGGA is the second largest state revenue line item. In fiscal 2026, Boston is scheduled to receive \$235.8 million. Together UGGA, Chapter 70 aid, and charter school tuition reimbursements account for 99.4% of the City's state revenues.

Following the Great Recession, the City experienced reductions in actual state revenue totaling \$102.9 million or 20.8% between fiscal 2008 and fiscal 2012. Since fiscal 2013 state revenue has generally increased annually, driven by increases in UGGA and charter school tuition reimbursements. Net state aid – defined by total state revenue less state assessments including charter school assessment, MBTA, and other items declined between fiscal 2013 and 2022. Actual net state aid was \$140.3 million in fiscal 2022. Fiscal 2023 featured a modest increase in net state aid to \$142.0 million before declining again in fiscal 2024 to \$135.0 million and even further to \$132.7 million in fiscal 2025. The City is budgeting net state aid to decrease by \$14.1 million, or 11.9%, to \$118.6 million in fiscal 2026.

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

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

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

State School Building Assistance

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. The state legislature created the

Massachusetts School Building Authority (“MSBA”) in 2004 to finance and administer the school building assistance program. The MSBA assumed all powers and obligations of the State Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

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

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

Currently, the City has three active school projects in the Core Program, and has recently completed two Core projects. To date, the City has received \$57.6 million in reimbursements for the Josiah Quincy Upper School project and expects to receive up to \$30.2 million in grant reimbursements for the Carter School project. The new Josiah Quincy Upper School opened in September 2024, while the new Carter School opened in September 2025. The City began feasibility studies for the Shaw Taylor School and Ruth Baton projects in 2025. In December 2025, the MSBA Board invited the Madison Park Technical Vocational High School into the Core Program. The Madison Park project is anticipated to be one of the City’s largest school construction projects in its history.

In the ARP, six projects are underway, with project completion expected by 2027. The 2022 ARP project budgets total \$18.5 million of which up to \$9.6 million may be eligible for reimbursement. The MSBA invited seven schools across three projects into the 2024 ARP round. These projects are currently in design, and one project will trigger ADA compliance, to which the MSBA will contribute. The MSBA did not have an ARP funding round in 2023. The MSBA has also invited eight schools for the 2025 ARP round. These projects will be staggered across two phases, starting in May 2026 and September 2026 respectively. This round of projects will include two heat pump projects, a first for the MSBA.

Excise Revenues

In addition to the major sources of revenue described above, the City receives various other types of revenues. See “Financial Operations—Summary and Comparison of Operating Results (Budgetary Basis)—Fiscal 2022 to 2025 Actual Results and Fiscal 2026 Budget.” The following is a description of those and other significant excise revenue sources of the City.

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 \$75.5 million, \$129.3 million, \$144.6 million, and \$147.1 million in fiscal 2022, 2023, 2024, and 2025, respectively. Based on distributions received from the Commonwealth through December 2025, the City is projecting to meet the \$148.0 million in room occupancy revenue budgeted for fiscal 2026.

Aircraft Fuel Excise

The City also assesses an aircraft fuel excise upon the sale of jet fuel. The rate of tax is calculated as 5% of the average price per gallon computed to the nearest tenth of a cent per gallon but no less than 5 cents per gallon. The Commonwealth collects this tax and distributes it to the City. The City’s aircraft fuel excise receipts totaled \$22.8 million, \$49.6 million, \$48.2 million, and \$42.0 million in fiscal 2022, 2023, 2024, and 2025, respectively. Based on distributions received from the Commonwealth through December 2025, the \$41.5 million budgeted for Aircraft Fuel Excise revenue in fiscal 2026 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 \$60.8 million, \$59.9 million, \$72.7 million, and \$75.2 million in fiscal 2022, 2023, 2024, and 2025, respectively. Current year billings are sent in February of each year, however the \$71.3 million in budgeted Motor Vehicle Excise revenue in fiscal 2026 appears achievable.

Meals Excise

In 2009, the Commonwealth granted the option to municipalities to levy a 0.75% excise on locally sold prepared food and beverages. The Massachusetts Department of Revenue is responsible for collecting and remitting meals excise receipts to the City. The City's annual meals excise receipts totaled \$29.4 million, \$37.7 million, \$40.6 million, and \$41.3 million in fiscal 2022, 2023, 2024, and 2025, respectively. Based on distributions received from the Commonwealth through December 2025, the \$42.8 million budgeted for Meals Excise revenue in fiscal 2026 appears achievable.

Vehicular Rental Surcharge

The Commonwealth imposes a \$10 surcharge on each vehicular rental transaction contract in the City and is remitted to the City quarterly. The City's annual share of vehicular rental surcharges totaled \$0.9 million, \$1.1 million, \$1.4 million, and \$1.4 million, in fiscal 2022, 2023, 2024, and 2025 respectively. Based on year-to-date distributions received, the \$1.4 million budgeted for Vehicular Rental Surcharge appears achievable.

Departmental Revenues

Several City departments generate significant revenues from fines, fees, charges and reimbursements. The City expects to meet or exceed budgeted targets in most areas. Below are a few of the major departmental revenue types that the City collects.

Parking Fines

The City's annual parking fine receipts totaled \$57.4 million, \$56.1 million, \$55.5 million, and \$60.4 million, in fiscal 2022, 2023, 2024, and 2025, respectively. Collections subsequently rebounded in fiscals 2022 and 2023, however remain below pre-pandemic levels. Through February 2026, the \$54.5 million budgeted for parking fines in fiscal 2026 appears achievable.

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 \$64.1 million, \$80.3 million, and \$62.7 million, and \$47.8 million, in fiscal 2022, 2023, 2024 and 2025, respectively. Due to the current uncertainty in the construction market, the City budgeted \$49.3 million for this revenue source in fiscal 2026. Building permit fee collections through February 2026 are below their budgeted target.

Street Occupancy Permits

The Public Works Department collects fees from construction and telecommunications companies that block or occupy city streets or sidewalks. Street occupancy permits fees totaled \$14.4 million, \$25.7 million, \$22.8 million, and \$14.5 million, in fiscal 2022, 2023, 2024 and 2025, respectively. Like building permits, street occupancy permits are correlated to the construction market. The City budgeted \$11.0 million for this revenue source in fiscal 2026. Through February 2026 Street occupancy permit collections are below their budgeted target.

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 \$10.9 million, \$5.4 million, \$7.7 million, and \$10.7 million in fiscal 2022, 2023, 2024, and 2025, respectively. Through February 2026 the \$6.9 million budgeted for municipal Medicaid reimbursement in fiscal 2026 appears achievable.

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, 2025, there was \$24.8 million remaining in the Surplus Property Disposition Fund.

Grants

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

Federal Grants

In fiscal 2025, the City was awarded federal funds of \$240.4 million. Awarded funds may be spent over multiple fiscal years. Some major sources of federal grant funds in fiscal 2025 included: a Community Development Block Grant ("CDBG") Entitlement Program award of \$17.2 million; a Home Investment Partnership Program ("HOME") award of \$5.0 million, a Lead Hazard Reduction award of \$4.5 million, and a Housing Opportunities for Persons with AIDS Program ("HOPWA") award of \$3.7 million. The Mayor's Office of Housing received an additional \$59.1 million in federal competitive grants, mainly related to the Continuum of Care Program.

Major sources of federal grant funds for programs of the Boston Public Schools included: a Title I Elementary & Secondary Education Act of 1965 award of \$48.0 million; Special Education Entitlement Grant awards of \$18.2 million; School Lunch Program and Summer Food Program awards of \$38.7 million; Environmental Protection Act Clean (EPA) School Bus Program awards of \$35.1 million; and a Title II teacher quality award of \$2.7 million. The Boston Public Schools were also awarded \$16.7 million from other federal grant sources during the 2025 fiscal year. Total federal aid to Boston Public Schools in fiscal 2025 was \$159.3 million compared to \$153.7 million in fiscal 2024.

State Grants

In addition to State Revenue, the City also receives state grants. In fiscal 2025, the Office of Workforce Development received YouthWorks grant awards that totaled \$4.1 million from the Massachusetts Executive Office of Labor and Workforce Development.

The State paid \$12.3 million in Special Education Reimbursement to the Boston School Department which amount is consistent with prior fiscal years.

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SECTION 4: CITY INDEBTEDNESS

Classification of City Debt

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

General Obligation Debt

On June 30, 2025, the City had outstanding approximately \$2.04 billion of general obligation long-term bonds, all of which bear fixed rates of interest. The majority of this debt is authorized under MGL Chapter 44, but also includes borrowings related to the Massachusetts Clean Water Trust totaling approximately \$9 million. On March 1, 2026, the City had approximately \$1.88 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 2026 equals \$241.8 billion as of January 2024. The Commonwealth certifies the equalized valuations every two years; the next valuation will occur in January 2027. Based on the current equalized valuation, the City's debt limit equals approximately \$12.09 billion, and its double debt limit equals \$24.18 billion as of March 1, 2026.

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, 2025, the City had outstanding debt of \$1.92 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.50 billion. As of March 1, 2026, the City had outstanding debt of \$1.77 billion subject to the debt limit, and authorized but unissued debt subject to the debt limit of \$2.96 billion. Based on the City's current debt limit of \$12.09 billion, the City had the statutory capacity to authorize an additional \$7.34 billion of debt as of March 1, 2026.

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 no less than 30% of principal within five years and no less than 55% 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, 2026, the City has no variable rate debt outstanding.

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**Table 15. Debt Incurring Capacity
As of March 1, 2026**

	<u>Debt Limit</u>
Normal Debt Limit as of June 30, 2025	\$ 12,088,093,150
Debt Outstanding as of June 30, 2025	(1,922,635,614)
Debt Authorized but Unissued as of June 30, 2025	(2,505,379,092)
Adjustment from Premium	(34,160,618)
Available Debt Incurring Capacity under the Debt Limit as of June 30, 2025	<u>\$ 7,625,917,826</u>
New Authorizations approved through March 1, 2026	(454,832,382)
Authorization Adjustments approved through March 1, 2026	-
Principal paid through March 1, 2026	<u>169,337,575</u>
Available Debt Incurring Capacity under the Debt Limit as of March 1, 2026	<u>\$ 7,340,423,019</u>

Source: City of Boston Office of Budget Management.

There are many categories of general obligation debt which are not subject to the debt limit and are therefore not included in the Debt Incurring Capacity table above. Some such debt is, however, subject to other debt limits, dollar limitations, or state approval. As of March 1, 2026, the City had a total of \$1.88 billion in debt outstanding, of which \$106.2 million was exempt from the debt limit.

**Table 16. Summary of Authorized but Unissued Debt – Within and Outside Debt Limit
As of June 30, 2025 and March 1, 2026***

	<u>Authorized/ Unissued 6/30/25</u>	<u>New Authorizations and Adjustments 7/1/25 to 3/1/26</u>	<u>Authorized/ Unissued 3/1/26</u>
“Within” Debt Limit	\$2,505,379,092	\$454,832,382	\$2,960,211,474
“Outside” Debt Limit	<u>\$199,744,140</u>	<u>\$14,645,783</u>	<u>\$214,389,923</u>
Total:	\$2,705,123,233	\$469,478,165	\$3,174,601,398

* 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, 2026.

**Table 17. Debt Statement as of March 1, 2026
General Obligation Debt ***

<u>Purpose for Which Issued</u>	<u>Principal Outstanding as of 6/30/2025</u>	<u>Issued in Fiscal 2025 as of 3/1/2026</u>	<u>Retired in Fiscal 2025 as of 3/1/2026</u>	<u>Principal Outstanding as of 3/1/2026</u>
General Purpose	\$1,740,369,886	-	\$(133,643,172)	\$1,606,726,715
MCWT	9,007,475	-	(733,700)	8,273,776
Economic Development	11,775,339	-	(606,714)	11,168,625
State Urban Development Relocation	69,854,633	-	(4,102,795)	65,751,838
Schools	28,674,921	-	(685,633)	27,989,288
Public Buildings	110,706,193	-	(6,626,619)	104,079,575
Public Works	64,797,186	-	(9,307,387)	55,489,798
Cemeteries	21,843	-	(7,680)	14,162
Total	\$2,035,207,475	\$	\$(155,713,700)	\$1,879,493,776

* Columns may not add due to rounding.

Source: City of Boston Auditing Department

Debt Service Requirements

The following table sets forth the City’s debt service requirements for general obligation debt for each fiscal 2023 through 2026. The debt service requirements table shows the gross Debt Service Requirements, offset by revenues received from related sources.

Table 18. Debt Service Requirements—Fiscal 2023-2026*

Gross Debt Service Requirements Bonded Debt:	2023	2024	2025	2026 (Budget)
Principal	\$139,767,869	\$170,792,818	\$173,502,605	\$206,948,700
Interest	60,954,735	70,104,185	75,650,792	\$79,322,957
Total	200,722,604	240,897,003	\$249,153,397	\$286,271,657
Less Revenue Deemed Available From Related Sources: ⁽¹⁾				
1010 Massachusetts Ave Project	2,089,269	—	—	—
Pension Management System	637,385	45,394	45,376	—
Renew Boston Trust Energy Savings	973,003	—	—	—
Premium and Subsidies	234,647	2,983,438	626,610	504,410
Plus Interest On Temporary Loan Notes and Additional Items:				
Revenue Anticipation	—	—	—	3,000,000
Anticipated Bond Issuance – G.O.	—	—	—	21,017,800
Cost of Issuance	157,280	237,776	490,985	500,000
QSCB of 11/09 Sinking Fund	1,454,545	1,454,545	363,637	—
Total Debt Service/Budget Summary	\$198,400,126	\$239,560,492	\$249,336,033	\$310,285,047

* Columns may not add due to rounding.

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

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

Certain Debt Ratios

The following table sets forth information as March 1, 2026 with respect to the approximate ratio of the City’s long-term general obligation debt to certain economic factors.

**Table 19. Debt Ratios
As of March 1, 2026**

	Amount	Per Capita ⁽¹⁾	Ratio to Assessed Property Value ⁽²⁾	Debt Per Capita as a % of Personal Income Per Capita ⁽³⁾
Gross General Obligation Long-Term Debt ⁽⁴⁾	\$1,879,493,776	\$2,789.30	0.83%	4.46%

- (1) U.S. Census Bureau, 2024 American Community Survey Boston population 673,822. City of Boston Planning Department Research Division Analysis
- (2) Assessed Property Value equaled \$226.4 billion as of June 30, 2025. State law requires that property be assessed at fair cash value. See “City Revenues—Property Taxes—Revaluation.”
- (3) U.S. Census Bureau, 2024 American Community Survey Boston personal income per capita is \$60,885 in 2024 dollars. Inflation-adjusted to \$62,550.90 in 2025 dollars. City of Boston Planning Department Research Division Analysis as represented in Table 17: “Debt Statement as of March 1, 2026.”
- (4) As represented in Table 17: “Debt Statement as of March 1, 2026.”

Source: City of Boston Auditing Department and Planning Department Research Division.

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.

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Table 20. Debt Summary, Fiscal 2023 - 2025
(\$ in thousands)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Outstanding General Obligation Debt	\$1,685,333	\$1,764,541	\$2,035,207
Authorized But Unissued Debt, Budgetary Basis	2,018,212	2,778,464	2,705,123
Debt Service, Budgetary Basis	198,243	239,094	248,846
Debt Service as a % of Total General Fund Revenues, and Other Available Funds, Budgetary Basis	4.7%	5.4%	5.2%
Debt Service as a % of Total General Fund Expenditures, Budgetary Basis	4.9%	5.5%	5.3%
Debt Service as a % of Total Net Tax Levy, Budgetary Basis	6.7%	7.6%	7.5%
Bonds Issued:			
General Obligation – New Bonds	\$350,000	\$250,000	\$464,170
General Obligation – Refunding Bonds	–	–	–
Total Bonds Issued	<u>\$350,000</u>	<u>\$250,000</u>	<u>\$464,170</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 rarely does so. 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. As of March 1, 2026, the City had no outstanding BANs, but the City does expect to issue a BAN not to exceed \$75 million on March 27, 2026 which will be refinanced with general obligation bonds to be issued in June 2026.

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, 2026, the City has no special obligation debt.

Debt of Agencies Related to the City

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

Boston Water and Sewer Commission

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

Economic Development and Industrial Corporation of Boston

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

Boston Planning and Development Agency

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

by the Mayor, subject to confirmation by the City Council, and one appointed by the state Department of Housing and Community Development.

In April 2024, a Planning Department in the City of Boston was established by ordinance, transferring planning, design, and development review functions from the BPDA to this City department. The Planning Department serves as the technical planning lead for the City of Boston and makes recommendations to the BPDA Board.

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

Boston Public Health Commission

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

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

Other Agencies and Corporations

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

As of June 30, 2025 the Dudley Square Realty Corporation ("DSRC") and the Ferdinand Building Development Corporation ("FDBC") were dissolved. These nonprofits were formed by the City in 2011 in order to make the Dudley Municipal Building Project — now named the Bruce C. Bolling Building. This project was funded through New Market Tax Credit ("NMTC") financing and the City's capital budget. The NMTC loans were retired in December 2019. The City is in the process of winding down the business of both corporations and title to the property, including the Bruce C. Bolling Building, will be returned to the City, as provided in the by-laws of the corporations.

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 numerous equipment lease agreements in order to finance the acquisition of departmental equipment. As of March 1, 2026, the amount outstanding under the lease agreements equals \$95.8 million. Lease payments are subject to annual appropriation and are not included in the City's debt statement and other related debt tables shown above.

The City has also entered into transactions for four development programs under the Commonwealth's Infrastructure Investment Incentive ("I-Cubed") program. See Note 17 to the City's audited financial statements for the fiscal year ended June 30, 2025, 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 currently coincides with the annual operating budget cycle and provides an opportunity for City departments to identify their facility, infrastructure, planning, technology, and equipment needs in a systematic manner and to forward their proposals to the Office of Budget Management ("OBM") for funding consideration. The first phase concludes with the release of an updated five-year capital plan published as part of the

City's annual budget document. The process allows for a continuing reassessment of capital needs. On April 10, 2025, the Mayor submitted the fiscal 2026 budget to the City Council and filed \$458.4 million in new capital authorizations that were subsequently approved by the City Council. The next capital plan is expected to be released in April 2026.

Capital Funding Plan

The City funds its capital plan primarily through general obligation bonds, other City sources including appropriations from the Surplus Property Fund and the Parking Meter Fund, and external grants from state, federal, and private partners. The fiscal 2026-2030 plan assumes \$1.73 billion in new general obligation borrowings over the next five years. The capital plan in development for fiscal 2027-2031 is likely to propose a borrowing plan of approximately \$1.75 billion and remains within the City's capacity to fund debt service and is in line with current debt management policies. These projected borrowings are lower than previous years, reflecting lower year-over-year borrowings to stay in line with the City's debt management policies, and adjustments based on economic budgetary forecasts. Decreases in financing capacity are likewise reflected in changes to project schedule and estimated cashflows. The City awards construction contracts and incurs capital outlay costs based upon appropriations funded from bond proceeds and grant receipts. In circumstances where project expenditures occur prior to the receipt of bond proceeds or grant reimbursements, the City temporarily pays such costs from available funds. Large projects and those with longer construction timelines are typically bonded with proceeds from multiple bond issues over a number of years.

Current Capital Investment Plans

The fiscal 2026-2030 capital plan makes critical investments in the City's assets and infrastructure in every neighborhood, including Boston schools, parks, streets, civic centers, and other municipal buildings.

The forefront of the City's capital investment is in its school facilities, both in state of good repair investments and new construction and major renovations. These investments are guided by BPS's Long Term Facilities Plan, informed by the Facility Condition Assessment, and supported in large part by the MSBA. The City aims to leverage as many resources as possible to deliver on its school priorities, primarily with the MSBA.

In recent years, the City has completed a series of major school projects in concert with the MSBA, with three more officially in the pipeline. In September 2022, the City opened the \$137 million Boston Arts Academy; September 2024 saw the completion of the \$223 million Josiah Quincy Upper School; and the new \$111 million Carter School opened in September of 2025. Boston has also been accepted into the pipeline for three additional schools: a new Shaw/Taylor School, a reconstruction of the Ruth Batson Academy, and a full reconstruction of the Madison Park Technical Vocational High School. The full cost of the project will be developed as scope, siting, and design are completed and reviewed by the MSBA. The City will receive a reimbursement from the MSBA based on eligible project costs. The minimum reimbursement for each project is 31 percent of eligible costs.

In addition, the City recently completed three other major renovations independently: the relocation of the Horace Mann School for the Deaf to Charlestown; the renovation and addition to the Patrick J. Kennedy School in East Boston, and the merger of the Sumner and Philbrick Schools into the newly renamed Sarah Roberts School in Roslindale. These projects all help advance key aspects of the Long Term Facilities Plan, which emphasizes rightsizing schools via mergers and consolidations.

Leveraging MSBA funds through their Accelerated Repair Program, the City is also making substantial investment in maintaining a state of good repair for its buildings. This includes roof and window replacements, masonry and exterior envelope repairs, interior improvements to bathrooms, drinking water fountains, school yard upgrades, and safety improvements to sprinkler and fire alarm systems. HVAC upgrades are a core aspect of these state of good repair investments, and the City has made great strides in fixing and adding air conditioning and electrified HVAC systems to schools, including the soon-to-be completed geothermal system at the John F. Kennedy Elementary School.

Beyond investments in the Boston Public Schools, the capital plan continues to make investments in the City's other critical assets: parks, libraries, community centers, roads & sidewalks, and central municipal facilities. In its parks and open spaces, the City has completed an \$18.9 million renovation of Copley Square Park, is constructing a \$14 million renovation of Clifford Playground, and is continuing design and construction of over 50 other parks and playgrounds across the city. Construction is underway on the \$31 million Fields Corner Branch Library, as well as the projects integrated into private development including the new Chinatown Branch Library where new Housing can be built over Public Assets. Groundbreaking ceremonies have occurred for the new Grove Hall and North End Community Centers, which will be the City's first purpose-built community centers. The City is also moving forward with the renovation of White Stadium, a historic track and field stadium in Franklin Park, in collaboration with the National Women's Soccer League. A lease has been signed between the two parties, demolition has been completed, and construction is expected to begin in 2026. The City has a construction contract in place for the construction of the City's portion of the stadium with a Guaranteed Maximum Price of \$135 million; the NWSL has secured financing

for their share of the project, of which construction costs are estimated to be approximately \$200 million. Opponents of this project have sued the City to stop it from proceeding with the White Stadium development plan. While the courts have previously ruled twice in the City’s favor, the matter remains ongoing with another hearing expected in the Spring of 2026.

Investments in infrastructure reflect a focus on making the City’s roads and sidewalks safer for all users and support quality transportation choices that improve access. The capital plan focuses on bringing all City curb ramps to ADA compliance by 2030, improving sidewalk quality, and increasing the pavement condition index to ensure quality travel for all road users. The City is also focused on maintaining a state of good repair for its bridges, including completion of the new \$222.5 million North Washington Street Bridge. Work continues on street safety projects in multiple neighborhoods, including speed hump installation, intersection reconstructions, and signal retiming.

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

In addition to the initiatives described above, the capital plan supports the Boston Housing Authority (the “BHA”) in projects that will preserve, replace, and create affordable housing units in Charlestown, South Boston, Jamaica Plain, and other neighborhoods. Together, these projects represent over \$149 million of investment.

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

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SECTION 5: EMPLOYEE BENEFITS

Retirement Systems

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

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

The City implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB No. 68*, which extends the financial reporting requirements to pension benefits provided outside a trust or equivalent agreement. The Accounting Valuation Report for the City’s Special Legislation Retirees as of June 30, 2025 reports that the City is providing such benefits to 32 pensioners as of July 1, 2025. These benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$4.4 million. Since the benefits of these pensioners and beneficiaries are not pre-funded, the Plan’s fiduciary net position is \$0, and therefore the net pension liability is equal to the total pension liability. The City’s net pension liability for retired participants and beneficiaries is \$87.1 million, as of June 30, 2025. 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 2022 through fiscal 2026. These numbers include contributions for both contributory and non-contributory members. The contributory numbers are primarily driven by amortization of the BRS unfunded liability, which is on a schedule that targets reducing this liability to zero by fiscal 2028, 12 years earlier than the statutory deadline at the end of fiscal 2040.

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

Fiscal Year Ending June 30	BRS Contributory System	Predecessor/ Noncontributory System	Net Pension Cost	Percentage of Total General Fund Expenditures
2026 (Budgeted).....	\$467.7	\$4.7	\$472.4	9.8%
2025	422.4	5.0	427.4	9.0
2024	390.6	4.7	394.8	9.2
2023	353.9	5.6	357.8	8.9
2022	323.7	3.3	327.0	8.5

Source: City of Boston Office of Budget Management

The City’s fiscal 2026 budgeted contribution of \$467.7 million includes \$440 million allocable to City employees, other than teachers, \$17.8 million allocable to the Boston Water and Sewer Commission (BWSC) of which approximately \$9.9 million will be reimbursed to the City for employee service accrued after BWSC became an independent commission, and \$0.5 million allocable to the Boston Public Health Commission (BPHC). BPHC’s contribution towards their pension obligation in fiscal 2026 totals \$32.4 million. BPHC’s fiscal 2026 pension obligation is paid in large part from BPHC’s fiscal 2026 general fund appropriation in the amount of \$26.7 million while the remainder is funded by grant resources. The City accepted Chapter 269 of the Acts of 2022, a local option to increase the fiscal 2023 Cost of Living Adjustment (COLA) from 3% up to 5%. This one-time COLA added approximately \$26.6 million to the unfunded pension liability and an increase to the fiscal 2023 payment of approximately \$5.4 million, as well as increased costs to the 2024 payment of \$5.6 million. A 3% COLA is assumed in the most current funding schedule.

The actuarial accrued liability of the BRS exceeds the actuarial value of the assets of the BRS as of the most recent valuation dated January 1, 2025. The following table summarizes the results of the last four actuarial valuations for BRS—Excluding Teachers.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c)
January 1, 2025	\$8,195,838	\$9,173,009	\$977,171	89.35%	\$1,370,685	71.3%
January 1, 2024	7,623,039	8,879,935	1,256,896	85.85	1,233,414	101.9
January 1, 2022	6,768,562	8,217,718	1,449,156	82.40	1,130,019	128.2
January 1, 2020	5,703,890	7,545,117	1,841,217	75.60	1,063,526	173.1
January 1, 2018	5,038,742	6,550,967	1,512,225	76.92	978,060	154.6

Source: Boston Retirement System.

The most recent actuarial valuation is as of January 1, 2025 (the “2025 Valuation”) and is available at <https://www.boston.gov/departments/retirement>. The January 1, 2025 valuation assumes a long-term rate of return of 6.9% for BRS—Excluding Teachers assets. The actuarial valuation of assets is determined annually by recognizing 20% of gains or losses, and to the extent necessary, by also recognizing any additional portion of gains or losses, which keeps the actuarial valuation of assets between 80% and 120% of market value. The net effect is a smoother trend of annual pension funding during volatile short-term periods of asset gains or losses. The following table shows the market and actuarial value of the plan’s non-teacher assets.

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

Actuarial Valuation Date	Market Value of Assets	Actuarial Value of Assets	Actuarial Value as Percentage of Market Value
January 1, 2025	\$7,917,574	\$8,195,838	103.5%
January 1, 2024	7,222,830	7,623,039	105.5
January 1, 2022	7,130,505	6,768,562	94.9
January 1, 2020	5,583,428	5,703,890	102.2
January 1, 2018	5,072,440	5,038,742	99.3

Source: Boston Retirement System.

As of January 1, 2025, the estimated market value of assets not held for teacher benefit payments was \$8.4 billion. This amount is an estimate based upon the current market values of certain assets held by the BRS and prior period values for certain other assets for which the current market value is not readily ascertainable. This amount is unaudited and subject to change. It should be noted that the annual required contribution of the City is based, in part, upon the actuarial value of assets, not market values. This is commonly done in computing annual funding requirements in order to prevent extreme fluctuations that might otherwise arise from temporary or cyclical economic and market conditions.

In accordance with Chapter 68 of the Acts of 2007, the state regulatory agency for pensions, PERAC, annually reviews the investment performance and funded ratio of systems as of January 1st. If a system is: (i) less than 65% funded, and (ii) has trailed the investment performance of the PRIT fund by 2% or more on an average annualized basis over the previous ten-year period, PERAC will declare the system underperforming and the system shall transfer its assets to the PRIT fund. For reasons unrelated to Chapter 68, the BRS–Teachers assets are invested in the PRIT fund; the BRS–Excluding Teachers is currently funded at 89.4% based on the actuarial value of assets.

For additional information concerning a comparison of the market value of assets and investment return to the actuarial value of assets and investment return for the period 2006 through 2024, see Exhibit G in Section 4 of the 2025 Valuation referenced above. The City is currently committed to a funding schedule for fiscal 2026 and 2027 that is based on the most recent actuarial valuation, incorporating asset and liability data as of January 1, 2025. The funding schedule is calculated in accordance with the entry age actuarial cost method and includes paying the current year’s present value of benefits earned during the year (“normal cost”) and an annual contribution toward eliminating the unfunded liability of the BRS by 2028, 12 years ahead of the statutory deadline at the end of fiscal 2040.

Many variables are in play with each new valuation, and the actuary’s recommendations and consultation with the City are part of a careful planning process that precedes the BRS final approval of the valuation and funding schedule. In the 2025 Valuation, salary increase assumptions for all employee groups for the BRS, excluding teachers, did not change, and the mortality assumptions remained the same using Scale MP-2021. In the 2025 Valuation, the BRS maintained the long-term rate of return assumption of 6.9%. The administrative expense assumption was increased from \$8.2 million to \$10.5 million for calendar year 2025. The change in assumptions did not impact the unfunded liability for the BRS excluding teachers.

The City currently expects to fully amortize the unfunded actuarial accrued liability by June 30, 2028. The 2025 Valuation sets forth the aggregate funding schedule from 2026 through 2028 for the BRS, excluding teachers. The City’s contributions for the amortization of the unfunded liability are estimated to increase from the \$467.7 million budgeted amount in fiscal 2026 to \$507.6 million in fiscal 2027 and then would decrease to \$237.0 million in fiscal 2028. The City’s total employer contributions each year will also include the normal costs for each year and will also reflect certain annual savings from prior year additional payments. This schedule is illustrative only. The actual annual contributions will differ due to the actual circumstances that will occur in the future and that will likely vary from the assumptions used in the 2025 Valuation. The City believes that its current pension funding schedule, with its conservative salary growth assumptions, is sufficient to absorb the long-term impacts of collective bargaining awards. The funding schedule assumes a 4.0% salary growth assumption for general service employees, a 4.25% salary growth assumption for certain employees with hazardous occupations, and a 4.5% salary growth assumption for public safety officers. The City’s pension liability is reevaluated annually and adjustments are made to the funding schedule, as needed. The next valuation will be as of January 1, 2026. The expected delivery date is June 2026. Preliminary investment returns for calendar year 2025 exceeded the 6.9% assumed rate of return.

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, 2024 for the BRS, including teachers were approximately \$14.2 billion and \$10.5 billion, respectively, which results in a Net Pension Liability (“NPL”) of approximately \$3.7 billion as of December 31, 2024, equivalent to an NPL of \$4.2 billion as of December 31, 2023. The portion of the BRS NPL allocable to the City reported on June 30, 2024 is approximately \$1.1 billion, which includes the NPL associated with City employees, excluding teachers. The BRS did not experience a “crossover date” in connection with determination of the NPL and accordingly, the measurement of the City’s NPL for fiscal 2024 assumes a 6.9% discount rate which is the same as the expected rate of return of Plan investments for the BRS, excluding teachers. The annual money-weighted rate of return, net of investment expense for the BRS for the year ended December 31, 2024 was 8.93%. The comparable rate of return as of December 31, 2025 is currently estimated at 11%.

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 \$5.3 billion and a 1% increase would decrease it to approximately \$2.3 billion.

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

In connection with the implementation of GASB Statement No. 68, the BRS prepared a document called “Schedules of Employer Allocations and Pension Amounts by Employers,” which was audited by Ernst & Young LLP, independent auditors for the BRS. These schedules are based on financial information pertaining to the BRS as of December 31, 2024.

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

Other Post Employment Benefits

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

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

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2025 for the City were approximately \$4.0 billion and \$1.3 billion, respectively, which results in a Net OPEB Liability (“NOL”) for the City of approximately \$2.8 billion as of June 30, 2025 compared to an NOL of \$2.6 billion as of June 30, 2024. The measurement of the City’s NOL for fiscal 2025 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, 2025 was approximately 9.39%.

The Total OPEB Liability (“TOL”) and plan’s fiduciary net position as of June 30, 2025 for BPHC were approximately \$144.3 million and \$57.2 million, respectively, which results in a Net OPEB Liability (“NOL”) for BPHC of approximately \$87.2 million as of June 30, 2025 compared to an NOL of \$81.3 million as of June 30, 2024. The measurement of the BPHC’s NOL for fiscal 2025 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, 2025 was 9.39%.

Implementation of GASB Statement No. 75 requires setting forth the sensitivity of the NOL using an assumed discount rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would increase the City's NOL to approximately \$3.3 billion and a 1% increase would lower it to approximately \$2.3 billion. A 1% decrease would increase the BPHC's NOL to approximately \$109.1 million and a 1% increase would decrease it to approximately \$69.4 million.

In addition, implementation of GASB Statement No. 75 also requires setting forth the sensitivity of the NOL using an assumed health care cost trend rate that is one percentage point lower and one percentage point higher than the current rate. A 1% decrease would decrease the City's NOL to approximately \$2.2 billion and a 1% increase would increase it to approximately \$3.50 billion. A 1% decrease would decrease the BPHC's NOL to approximately \$65.2 million and a 1% increase would increase it to approximately \$115.3 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. Annual appropriations are retained in an irrevocable trust fund, which is authorized through the City's acceptance of M.G.L. Chapter 32B Section 20, and is established under a trust agreement between the City and the City's Collector-Treasurer as trustee and custodian. The City has procured investment consulting services in order to optimize investment of the OPEB Trust Funds. The aggregate amount on deposit in the OPEB Trust Funds as of June 30, 2025 was \$1.3 billion.

An actuarial valuation of the City's and the BPHC's other post-employment benefits was performed as of June 30, 2023. The unfunded actuarial accrued liability ("UAAL") had been expected to increase by approximately \$105 million, from approximately \$2.2 billion as of June 30, 2021 to \$2.3 billion as of June 30, 2023. The actual unfunded liability of \$2.7 billion is \$378.0 million more than expected due to the net impact of assumption changes.

If the City and the BPHC were to fund the actuarially determined contribution, the required funding for fiscal 2026 would have been \$290.7 million, of which \$107.6 million represents the normal cost and \$183.1 million represents amortization of the unfunded actuarial determined liability.

The June 30, 2023 valuation projected that the City and the BPHC (the funding for which is appropriated by the City to the BPHC as part of its overall departmental budget) will pay benefits (net of retiree contributions) on behalf of current retired employees of approximately \$165.3 million in fiscal 2026, on a pay-as-you-go basis (as compared to \$149.6 million in fiscal 2025). Along with the previously mentioned additional appropriation to the trust funds from both the City and the BPHC totaling \$42.3 million in fiscal 2026, the City and the BPHC funded approximately 71.4% of the actuarially determined contribution in fiscal 2026.

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

The funding schedule for BPHC reflects their policy to contribute an additional annual amount of \$2.3 million. This projected contribution will not fully fund the obligation over a 30-year period.

The projections for the City and the BPHC are illustrative only of the currently expected funding schedule. The actual funding schedule will be different due to the actual circumstances that will occur and that will likely vary from the assumptions used in the June 30, 2023 valuation. The next OPEB valuation for the fiscal year ending June 30, 2025 is anticipated to become available in late Spring 2026.

The Trust Fund Financial Statements for the OPEB plan for the fiscal year ended June 30, 2025 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, 2023 may be found in the "Actuarial Valuation Reports," available at <https://www.boston.gov/departments/auditing>. For additional information related to OPEB, also see Note 13 to the City's fiscal 2025 audited financial statements attached hereto as Exhibit I.

SECTION 6: OTHER MATTERS

Matters Relating to the Federal Government

In March 2025, Mayor Wu testified before the U.S. House Committee on Oversight and Government Reform (the “Oversight Committee”) along with mayors from Chicago, Denver, and New York, in response to an invitation from the Oversight Committee in connection with a purported investigation concerning cities’ so-called “sanctuary” policies. The City believes this matter remains open but has been dormant since late Spring 2025.

In 2014 the Boston City Council and the Mayor approved an ordinance entitled the “Boston Trust Act,” which governs how Boston law enforcement officials respond to federal civil immigration detainer requests and other civil immigration efforts. The City Council amended this ordinance in 2019 and reaffirmed its support for the ordinance in December 2024. The United States Department of Justice sued the City, challenging the legality of the Boston Trust Act in September 2025; the case is ongoing.

The U.S. Department of Housing and Urban Development (“HUD”) initiated an investigation questioning the role of diversity, equity, and inclusion (“DEI”) practices in the City’s housing policies in September 2025. To date, this investigation has consisted of a HUD request for documents from the City, to which the City responded.

Since January 2025, the federal government has withheld, terminated, or suspended several grants to the City of Boston, as either a direct recipient or a subrecipient, though many of those federal actions have been successfully challenged in litigation and/or are subject to pending litigation. The grant programs initially subject to federal actions have included: the Environmental Justice Government-to-Government Grant, Teacher Quality Partnership Program, Mental Health Service Professional Demonstration Grant, Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program, Reconnecting Communities Pilot, Securing the Cities, Building Resilient Infrastructure and Communities (BRIC), the Shelter and Services Program (SSP), and the Urban and Community Forestry Grant.

Some grants have been delayed because of federal actions related to the awards processes, which required litigation that has been successful to date. This category includes grants from the Continuum of Care (CoC) and Urban Areas Security Initiative (UASI) grant programs.

The City has also had new terms and conditions imposed on grants issued primarily by the following federal departments: Department of Health and Human Services (HHS), Department of Homeland Security (DHS), Department of Housing and Urban Development (HUD), and Department of Transportation (DOT). The City has been successful in challenging changes to terms and conditions through litigation and has received the proper payments to date. See, e.g., *King County v. Turner*, 2:25-cv-814-BJR (W.D. Wash.), ECFs No. 169 and 338 (June 3, 2025 and Aug. 12, 2025).

While the City believes it is in compliance with all applicable laws, it cannot predict the outcome of any litigation or review by federal entities or agencies. See also “CITY REVENUES – Grants – *Federal Grants*” above.

Climate Action, Energy Management and Resilience

The Environment, Energy and Open Space (“EEOS”) Cabinet leads the City’s climate and environmental justice agenda, focusing on decarbonization, energy transition, and resilience. Priorities of this Cabinet include spearheading the Mayor’s agenda on climate action, while advancing Boston’s commitment to sustainability, resilience, and environmental justice. With two decades of climate analysis and planning, the City of Boston’s current focus is on implementation of high-impact programs and policies in the 2030 Climate Action Plan.

In September 2024, the City of Boston established through an Executive Order the Boston Climate Council, a body of 13 City of Boston Cabinet Chiefs tasked with accelerating the deployment of resilience and decarbonization through the work of City agencies beyond EEOS.

EEOS continues to work with departments across the City to implement the Boston Climate Action Plan and develop policies, design standards and operational guidelines which will reduce carbon emissions from the City’s operations and increase resilience.

In October 2021, with the adoption of a citywide carbon reduction program under the Building Emissions Reduction and Disclosure Ordinance, all buildings in Boston 20,000 square feet and larger, will be subject to declining emissions standards that put them on the path to achieve net zero by 2050. This policy is expected to eliminate 37

million metric tons of Greenhouse Gas emissions by 2050.

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 implement measures that enhance the energy efficiency of the City's buildings and other fixed assets. In accordance with the City's Climate Action Plan, Boston is committed to procuring 100% carbon-free electricity by 2030 for municipal operations. The City continues this trajectory through its strategic partnership with Veolia North America. This work will build on the City's record of cost-effective purchasing of its electricity requirements from third-party suppliers, which it has undertaken since March 2005 and has documented cumulative savings of \$60.9 million from fiscal 2015 through spring of fiscal 2025 compared to the amount it would have paid to its local electric utility to supply identical quantities of electricity.

The Municipal Energy Unit is responsible for tracking the City's energy consumption and utility expenditures. To accomplish this, the Municipal Energy Unit uses an Enterprise Energy Management System ("EEMS") that collects, monitors, and reports on the energy consumed by the City's 369 buildings and other fixed assets, including street and traffic lighting. The EEMS is used to track progress toward the greenhouse gas reduction goals (set forth in the City's Climate Action Plan and Building Emissions Reduction and Disclosure Ordinance), fulfill municipal and state energy reporting obligations, and support the identification of energy efficiency projects for the Renew Boston Trust. The Municipal Energy Unit administers the Renew Boston Trust, a program that identifies and finances utility cost saving projects in municipal buildings. Since fiscal 2019, the City has implemented energy conservation measures through multiple phases of the Renew Boston Trust. The first phase included improvements in 14 buildings (completed in 2020), followed by a second phase covering 31 buildings, which was completed in 2024. The third phase includes 19 buildings, primarily focused on Boston Public Schools facilities, and is expected to be completed in 2026. In 2025, Phase 3 delivery advanced from core efficiency upgrades into larger system improvements and on-site renewable energy installations. New rooftop solar installations were completed and placed into service at four schools (Haley K-8, Lee K-8, Mario Umana Academy, and Mattahunt Elementary) as well as the Mattapan Library and Boston Police Department Headquarters. In parallel, the third phase continues to advance two major school electrification projects: James Otis Elementary is nearing completion of an all-electric retrofit and providing cooling for the first time using variable-refrigerant-flow heat pump systems, and the John F. Kennedy Elementary project is underway with a geothermal heat pump system scheduled for completion in 2026. Across the first three phases of Renew Boston Trust, the ESCO has guaranteed approximately \$2.3 million in annual utility cost savings, with an expected reduction of approximately 3,700 metric tons of carbon equivalent each year.

The Municipal Energy Unit runs the Boston Community Choice Electricity (BCCE) program. Since its launch in February 2021, BCCE has become the electricity supplier for an average of more than 200,000 (or around 60% of citywide accounts) residents, institutions, and businesses. Ninety-five percent of the customers are on the default product which offers 15.0% more renewable content than Eversource basic service. This program has reduced Community Choice Electricity customers' carbon emissions by more than 194,000 metric tons carbon equivalent compared to use of Eversource basic service from program launch through December 2024 (for which the most recent data is available). The program has also saved customers nearly \$260 million relative to basic service from February 2021 through December 2024.

Climate Resilience

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

For more than a decade, the City has been focused on climate resilience. Through this effort, the City has identified key climate risks, developed community-based plans to reduce those risks, implemented a series of projects, policies and programs, and has restructured its organization while deepening its investment to accelerate implementation.

To coordinate this all-of-government approach to climate risk reduction, Mayor Wu created the Office of Climate Resilience in 2024. This Office works with partners to identify and implement capital projects, City policies, and new partnerships that protect people, properties, and critical infrastructure. For example, to advance

projects, the City has expanded its investment in its 5-year capital plan to include over \$150 million for projects that can help reduce climate risk.

In 2016, the City of Boston published Climate Ready Boston, a comprehensive plan to identify the scale and nature of the climate risks that Boston faces and the key priorities for reducing those risks. Through that planning process, the City identified addressing coastal flooding, stormwater flooding, and extreme heat as the principal priorities. Since 2016, the City has taken a number of steps to address these climate risks, including but not limited to:

- Coastal Flooding: developed community-driven concept design plans to address the most urgent areas of coastal flood risk; constructed directly, or through partners, a total of four coastal projects that help address flood risk with a fifth in construction; and implemented a Coastal Flood Resilience Zoning Overlay District requiring new developments and retrofits within this district to practice resilient planning and design. Also, it requires developments 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.
- Extreme Heat: expanded the number and types of interventions the City uses to provide cooling for residents during heat emergencies; implemented one of the largest deployments of green roofs on bus shelters to provide shade for transit riders along a heavily-traveled corridor; and updated its urban forestry capital program to expand tree planting in areas of relatively low canopy cover.
- Stormwater Flooding: updated street design standards to increase the stormwater management capacity of Boston's roads when they are reconstructed; introduced -- through the third party Boston Water & Sewer Commission -- a stormwater program which provides credits and grants to encourage higher investment in stormwater infrastructure by property owners; and cut the ribbon on several new green infrastructure sites across the City that can better handle intense rainfalls.

To further increase the City's capacity to tackle climate change, the Office of Climate Resilience has also advanced key partnerships with groups such as the US Army Corps of Engineers, with whom the City is collaborating to identify, design, fund and construct a series of projects to lower coastal flood risk across Boston for the balance of this century. Moreover, through the partnerships with the Commonwealth of Massachusetts and area research institutions, the Office continues to refine the approach the City is taking and the tools it is using.

Cyber Threats

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

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

Health Benefits

Beginning in fiscal 2025 and continuing in fiscal 2026, the Health Claims Trust Fund has experienced greater-than-anticipated claims costs associated with the impact of the high costs of health care, a number of unusually high-cost claims, and a proliferation in the usage of costly GLP-1 drugs for weight loss. As a result, the City anticipates the trust fund will end fiscal 2026 approximately \$15.2 million in deficit. The City projects a significant increase in rates in fiscal 2027 to address any shortfalls and restore the trust fund to a positive balance plus a 2.5% catastrophic reserve.

New Arrivals

In August 2023 the Commonwealth of Massachusetts declared a state of emergency due to increasing demands on the shelter system from an uptick in the number of new arrivals from South America, Central America and Haiti. This increase reflected a larger trend taking place through the Commonwealth of Massachusetts and around the country. The City of Boston worked with local and State partners to provide temporary housing assistance to individuals and families, before transitioning eligible applicants to the state's Emergency Assistance family shelter system. The Commonwealth's Emergency Assistance family shelter system is run by the Executive Office of Housing and Livable Communities, and has been running since the 1983 "Right to Shelter Law" required the Commonwealth of Massachusetts to provide shelter to eligible homeless families and pregnant women.

The City of Boston's financial impact related to New Arrivals to date has primarily been to support the purchasing of temporary hotel and motel rooms of new arrivals until transitioned to state programs through the City of Boston's Mayor's Office of Housing. The City of Boston spending has come primarily from federal funding including the American Rescue Plan for emergency assistance for migrants and the Federal Emergency Management Agency (FEMA) through the Emergency Food and Shelter and Shelter and Services Programs. Most of this funding ended in calendar year 2025, and the City does not maintain any ongoing shelter programs specifically for new arrivals. The City does provide services for Boston's immigrant communities through the Office of Immigrant Advancement ("MOIA"). Spending on shelter assistance from MOIA using City funds totaled less than \$100,000 in fiscal 2025 and is approximately \$60,000 through March in fiscal 2026.

Citing reduced caseloads, Governor Healey declared an end to the state of emergency August 1, 2025. All hotels converted into temporary shelters have closed, and the number of new arrival families staying in shelters is at its lowest point since 2022. Massachusetts's Right to Shelter law remains, but was reformed in February 2025 to narrow eligibility.

Home Rule Petitions

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

As of February 2026, the City has three significant petitions pending before the Legislature: (i) establishing an Inspector General Oversight Commissions, (ii) temporary adjustments to residential-commercial property tax classification, and (iii) use of ranked choice voting for municipal elections. To date, these actions are still pending and the City cannot predict whether any of them will be enacted into law or what form the final versions may take, if enacted.

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SECTION 7: AVAILABILITY OF OTHER INFORMATION

The City's Auditing Department prepares an Annual Comprehensive Financial Report ("ACFR") with respect to each fiscal year ended June 30 which generally becomes available in December of the following fiscal year. The ACFR is presented in three sections: (1) an Introductory Section which includes general information about the City and summarizes financial activity for the fiscal year; (2) a Financial Section which includes the Independent Auditors' Report on the City's Basic Financial Statements for the fiscal year, Management's Discussion and Analysis, the Basic Financial Statements for the fiscal year and the Combining and Individual Fund Financial Statements and Schedules for the various funds of the City, including required supplemental information; and (3) a Statistical Section which includes financial data, debt computations, and a variety of demographic, economic and supplemental statistical information concerning the City. Specific reference is made to the City's ACFR for the year ended June 30, 2025, which is available from the City. A copy of the ACFR has been filed with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") and is also posted at the City's internet site at <https://www.boston.gov/departments/auditing>.

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

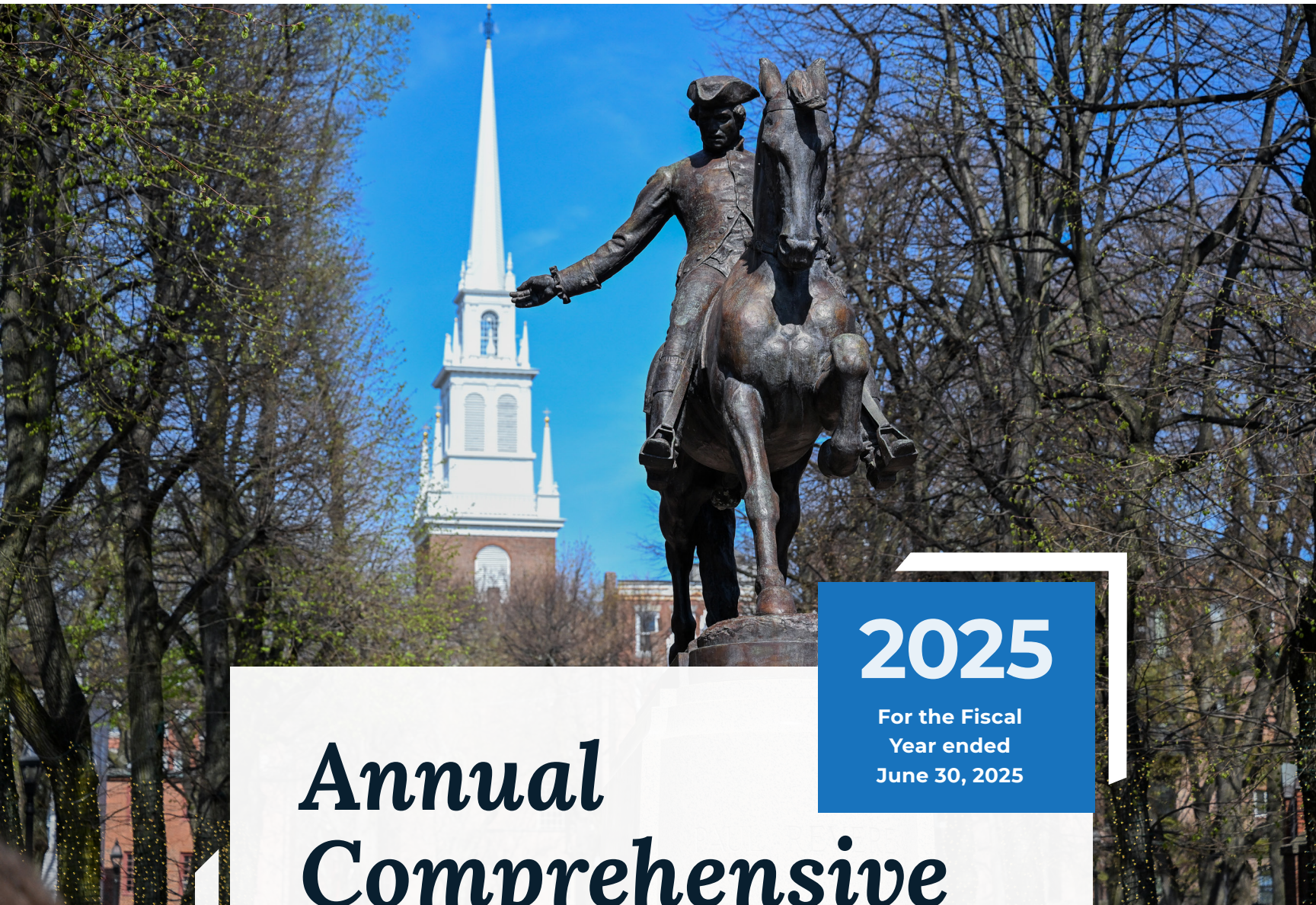
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CITY of BOSTON

Massachusetts

EXHIBIT I



2025

For the Fiscal
Year ended
June 30, 2025

***Annual
Comprehensive
Financial Report***

MICHELLE WU
Mayor

ASHLEY GROFFENBERGER
Chief Financial Officer
& Collector Treasurer

SCOTT FINN
City Auditor

Prepared by the City of Boston Auditing Department



City of Boston
Massachusetts



*Annual Comprehensive
Financial Report*

Fiscal Year Ended June 30, 2025

Michelle Wu, Mayor

Ashley Groffenberger, Chief Financial Officer & Collector Treasurer

Scott Finn, City Auditor

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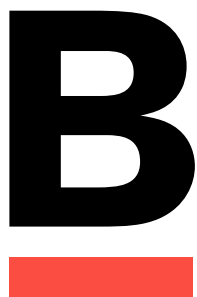
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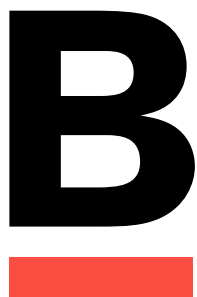
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Introductory Section

Annual Comprehensive Financial Report 2025

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Auditing Department

Michelle Wu, Mayor

January 21, 2026

**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, 2025. 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 CliftonLarsonAllen LLP (CLA LLP) to perform the June 30, 2025 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)*. CLA LLP issues separate reports on the City's internal control systems and compliance with applicable laws and regulations that meet the requirements of the Uniform Guidance. A substantial focus of the Single Audit is to evaluate the City's internal control structure. The evaluation includes testing a significant number of the major federal program transactions that occurred during the fiscal year. The Single Audit also requires that the auditors determine whether the City has complied with laws and regulations that may have a material effect on each of its major federal financial assistance programs. All of the City's major federal programs are evaluated for the adequacy of internal controls and compliance with laws and regulations. The report is publicly issued under a separate cover.

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

Profile of the Government

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

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

Boston Mayor Michelle Wu was sworn into office in November 2021 and re-elected in November 2025. She is a daughter of immigrants, a Boston Public Schools mom, an MBTA commuter, and the first woman and first person of color elected to serve in this role.

In her first term, Mayor Wu focused on making housing more affordable, schools stronger, and streets safer. Her first administration doubled the amount of contracts awarded to businesses owned by women and people of color, reformed zoning to revitalize downtown and attract more businesses to Boston, and created the most affordable housing in a generation. Through public safety reforms, an expanded youth summer jobs program, and investment in opportunities for youth across all neighborhoods year-round, Boston is now the safest major city in America

Mayor Wu is working across every level of government, with businesses, and in the community to make Boston the best city to raise a family and the talent capital of the world. She is improving public infrastructure—transportation, housing, health, and education—to ensure that Boston continues to lead for generations to come.

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 presented as blended component units as part of the nonmajor governmental funds. 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 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), the Planning Department Research Division estimated that government employment in the City of Boston is 72,270 in 2024. 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. By 2024, Boston employment surpassed pre-pandemic levels. Jobs in health care and education, and professional and financial services drove post-pandemic growth; however, in-person and support services employment has not recovered. Jobs in healthcare and social assistance, scientific and technical services, and government represent nearly half (47.4%) of the total jobs in Boston. Combined, the concentration of professional, scientific, and technical services jobs in Boston is 1.8 times the national average, comparable to San Francisco and Austin. Boston hosts more than two dozen universities, colleges, and community colleges, with a combined 2024 enrollment of approximately 163,000 students. 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 have a significant impact on Boston’s economy. Because many of these students remain in Boston after graduation, the City’s educational institutions are a major source of highly-skilled professionals for Boston’s workforce.

Many of the nation’s finest research and teaching hospitals are located in Boston, including Massachusetts General Hospital Brigham, Beth Israel Lahey Hospital, Boston Medical Center, Tufts Medical Center, and Boston Children’s Hospital. In total, there are 23 general medical and surgical hospitals and 5 psychiatric hospitals in the City. Furthermore, Boston is home to the medical and dental schools of Harvard University, Tufts University, and Boston University. The Boston metropolitan area remains the nation’s foremost region for the life sciences industry. Boston’s life science industry benefits from skilled labor force availability, leading universities in basic academic science fields, innovative research and development districts, proximity to major research hospitals, and strategic presence of venture capital resources. Commercial real estate firm CBRE states that the Boston-Cambridge area hosts the largest life sciences cluster in the nation, as defined by size, growth and concentration of employment, laboratory inventory, National Institute of Health (NIH) awards, and venture capital funding.

Many of the country’s leading financial services firms are located in Boston, including Fidelity Investments, John Hancock/Manulife Financial, State Street Corporation, and Wellington Management. In 2024, there were over 82,410 people employed in the finance, insurance and real estate industries in Boston.

Despite a 15.3% drop in payroll employment as a result of the COVID-19 pandemic, Boston demonstrated remarkable resiliency, rebounding to pre-pandemic employment levels by late 2022 and continuing to expand through 2024. Payroll employment peaked at 688,405 in July 2024, far exceeding pre-pandemic levels.

Financial Overview

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

As part of the Massachusetts 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. Nearly three-quarters of the City's general fund revenues come from the property tax levy; however, the increase in the levy from year to year is limited by state law. In FY25, the net property tax levy (levy less a reserve for abatements) totals \$3.3 billion, providing 72.4% of recurring revenue. In FY26, the net property tax levy is estimated to total \$3.30 billion and account for 71.1% of budgeted revenues.

State aid from the Commonwealth represents the City's second largest single source of General Fund revenue after the Property Tax, although in the past two decades this has been declining as a share of total City revenues. Distributions through state aid include Chapter 70 education aid, unrestricted general government aid (UGGA), charter school tuition reimbursement, along with relatively small programs such as library aid. The City received \$516.8 million in State aid in FY25 and has budgeted \$520.9 million for FY26. Please see the Management's Discussion and Analysis Section for additional information on financial trends.

The FY26 Budget totals \$4.8 billion and represents an increase of \$96 million or 2% over FY25. This budget reflects stability and constraint, while continuing to honor prior financial commitments, protect City-owned assets, and provide excellent city services.

Fixed costs represent an increasing portion of the City's budget. The City of Boston participates in a contributory defined benefit retirement system administered by the Boston Retirement System (BRS). The City's pension schedule is based on an actuarial asset valuation as of January 1, 2025. The FY26 budget includes \$467.7 million for pension contributions, up \$45.2 million, or 10.7% over FY25. The current pension schedule assumes a long term rate of return of 6.90%. The BRS is currently 89.4% funded and is projected to eliminate its unfunded liabilities by 2028, twelve years prior to 2040 when State law requires all public pension systems be fully funded. More details can be found in Note 12 to the Financial Statements.

While the City is required by law to make an annual contribution toward reducing its unfunded pension liability, there is no such requirement for retiree health and life insurance benefits. 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. In FY25, in order to partially fund the annual contribution for other postemployment benefits (OPEB) liability, the City appropriated \$40.0 million from the General Fund into the OPEB Liability Trust Fund. More details and information on the OPEB liability can be found in Note 13 to the Financial Statements.

Health insurance costs comprise a significant portion of the City budget and are a critical benefit for City employees and retirees. The City's Public Employee Committee (PEC) agreement provides over 30,000 active and retired employees with quality healthcare coverage. In 2020, the City of Boston conducted a request for proposal (RFP) for its non-Medicare health insurance plans. At the start of FY21, the City transitioned from two health maintenance organization (HMO) plans to one standard HMO plan and one value HMO plan, with the standard HMO plan under a new provider. This plan structure with lowered administrative fees and costs associated with medical claims and prescription drugs will be in place through the end of FY27 per the current PEC agreement.

Because the vast majority of the City's workforce is represented by one of 41 different unions, the City dedicates significant funding toward collective bargaining reserves for estimated wage increases for union employees whose agreements are not settled. Most City non-public safety unions and the Boston Teachers Union have settled contracts through at least June of 2027. The FY26 budget includes \$102.7 million towards collective bargaining reserves. As contracts are settled, the funding, with the approval of the Boston City Council and the Mayor, will be moved from the reserve to the individual departmental budgets where the wages will be paid.

In FY25, the GAAP General Fund balance decreased to \$1.78 billion, allowing the City to preserve its policy of maintaining a GAAP unassigned fund balance in the General Fund that is a minimum of 15% of General Fund operating expenditures. The unassigned fund balance at the end of FY25 was \$1.2 billion and \$560.16 million was assigned. The unassigned fund balance represents approximately 24.3% of GAAP General Fund operating expenditures.

Long Term Financial Planning

The \$4.7 billion FY26-30 Capital Plan makes critical investments in the City's infrastructure in every Boston neighborhood, guided by commitments to making Boston a place for every resident. This drives historic investments in Boston Public Schools, as well as care for parks, playgrounds, roadways, civic facilities like libraries, community centers, and City Hall, and public safety buildings. Altogether, these investments ensure City assets are kept in a state of good repair, while delivering on the Mayor's agenda of delivering world-class educational facilities for BPS. The FY26-30 Capital Plan contains 392 projects and invests in every neighborhood.

All projects in the Capital Plan are grouped in one of five categories: New Construction, Major Renovation, State of Good Repair, Equipment/Technology, or Planning. These categories track the type of project, the type of affected asset, the locations of the projects, the type of funding supporting the project, and when expenditures of the project are expected. The Capital Planning team within 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. By number of projects, the FY26-30 Capital Plan allocations are: 41% for Major Renovations, 28% for State of Good Repair, 14% for Planning, 11% for New Construction, and 5% for Equipment/Technology.

Funding for the FY26-FY29 Capital Plan comes primarily from the sale of General Obligation (G.O.) bonds, which comprise 76% of the total capital financing. The Capital Plan assumes issuances totaling \$1.8 billion over the next five years, building on the City's historic \$464 million offering in May 2025. This planned issuances balance the City's need for capital funding while sustainably remaining within debt management policies, which include rapid principal repayment, a 7% ceiling on debt service, among other provisions. In total, 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. The Treasury Department manages all City borrowings according to these policies. More details and information on the Long-Term Obligations can be found in Note 10 to the Financial Statements.

The remaining Capital Plan funding is a mixture of other city sources, such as the Parking Meter Fund, and state and federal grants, which make up \$300 million and \$416 million, respectively.

Two key state programs are the School Building Assistance (SBA) program and the Massachusetts Department of Transportation's Highway Division's Chapter 90 funds. Administered by the Massachusetts School Building Authority (MSBA), SBA funds provide an important revenue source for school renovation and construction. The MSBA operates two major programs – the Core Program and the Accelerated Repair Program (ARP). On a regular basis, the MSBA accepts new project requests from cities, towns, and school districts, and if a project is ultimately approved, the MSBA will pay 40% to 80% of eligible project costs. The City has recently completed three major schools as part of the Core program: Boston Arts Academy, Josiah Quincy Upper School, and the Carter School. The City has also been invited into the first phases for three more schools: The Shaw/Taylor School, the Ruth Batson Academy, and Madison Park Technical Vocational High School.

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 primarily uses Chapter 90 funds to support its roadway resurfacing and reconstruction programs, sidewalk reconstruction programs, and other major construction projects such as the Cummins Highway reconstruction. The City anticipates an allocation of approximately \$14.8 million in FY26.

The City also receives a share of the Transportation Infrastructure Enhancement Fund from the State, which is funded through annual per-ride assessment fees imposed on Transportation Network Companies (TNC) such as Lyft and Uber. 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 FY26-30 Capital Plan includes \$3.5 million in new revenue from this source, for a total distribution of over \$24 million since 2019. 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, 2024. 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, 2024. 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 CliftonLarsonAllen LLP for their counsel, technical assistance, and support in the preparation of this Annual Report. Several other City departments and agencies provided additional information and assisted in the Annual Report preparation. We gratefully acknowledge their efforts and contributions to this report. Finally, we wish to thank you for your continued interest in the financial operations of the City.

The Annual Report for fiscal year 2013 through fiscal year 2025 are featured on the City's web page www.boston.gov/departments/auditing.

Respectfully submitted,



Scott Finn
City Auditor



Ashley Groffenberger
Chief Financial Officer & Collector Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Boston
Massachusetts**

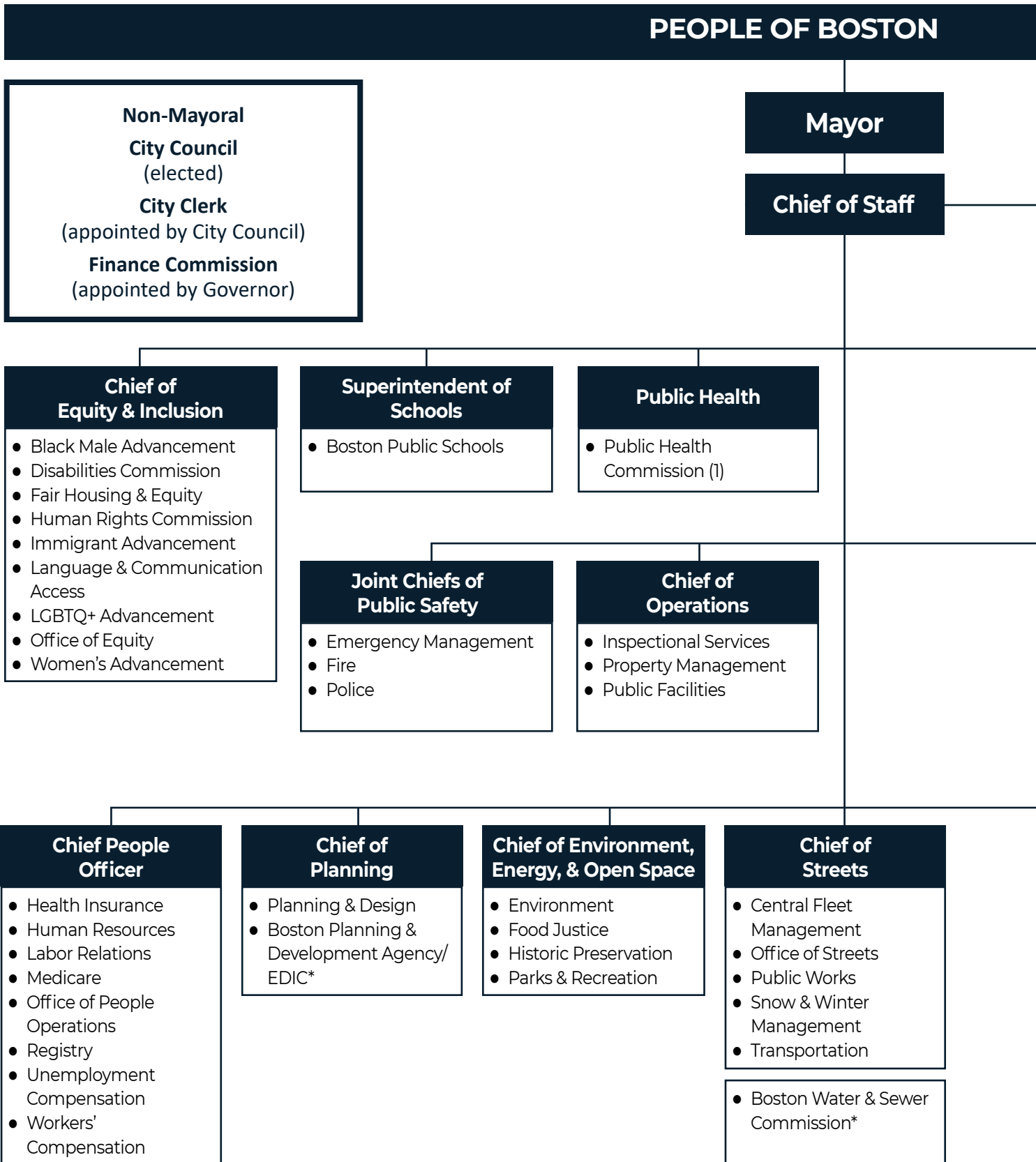
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

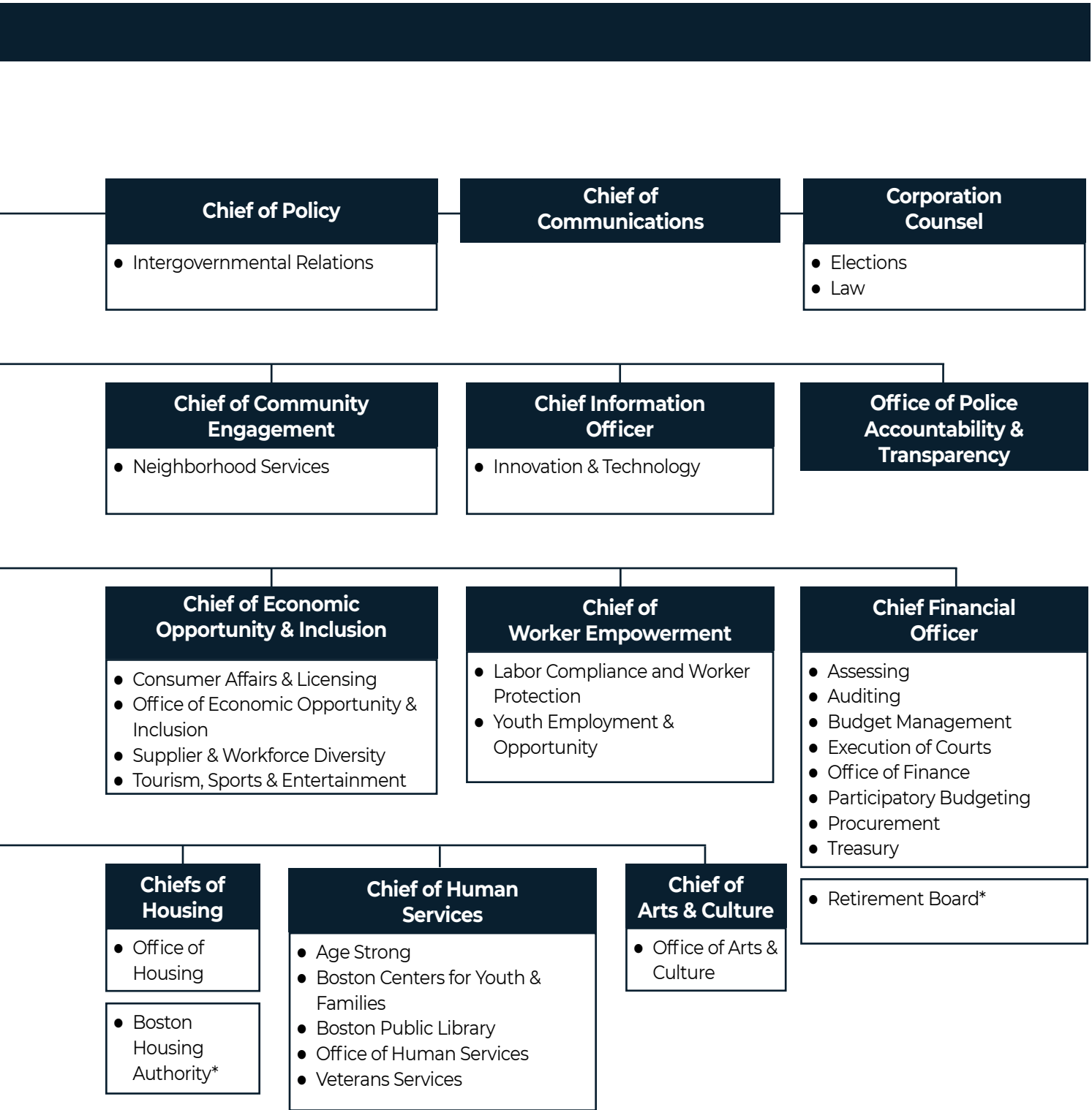
June 30, 2024

Christopher P. Morill

Executive Director/CEO

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, 2025)***Mayor
Michelle Wu****City Council Members**

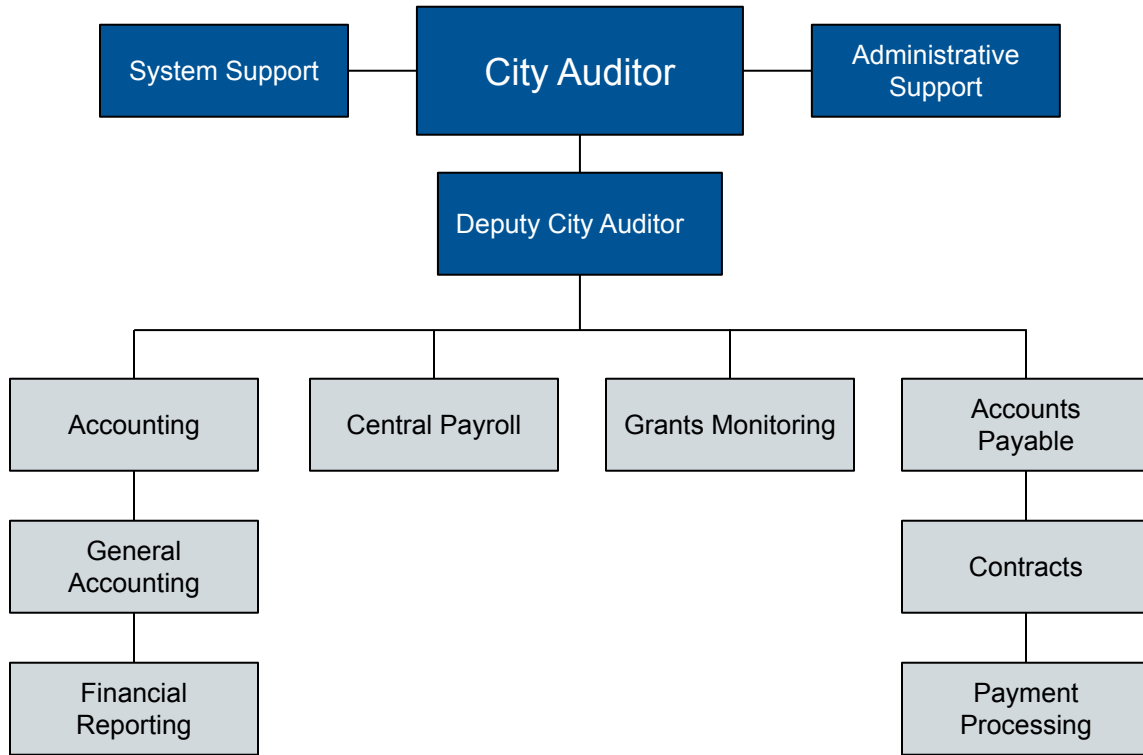
Ruthzee Louijeune	At-Large
Henry Santana	At-Large
Julia Mejia	At-Large
Erin Murphy	At-Large
Gabriela Coletta	District 1
Edward Flynn	District 2
John FitzGerald	District 3
Brian Worrell	District 4
Enrique J. Pepén	District 5
Benjamin Weber	District 6
Tania Fernandes Anderson	District 7
Sharon Durkan	District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

Appointed City Executive Branch Members

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

Auditing Department

Organizational Chart



Auditing Department Personnel

Scott Finn, City Auditor

Tim Mathis, Deputy City Auditor

Colin Musto, Assistant City Auditor

James Kelley, Director of IT

Marie Murray, Assistant City Auditor

Michael Imbaro, ARPA Compliance Officer

Michelle Castillo-Reid, Director of Payroll

Sinthia Johnson, Executive Assitant

Veronica Imbaro, Director of Accounting

Allen Hurley
Arlix Maldonado Rivera
Barbara Watner
Brandon Stone
Bruna Costa
Carrie He
Erica Pleitez
George Dallta
Jake Rosato
Joel Diaz
John Hamilton
Lisa Raines
Lisa Stone
Magnolia Rojas

Matthew Haugh
Matthew Lindmark
Mattie Crouse
Maxwell Larkin-Dunphy
Medina Lucien
Michael O'Keefe
Natoya Castillo
Paul Thaing
Prema Andrew
Robert Sweeney
Sheila Fay
Sheila Reardon
Titus Morrison
Xiomara Pleitez Pineda



Financial Section

Annual Comprehensive Financial Report 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boston, Massachusetts (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

- *Governmental Activities*

Dudley Square Realty Corporation, Ferdinand Development Corporation, and the Permanent Funds, which are non-major governmental funds that collectively represent 3.0% and 0.5%, respectively, of the total assets and revenues of the governmental activities as of June 30, 2025 and for the year then ended.

- *Aggregate Remaining Fund Information*

Boston Retirement System, the OPEB Trust Fund, the Private-Purpose Trust Funds, Dudley Square Realty Corporation, Ferdinand Development Corporation, and the Permanent Funds that collectively represent 99.3% and 86.3%, respectively, of total assets and revenues of the aggregate remaining fund information as of June 30, 2025 and for the year then ended.

- *Aggregate Discretely Presented Component Units*

Boston Planning & Development Agency, Trustees of the Public Library of the City of Boston, and the Economic Development and Industrial Corporation of Boston that collectively represent 90.2% and 37.6%, respectively, of total assets and revenues of the aggregate discretely presented component units as of June 30, 2025 and for the year then ended.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

City of Boston, Massachusetts

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

City of Boston, Massachusetts

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

City of Boston, Massachusetts

Other Information

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

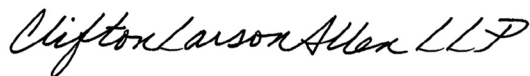
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Report on Summarized Partial Comparative Information

Other auditors have previously audited the City's 2024 financial statements, and they expressed unmodified audit opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in their report dated December 31, 2024. In our opinion, the summarized partial comparative information presented herein for the budgetary comparison of the General Fund for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026, 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
January 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025. Readers are encouraged to consider this information in conjunction with the additional information that is furnished in the City's Annual Comprehensive Financial Report (Annual Report).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

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

Government-wide Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Fund Financial Statements

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

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

CURRENT YEAR FINANCIAL IMPACTS

- The City of Boston's OPEB liability significantly impacts the Government-wide financial results. The most recent valuation of the City's OPEB liability as of June 30, 2025, estimated that the total net OPEB liability of the City increased by \$159.5 million to \$2.8 billion. This increase was largely due to an increase in costs and changes in assumptions.
- In fiscal year 2025, the City's contribution to the OPEB Trust Fund (\$195.6) million for retiree health benefits includes \$40 million in advance funding toward reducing the OPEB liability. In 2025 and 2024, the OPEB Trust Fund earned investment income/loss, net of fees in the amount of \$115.1 million and \$150.6 million, respectively. This decrease is attributed to interest rate increases negatively affecting fixed-income securities market values..
- 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, 2024, the City's proportionate share of that net pension liability decreased by \$303.2 million and the net pension liability for the City's Special Legislation plan as of June 30, 2025 decreased by \$34.3 million resulting in a total net pension liability of \$1.17 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025 in a net deficit of (\$110.5) million (presented as net position). At year end, the City had a surplus in governmental activities unrestricted net position in the amount of \$2.2 billion.

Changes in Net Position – Primary Government – The City's total net position increased by \$107.0 million from the amount reported in fiscal year 2024.

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 (\$110.5) million at the end of 2025, compared to a net deficit of (\$217.5) million reported at the end of the previous year.

The components of net position comprise the following: the investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that are still outstanding – this amount is \$1.43 billion indicating that the net book value of the City's capital assets exceeds the amount of related capital debt outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's governmental activities net position, \$674.2 million, represents restricted net position, or resources that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets. The unrestricted net position (deficit) increased by \$377.6 million from the 2024 amount.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position – Primary Government

(In thousands)

	Governmental Activities	
	Total Primary Government	
	2025	2024
ASSETS:		
Current assets	\$ 3,376,284	\$ 3,487,314
Capital assets	3,794,222	3,384,958
Other assets	20,501	23,021
Total assets	7,191,007	6,895,293
DEFERRED OUTFLOWS OF RESOURCES:		
Total deferred outflows of resources	763,014	1,004,738
LIABILITIES:		
Current liabilities	1,155,114	1,323,721
Noncurrent liabilities	6,595,269	6,430,628
Total liabilities	7,750,383	7,754,349
DEFERRED INFLOWS OF RESOURCES:		
Total deferred inflows of resources	314,143	363,163
NET POSITION:		
Net investment in capital assets	1,431,788	1,362,313
Restricted	674,152	259,018
Unrestricted	(2,216,445)	(1,838,812)
Total net position	\$ (110,505)	\$ (217,481)

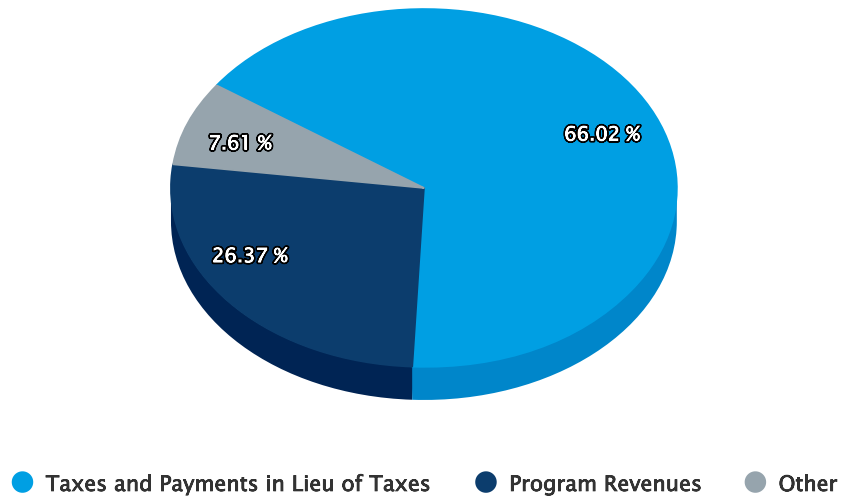
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

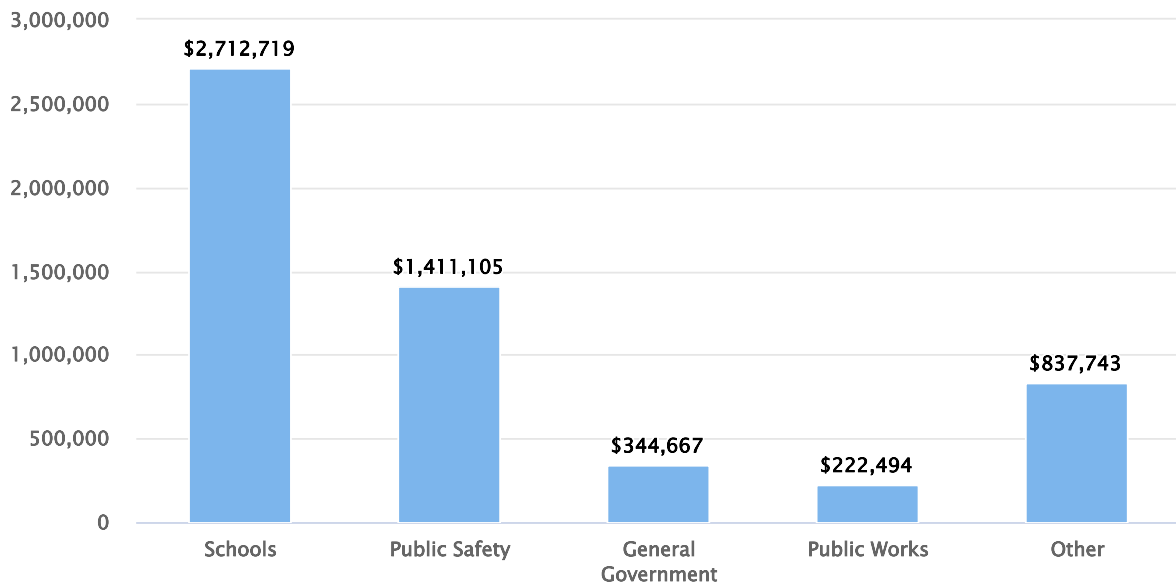
	Governmental Activities	
	Total Primary Government	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 285,023	\$ 276,463
Operating grants and contributions	1,092,807	1,201,443
Capital grants and contributions	108,440	57,678
General revenues:		
Taxes	3,720,686	3,576,330
Grants and contributions not restricted	273,914	268,947
Investment income	146,887	194,527
Miscellaneous	7,947	-
Total revenues	5,635,704	5,575,388
Program expenses:		
General government	344,667	313,301
Human services	83,905	74,625
Public safety	1,411,105	1,352,812
Public works	222,494	188,081
Property and development	437,723	311,713
Parks and recreation	76,751	71,805
Library	76,707	70,882
Schools	2,712,719	2,584,364
Public health programs	160,543	159,213
Interest on long-term debt	2,114	52,049
Total program expenses	5,528,728	5,178,845
Change in net position	106,976	396,543
Net position - beginning of year	(217,481)	(614,024)
Net position - end of year	\$ (110,505)	\$ (217,481)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues – Governmental Activities Fiscal Year 2025



Expenses – Governmental Activities FY 2025 (in thousands)



MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

The City's governmental activities net position increased by \$107.0 million over the prior fiscal year. The following net changes occurred during the course of operations in fiscal year 2025. In the assets accounts, cash and investments decreased by \$105.1 million, receivables decreased by \$9.5 million, and capital assets increased by \$409.3 million. In the liability accounts, there was a decrease in warrants and accounts payable of \$53.4 million and an increase in accrued liabilities of \$88.8 million. Additionally, an increase of \$159.5 million was recorded relative to the City's other postemployment benefit obligation and a decrease of \$303.2 million was recorded relative to the City's net pension liability in 2025.

During fiscal year 2025, the City's revenues increased by 1.1%. The City's largest sources of revenues were property taxes, excise taxes, and payment in lieu of taxes of \$3.72 billion (66.0% of total revenues) and \$1.49 billion of program revenues (26.4% of total revenues). Taxes increased by \$144.4 million from the previous year, primarily driven by property tax revenues that continued to grow through a combination of the allowable 2.5% increase and property value growth, and excise tax revenues that continued to grow beyond pre-pandemic levels. Program revenues decreased by \$49.3 million for fiscal year 2025. This is largely due to increases in operating grants and contributions. The City's expenses cover a range of services. Overall expenses grew by 8.1%, driven by investments in critical city services, such as police, fire, and public works, as well as set-aside funding for collective bargaining reserves. The largest expenses were for schools (\$2.71 billion), public safety (\$1.4 billion), general government (\$344.7 million), public works (\$222.5 million), and property and development (\$437.7 million). In 2025, governmental activities expenses exceeded program revenues (i.e., user charges, operating grants, and capital grants) by \$4.04 billion. This shortfall was covered primarily through taxes (\$3.72 billion) and unrestricted grants and contributions (\$273.9 million).

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

FINANCIAL ANALYSIS OF THE CITY'S FUND STATEMENTS

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

Fund Highlights

Governmental Funds – Fund Balances – as of the close of fiscal year 2025, the City's governmental funds reported a combined ending fund balance of \$2.59 billion, an increase of \$74.0 million from the prior year. Of this total amount, \$1.2 billion represents the unassigned fund balance.

Governmental Funds

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

General Fund – Fund Balance – The General Fund is the chief operating fund of the City. The City's General Fund – Fund Balance Policy states in part to maintain a GAAP unassigned fund balance in the General Fund that is 15%, or higher, of GAAP General Fund operating expenditures for the fiscal year. The GAAP unassigned fund balance at the end of fiscal year 2025 was \$1.2 billion, which represents approximately 24.3% of GAAP General Fund operating expenditures. The General Fund - fund balance decreased due to an increase in expenses related to General Government, Public Safety, Public Works, Property and Development and Retirement costs.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2025 Special Revenue Fund balance is reported at \$486.6 million, a \$36.2 million increase from fiscal year 2024, driven by the CPA community based neighborhood projects.

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 2025 Capital Projects Fund balance is \$181.8 million, a \$94.8 million increase from fiscal year 2024. This increase is due the timing differences between capital outlay and the issuance of bonds.

Other Governmental Funds – Fund Balance – Other Governmental Funds account for assets held by the City in permanent funds, as well as the activities related to DSRC and FBDC. The fiscal year 2025 Other Governmental Funds fund balance is \$136.0 million, a \$9.5 million decrease from fiscal year 2024.

Internal Service Fund

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

Budgetary Highlights

General Fund budgetary highlights include ending fiscal year 2025 with a \$22.3 million surplus. There were no material variances between the original budget and final budget amounts. Variances from the final budget to actual results occurred in public safety and judgments and claims.

Surplus results were reported for General Fund revenue sources, including \$14.1 million in payments in lieu of taxes, \$5.8 million of licenses and permits, \$19.9 million in departmental and other revenue, \$0.4 million of property tax and \$32.3 million in investment income. Other available funds show a revenue didn't change of \$71.0 million, however, this is primarily a result of not transferring other available funds such as \$30.0 million of parking meter funds, \$1.0 million of cemetery funds and \$40 million in appropriated funds from the general fund.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The City's investment in capital assets for its governmental activities, as of June 30, 2025, has a net book value of \$3.79 billion, made up of costs totaling \$6.71 billion less accumulated depreciation of \$3.04 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total increase in the City's investment in capital assets for the current fiscal year was approximately \$409.3 million in terms of net book value. However, actual expenditures to purchase or construct capital assets and contributions of capital assets were \$494.3 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 \$176.3 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 \$2.03 billion in General Obligations Bonds principal outstanding – an increase of \$271.4 million over last year.

On January 25th, 2024, the City issued \$250 million through a private placement with TD Bank for various municipal capital projects. In conjunction with the City's annual bond offering, the rating service bureau Moody's Investors Service reaffirmed the City's bond ratings at Aaa and the rating service bureau Standard & Poor's reaffirmed the bond rating to Aaa. General Obligation Bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of debt. Accordingly, all general obligation debt currently outstanding has been approved by a vote of the City Council.

Notes and Equipment Financing Payable and Other Long Term Obligations – The City's general long term notes and equipment financing payable and other long term obligations decreased by \$127.5 million, or (-2.7%), during the current fiscal year. Key factors for this decrease are a decrease in the net pension liability of \$337.5 million.

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

NEW ACCOUNTING STANDARDS

During the fiscal year ended June 30, 2025, the City adopted GASB Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*.

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

FUTURE PRONOUNCEMENTS

The GASB has issued Statement No. 103 *Financial Reporting Model Improvements*, and Statement No. 104 *Disclosure of Certain Capital Assets*.

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

REQUESTS FOR INFORMATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2025

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Discretely Presented Component Units
ASSETS:		
Current Assets:		
Cash and investments	\$ 2,806,367	\$ 227,529
Cash and investments held by trustees	196,239	37,506
Receivables, net		
Property and other taxes	39,330	-
Intergovernmental	297,929	-
Leases receivable, current	2,641	9,056
Other	30,728	62,231
Other assets	-	9,839
Due from primary government	-	691
Due from component units	3,050	-
Total current assets	<u>3,376,284</u>	<u>346,852</u>
Noncurrent Assets:		
Cash and investments held by trustee	-	70,734
Notes and other receivables	20,501	2,162,013
Other	-	2,607
Capital assets:		
Nondepreciable assets	666,573	39,332
Depreciable, net	2,997,361	81,245
Right of use lease assets, net	106,090	8,919
Subscription IT assets, net	24,198	142
Total noncurrent assets	<u>3,814,723</u>	<u>2,364,992</u>
Total assets	<u>7,191,007</u>	<u>2,711,844</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount for pension costs	258,931	25,823
Deferred amount from OPEB	503,968	21,930
Deferred amount from debt refunding	115	-
Total deferred outflows of resources	<u>\$ 763,014</u>	<u>\$ 47,753</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2025

(Amounts in thousands)

	Primary Government	Aggregate Discretely Presented
	Governmental Activities	Discretely Presented Component Units
LIABILITIES:		
Current Liabilities:		
Warrants and accounts payable	\$ 242,893	\$ 28,084
Accrued liabilities - current:		
Compensated absences	80,760	8,383
Judgments and claims	137,326	-
Payroll and related costs	132,852	-
Deposits and other	125,269	1,552
Unearned revenue	180,278	13,029
Current portion of long-term bonds, notes and equipment financing payable	237,081	1,291
Due to component units	691	-
Due to primary government	-	3,050
Subscription agreement liability	9,943	608
Leases obligations/payables	8,021	1,066
Total current liabilities	<u>1,155,114</u>	<u>57,063</u>
Noncurrent Liabilities:		
Bonds due in more than one year	1,997,398	9,828
Other noncurrent liabilities	596,971	136,454
Notes and equipment financing payable due in more than one year	65,866	-
Net OPEB Liability	2,757,019	87,244
Subscription agreement liability LT	7,903	238
Unearned revenue	-	76,181
Net pension liability	1,170,112	88,832
Total noncurrent liabilities	<u>6,595,269</u>	<u>398,777</u>
Total liabilities	<u>7,750,383</u>	<u>455,840</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount for pension costs	49,802	14,299
Deferred amount for OPEB	250,213	46,526
Deferred amount for leases	4,811	1,827,415
Deferred amount from debt refunding	5,764	-
Deferred tax revenue	3,553	-
Total deferred inflows of resources	<u>314,143</u>	<u>1,888,240</u>
NET POSITION:		
Net investments in capital assets	1,431,788	118,064
Restricted for:		
Non Expendable Trust	21,504	95,915
Expendable Trust	114,516	-
Capital Projects	51,565	-
Public Safety	99,725	-
Property & Development	160,280	-
Schools	89,124	-
Other Purposes	137,438	-
Unrestricted surplus (deficit)	(2,216,445)	201,538
Total net position	<u>\$ (110,505)</u>	<u>\$ 415,517</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Activities
Year Ended June 30, 2025
(Amounts in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 344,667	\$ 101,746	\$ 133,743	\$ 17,225
Human services	83,905	130	17,444	2,045
Public safety	1,411,105	146,752	82,659	6,943
Public works	222,494	18,953	13,441	36,797
Property and development	437,723	6,222	114,614	6,343
Parks and recreation	76,751	638	6,904	1,815
Library	76,707	5	5,358	-
Schools	2,712,719	10,577	718,644	37,272
Public health programs	160,543	-	-	-
Interest on long-term debt	2,114	-	-	-
Total primary government	\$ 5,528,728	\$ 285,023	\$ 1,092,807	\$ 108,440
Aggregate Discretely Presented Component Units:				
Boston Public Health Commission	\$ 251,475	\$ 57,733	\$ 89,069	\$ -
Boston Planning & Development Agency	28,556	23,784	-	-
Trustees of the Public Library of the City of Boston	23,951	3,341	16,794	-
Economic Development and Industrial Corporation of Boston	59,767	47,834	21,320	-
Total component units	\$ 363,749	\$ 132,692	\$ 127,183	\$ -

General Revenues:

Taxes:

Property taxes, levied for general purposes

Excises

Payments in lieu of taxes

Grants and contributions not restricted

Investment income

Investment income from leases

City appropriation

Miscellaneous

Special item - gain on sale of property

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes
in Net Position

Governmental Activities	Component Units
\$ (91,953)	\$ -
(64,286)	-
(1,174,751)	-
(153,303)	-
(310,544)	-
(67,394)	-
(71,344)	-
(1,946,226)	-
(160,543)	-
(2,114)	-
\$ (4,042,458)	\$ -
\$ -	\$ (104,673)
-	(4,772)
-	(3,816)
-	9,387
\$ -	\$ (103,874)
\$ 3,308,765	\$ -
318,184	-
93,737	-
273,914	-
146,887	18,146
-	44,304
-	140,079
7,947	3,766
-	6,809
4,149,434	213,104
106,976	109,230
(217,481)	306,287
\$ (110,505)	\$ 415,517

FUND FINANCIAL STATEMENTS

Balance Sheet

Governmental Funds

June 30, 2025

(Amounts in thousands)

	General	Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and investments	\$ 1,977,093	\$ 545,205	\$ 215,040	\$ -	\$ 2,737,338
Cash and investments held by trustees	-	-	58,741	137,498	196,239
Receivables:					
Property taxes	29,959	-	-	-	29,959
Motor vehicle / boat excise	37,340	-	-	-	37,340
Intergovernmental	1,412	244,951	51,566	-	297,929
Departmental and other	32,933	20,754	-	183	53,870
Tax title and possession	71,852	249	-	-	72,101
Total receivables	173,496	265,954	51,566	183	491,199
Allowance:					
Motor vehicle / boat excise	(27,969)	-	-	-	(27,969)
Tax title and possession	(71,853)	(248)	-	-	(72,101)
Total allowance	(99,822)	(248)	-	-	(100,070)
Net receivables	73,674	265,706	51,566	183	391,129
Due from other funds	291	1,631	-	72	1,994
Due from component units	3,050	-	-	-	3,050
Total assets	\$ 2,054,108	\$ 812,542	\$ 325,347	\$ 137,753	\$ 3,329,750
LIABILITIES:					
Warrants and accounts payable	\$ 64,490	\$ 64,552	\$ 100,801	\$ 1,528	\$ 231,371
Accrued liabilities:					
Payroll and related costs	132,096	719	5	32	132,852
Deposits and other	32,249	78,661	71	26	111,007
Unearned revenue	-	180,278	-	-	180,278
Total accrued liabilities	164,345	259,658	76	58	424,137
Due to other funds	1,053	794	-	147	1,994
Due to component units	691	-	-	-	691
Total liabilities	230,579	325,004	100,877	1,733	658,193
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue	34,907	14	42,677	-	77,598
Leases	3,854	957	-	-	4,811
Total deferred inflows of resources	38,761	971	42,677	-	82,409
FUND BALANCES:					
Nonspendable	-	-	-	21,504	21,504
Restricted	-	486,567	181,793	114,516	782,876
Assigned	560,155	-	-	-	560,155
Unassigned	1,224,613	-	-	-	1,224,613
Total fund balances	1,784,768	486,567	181,793	136,020	2,589,148
Total liabilities, deferred inflows of resources and fund balances	\$ 2,054,108	\$ 812,542	\$ 325,347	\$ 137,753	\$ 3,329,750

FUND FINANCIAL STATEMENTS

Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2025

(Amounts in thousands)

Total fund balance - governmental funds	\$ 2,589,148
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements	3,794,222
Certain revenues of the government-wide financial statements are earned but not considered available in the governmental fund financial statements	74,043
Internal service funds are included in the government-wide financial statements	11,583
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of	
General obligation bonds and notes payable	(2,042,317)
Equipment financing payable	(80,615)
Leases	(109,128)
Subscription IT arrangements	(17,846)
Bond issue premiums/discounts, net	(177,413)
Deferred bond refunding losses/gain, net	(5,649)
Accrued interest on bonds	(14,262)
Compensated absences	(285,613)
Landfill	(4,921)
Judgments and claims, workers compensation and tax abatements	(376,991)
Net OPEB liability, net of deferred amounts	(2,503,263)
Net pension liability, net of deferred amounts	(960,983)
Pollution remediation	(500)
Net position of governmental activities	\$ (110,505)

FUND FINANCIAL STATEMENTS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2025

(Amounts in thousands)

	General	Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Real and personal property taxes	\$ 3,334,967	\$ 153	\$ -	\$ -	\$ 3,335,120
Excises	327,077	32	-	-	327,109
Payments in lieu of taxes	93,737	-	-	-	93,737
Fines	65,957	9	-	-	65,966
Investment income (loss)	119,019	4,118	-	20,295	143,432
Licenses and permits	66,911	22	-	-	66,933
Departmental and other	117,283	84,797	373	7,065	209,518
Intergovernmental	799,909	621,673	78,123	-	1,499,705
Total revenues	4,924,860	710,804	78,496	27,360	5,741,520
EXPENDITURES:					
Current:					
General government	188,494	105,633	-	17,246	311,373
Human services	48,096	19,168	-	-	67,264
Public safety	950,595	40,337	-	-	990,932
Public works	163,534	12,961	-	-	176,495
Property and development	164,966	209,447	-	-	374,413
Parks and recreation	40,198	9,536	-	-	49,734
Library	48,397	5,061	-	-	53,458
Schools	1,622,394	274,112	-	-	1,896,506
Public health programs	135,304	11,623	-	-	146,927
Judgments and claims	19,977	-	-	-	19,977
Retirement costs	720,591	-	-	-	720,591
Other employee benefits	289,092	-	-	-	289,092
State and district assessments	381,016	-	-	-	381,016
Total current expenditures	4,772,654	687,878	-	17,246	5,477,778
Capital outlays	13,156	4,031	561,709	-	578,896
Debt service	249,064	-	-	20,000	269,064
Total expenditures	5,034,874	691,909	561,709	37,246	6,325,738
Excess (deficiency) of revenues over (under) expenditures	(110,014)	18,895	(483,213)	(9,886)	(584,218)
OTHER FINANCING SOURCES (USES):					
Leases & SBITAs GASB 87 & 96	111,025	831	6,212	-	118,068
Revenue from bond sale	-	-	464,170	-	464,170
Lease purchase - revenue	-	-	38,452	-	38,452
Premium revenue	-	1,660	35,830	-	37,490
Transfers in	-	48,157	33,336	363	81,856
Transfers out	(48,520)	(33,336)	-	-	(81,856)
Total other financing sources (uses), net	62,505	17,312	578,000	363	658,180
Net change in fund balances	(47,509)	36,207	94,787	(9,523)	73,962
Fund balance - beginning of year	1,832,277	450,360	87,006	145,543	2,515,186
Fund balance - end of year	\$ 1,784,768	\$ 486,567	\$ 181,793	\$ 136,020	\$ 2,589,148

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, 2025**

(Amounts in thousands)

Net change in fund balances - total governmental funds **\$ 73,962**

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	494,303	
Depreciation expense	(176,273)	
Loss of disposals	(536)	
	317,494	317,494

Certain revenues in the statement of activities that are not reported as revenues in the governmental funds as they are not considered available		13,049
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Issuance of long-term debt and equipment financing agreement	(502,622)	
Repayment of bonds, notes and equipment financing payable	228,563	
Bond premiums, deferred inflows and outflows on refunding and accrued interest (net)	36,541	
Leases/SBITA's	1,525	
Workers compensation	1,620	
Net pension liability, net of deferred amounts	152,205	
Compensated absences	(11,418)	
Net OPEB liability, net of deferred amounts	(134,426)	
Judgements and claims and abatement liability	(20,191)	
Landfill closure and post closure costs	176	(248,027)

Net operating income from the internal service fund, which is presented in the statement of activities, but not in the governmental funds		(49,502)
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Change in net position of governmental activities **\$ 106,976**

FUND FINANCIAL STATEMENTS

Statement of Revenues and Expenditures

Budgetary Basis

General Fund – Budget and Actual

Year Ended June 30, 2025 (with comparative actual amounts for 2024)

(Amounts in thousands)

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Increase (Decrease) Variance	
REVENUES AND OTHER AVAILABLE FUNDS:					
Real and personal property taxes, net	\$ 3,324,989	3,324,989	\$ 3,325,375	\$ 386	\$ 3,136,943
Motor Vehicle Excise	59,000	59,000	75,209	16,209	72,656
Other Excise Taxes	227,300	227,300	250,795	23,495	255,646
Commonwealth of Massachusetts	516,054	516,054	510,787	(5,267)	502,978
Departmental and other revenue	92,444	92,444	112,386	19,942	107,743
Fines	59,000	59,000	65,989	6,989	60,290
Payments in lieu of taxes	79,500	79,500	93,589	14,089	88,580
Investment income	86,700	86,700	118,971	32,271	162,661
Licenses and permits	73,900	73,900	68,056	(5,844)	81,548
Other available funds	70,950	180,950	110,000	(70,950)	-
Intergovernmental	42,364	42,364	28,245	(14,119)	-
Total revenues and other available funds	4,632,201	4,742,201	4,759,402	17,201	4,469,045
EXPENDITURES:					
General government	306,000	269,888	214,666	55,222	\$ 174,628
Human services	54,398	54,398	49,417	4,981	49,374
Public safety	875,112	879,739	935,516	(55,777)	925,499
Public works	148,736	157,057	166,690	(9,633)	142,352
Property and development	101,858	216,194	214,981	1,213	96,610
Parks and recreation	40,815	42,342	41,383	959	39,650
Library	49,883	50,631	48,924	1,707	46,885
Schools	1,527,969	1,568,264	1,568,264	-	1,445,846
Boston Public Health Commission	140,120	140,279	140,279	-	131,565
Judgments and claims	2,000	2,000	6,187	(4,187)	24,103
Other employee benefits	292,254	294,453	293,484	969	267,430
Retirement costs	426,499	427,483	427,483	-	427,281
Debt requirements	275,937	248,846	248,846	-	239,094
State and district assessments	390,620	390,627	381,015	9,612	370,830
Total expenditures	4,632,201	4,742,201	4,737,135	5,066	4,381,147
Excess (deficiency) of revenues and other available funds over (under) expenditures	\$ -	\$ -	\$ 22,267	\$ 22,267	\$ 87,898

FUND FINANCIAL STATEMENTS

Statement of Net Position**Proprietary Fund****June 30, 2025***(Amounts in thousands)*

	<u>Internal Service</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 69,029
Total assets	\$ 69,029
LIABILITIES:	
Current liabilities:	
Accrued liabilities	\$ 57,446
Total liabilities	57,446
NET POSITION:	
Unrestricted	11,583
Total net position	\$ 11,583

FUND FINANCIAL STATEMENTS

Statement of Revenues, Expenses
and Changes in Net Position

Proprietary Fund

Year Ended June 30, 2025

(Amounts in thousands)

	<u>Internal Service</u>
OPERATING REVENUES:	
Employee contributions	\$ 104,371
Employer contributions	232,159
Total operating revenues	<u>336,530</u>
 OPERATING EXPENSES:	
Health benefits	386,032
Total operating expenses	<u>386,032</u>
Operating income (loss)	<u>(49,502)</u>
Net position - beginning of year	<u>61,085</u>
Net position - end of year	<u><u>\$ 11,583</u></u>

FUND FINANCIAL STATEMENTS

Statement of Cash Flows**Proprietary Funds****Year Ended June 30, 2025***(Amounts in thousands)*

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 337,641
Cash paid to vendors	(360,476)
Net cash provided by operating activities	(22,835)
Cash and cash equivalents, beginning of year	91,864
Cash and cash equivalents, end of year	\$ 69,029
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (49,502)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities	
Changes in operating assets and liabilities:	
Other assets	768
Due from component units/receivables	1,110
Accrued liabilities	24,789
Net cash provided by operating activities	\$ (22,835)

FUND FINANCIAL STATEMENTS

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

(Except Employee Retirement Plan, which is as of December 31, 2024)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private-Purpose Trusts	Custodial Funds
ASSETS:			
Cash and cash equivalents	\$ 924,741	\$ 179,357	\$ 12,795
Receivables:			
Interest and dividends	17,939	-	-
Securities sold	13,264	-	-
Employer contributions	20,830	-	-
Lease receivable	-	2,145	-
Other	13,338	1,229	-
Total receivables	65,371	3,374	-
Prepaid expenses	1,387	-	-
Investments, at fair value:			
Short term:			
Domestic	71,761	-	-
International	14,619	-	-
Equity:			
Domestic	2,439,060	-	-
International	2,011,944	-	-
Fixed-income:			
Domestic	1,593,140	-	-
International	495,938	-	-
PRIT Pooled Fund	2,387,275	-	-
Real estate	670,772	-	-
Alternative	1,276,515	-	-
Total investments	10,961,024	-	-
Securities lending short-term collateral investment pool	211,181	-	-
Total assets	\$ 12,163,704	\$ 182,731	\$ 12,795
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 43,310	\$ 2,859	\$ -
Securities purchased	42,746	-	-
Collateral held on securities lending	210,783	-	-
Total liabilities	296,839	2,859	-
DEFERRED INFLOW OF RESOURCES:			
Deferred amount for leases	-	2,082	-
Total deferred inflow of resources	-	2,082	-
NET POSITION RESTRICTED			
Pension Benefits	10,535,098	-	-
OPEB Benefits	1,331,767	-	-
Other Purposes	-	177,790	12,795
Total net position restricted for individuals and organizations	\$ 11,866,865	\$ 177,790	\$ 12,795

FUND FINANCIAL STATEMENTS

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

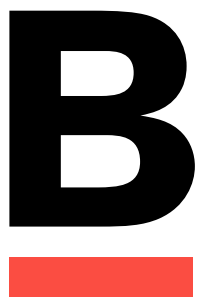
Year Ended June 30, 2025

(Except Employee Retirement Plan, which is year ended December 31, 2024)

(Amounts in thousands)

	Pension and OPEB Trust Funds	Private-Purpose Trusts	Custodial Funds
ADDITIONS:			
Contributions:			
Employers	\$ 681,565	\$ -	\$ -
Commonwealth of Massachusetts (nonemployer)	261,107	-	-
Employees	233,792	-	-
Donations and other	-	17,396	4,790
Total contributions	1,176,464	17,396	4,790
Investment earnings:			
Net appreciation in fair value of investments	342,854	-	-
Investment income (loss)	633,894	13,520	-
Less investment expenses	(70,125)	-	-
Net investment earnings	906,623	13,520	-
Securities lending activities:			
Securities lending income	14,668	-	-
Management and related fees	(13,387)	-	-
Net income from securities lending activities	1,281	-	-
Total net investment income	907,904	13,520	-
Intergovernmental	15,635	-	-
Miscellaneous income	(109)	-	-
Total additions	2,099,894	30,916	4,790
DEDUCTIONS:			
Benefits	913,950	-	-
Reimbursements	11,385	-	-
Refunds of contributions	58,887	-	-
Administrative expenses and other	9,626	17,869	4,297
Total deductions	993,848	17,869	4,297
Change in net position	1,106,046	13,047	493
Net position - beginning of year	10,760,819	164,743	12,302
Net position - end of year	\$ 11,866,865	\$ 177,790	\$ 12,795

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NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2025

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, 2024.
- 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, 2025.

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:

NOTES TO THE BASIC FINANCIAL STATEMENTS

- 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, 2025.

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

d. Related Organizations

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

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

a. Government-wide and Fund Financial Statements

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

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

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

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**i. Government-wide Financial Statements**

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

ii. Governmental Fund Financial Statements

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

iii. Proprietary Financial Statements

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

iv. Description of Major Funds

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

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

Proprietary fund – The City reports the following proprietary fund:

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

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

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

c. Cash Equivalents

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

d. Basis of Investment Valuation

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

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

e. Interfund Receivables and Payables

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

f. Uncollectible Tax and Other Receivables

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

g. Capital Assets

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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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 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 effective interest method. The unamortized portion is presented in the Government-wide Statement of Net Position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred.

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

k. Pensions

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

l. Postemployment Benefits Other Than Pensions (OPEB)

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

m. Deferred Outflows of Resources and Deferred Inflows of Resources

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

n. Leases (Lessor)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

p. Net Position and Fund Balance

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

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

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

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

- Nonspendable: Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.
- Restricted: Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.
- Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action takes the form of statutes which are passed by the City Council and approved by the Mayor.
- Assigned: Amounts that are constrained by the City's intent for use for specific purposes, but are considered neither restricted or committed. Under M.G.L. Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.
- Unassigned: Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City. The general fund is the only fund that reports a positive unassigned fund balance. The City maintains a formal policy that unassigned fund balance in the General Fund be at least 15 percent of the current year's General Fund GAAP basis operating expenditures.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

q. Tax Abatement Refunds

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

r. Landfill Closure and Postclosure Care Costs

State and federal regulations require the City to place a final cover on its Gardner Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. At June 30, 2025, 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 2025 were \$176 thousand.

s. Use of Estimates

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

t. Adoption of Accounting Pronouncements

The City adopted the following new accounting pronouncements issued by the GASB during the current fiscal year ended June 30, 2025:

- Statement No. 101, *Compensated Absences*. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning December 15, 2023, and all reporting periods thereafter.
- Statement No. 102, *Certain Risk Disclosures*. This Statement's objective is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations of constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
- Implementations of the above GASB statements have no material effect on amounts reported in the City's financial statements.

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

- Statement No. 103, *Financial Reporting Model Improvements*. This Statement's objective is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major component Unit Information and Budgetary Comparison Information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTES TO THE BASIC FINANCIAL STATEMENTS

- Statement No. 104, *Disclosures of Certain Capital Assets*. This Statement's objective is to provide users of government financial statements with detailed information about capital assets in notes to the financial statements. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. *Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public partnerships and Availability Payments Arrangements*, should be disclosed separately by major class of underlying asset in the assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

3. Short Term Debt

During fiscal year 2025, 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025 (in thousands):

	Revenue	Expenditures	Other financing uses, net	Excess of revenue and other financing sources
As reported on a budgetary basis	\$ 4,759,402	\$ 4,737,135	\$ -	\$ 22,267
Adjustments:				
Revenues to modified accrual basis	(95,649)	-	111,025	15,376
Expenditures, encumbrances, and accruals, net	-	85,152		(85,152)
On-behalf contribution for teachers pension	261,107	261,107	-	-
Reclassifications:				
Other transfers	-	(48,520)	(48,520)	-
As reported on a GAAP basis	<u>\$ 4,924,860</u>	<u>\$ 5,034,874</u>	<u>\$ 62,505</u>	<u>\$ (47,509)</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025, the City and the City of Boston Pooled Funds had uninsured and uncollateralized investments of \$117.1 billion and \$150.4 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 and 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 and City of Boston Pooled Funds' fixed income investments (in thousands) and related maturity schedule (in years) as of June 30, 2025:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds	\$ 72,095	\$ 72,095	\$ -	\$ -	\$ -
Institutional and mutual funds	115,145	2	75,035	38,146	1,962
U.S. Treasury and agency securities	634,204	257,714	244,721	31,102	100,667
State and local municipal obligations	2,840	30	1,452	212	1,146
Corporate debt instruments	143,807	1,470	84,266	30,265	27,806
International Government Bonds	10,727	1,628	1,959	3,590	3,550
Commercial Paper	222,645	222,645			
Corporate Note	356,990	356,990			
Certificate of deposits	149,984	149,984			
Bank Notes	5,014	5,014			
	<u>\$ 1,713,450</u>	<u>\$ 1,067,571</u>	<u>\$ 407,433</u>	<u>\$ 103,315</u>	<u>\$ 135,131</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

d. Credit Risk

It is the City and 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 and City of Boston Pooled Funds' fixed income investments as of June 30, 2025 were rated by S & P and/or an equivalent national rating organization, and the ratings are presented below using the S & P rating scale (in thousands):

Investment type	Fair Value	Rating
Money Market mutual funds	\$ 72,095	Unrated
Institutional and mutual funds	84,285	AAA to A3
Institutional and mutual funds	26,540	Baa1 to B3
Institutional and mutual funds	4,320	Unrated
U.S. Treasury and agency securities	634,197	AAA to A3
U.S. Treasury and agency securities	6	Unrated
State and local municipal obligations	1,869	AAA to A3
State and local municipal obligations	166	Baa1 to B3
State and local municipal obligations	804	Unrated
Corporate debt instruments	36,268	AAA to A3
Corporate debt instruments	90,656	Baa1 to B3
Corporate debt instruments	414	Caa1 to C
Corporate debt instruments	16,470	Unrated
Commercial Paper	222,645	A1 to A1+
Corporate Note	353,020	A to AAA
Corporate Notes	3,970	Unrated
International Government Bonds	1,984	AAA to A3
International Government Bonds	8,292	Baa1 to B3
International Government Bonds	451	Unrated
Bank Note	5,014	A+
Certificate of deposits	149,984	A1 to A1+
	\$ 1,713,450	

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, 2025, the City and City of Boston Pooled Funds held international equity mutual funds valued at \$144.4 million and international government bonds valued at \$10.7 million. Although these investments are not denominated in a foreign currency, the underlying securities are denominated in various foreign currencies.

g. Fair Value Hierarchy

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine if the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The City of Boston Pooled Funds have the following recurring fair value measurements as of June 30, 2025 (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	\$ 72,095	\$ -	\$ -	\$ 72,095
Institutional and mutual funds	115,145	-	-	115,145
Equity securities	915,143	-	995	916,138
Real estate funds	-	-	54,794	54,794
Commercial Paper	222,645	-	-	222,645
Corporate Note	356,990	-	-	356,990
Bank Notes	5,014	-	-	5,014
U.S. Treasury & agency securities	527,666	106,538	-	634,204
State and Local municipal obligations	20	2,819	-	2,839
Corporate debt instruments	1,080	140,723	2,003	143,806
Certificate of deposits	149,984	-	-	149,984
International Government Bonds	-	10,727	-	10,727
Total Investments:	\$ 2,365,781	\$ 260,807	\$ 57,792	\$ 2,684,380

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2024, 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, 2024:

Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. treasury notes and bonds	\$ 330,406	\$ 8,316	\$ 168,490	\$ 92,638	\$ 60,962
U.S. agencies	143,426	-	5,045	9,118	129,263
Domestic corporate	791,343	3,450	168,194	141,665	478,034
Municipal	3,726	-	1,315	-	2,411
International corporate	260,344	-	-	-	260,344
International government	199,862	-	-	-	199,862
Asset-backed:	-	-	-	-	-
CMOs	68,430	-	-	523	67,907
Other	61,276	-	22,145	13,303	25,828
	<u>\$ 1,858,813</u>	<u>\$ 11,766</u>	<u>\$ 365,189</u>	<u>\$ 257,247</u>	<u>\$ 1,224,611</u>

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

The collateralized mortgage obligations (CMOs) held by the System as of December 31, 2024 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The System's fixed income investments as of December 31, 2024 were rated by S & P and/or an equivalent national rating organization and the ratings are presented below (in thousands) using the S & P rating scale:

Investment type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	Not rated
U.S. agencies	\$ 143,426	\$ 8,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,388
Domestic corporate	791,343	1,409	7,293	49,433	65,420	31,501	56,943	34,440	341	33	544,530
Municipal	3,726	57	2,524	-	-	-	-	-	-	-	1,146
International corporate	260,344	-	-	-	-	-	-	-	-	-	260,344
International government	199,862	-	-	-	-	-	-	-	-	-	199,862
Asset-backed:											
CMOs	68,430	9,201	40	-	-	-	-	-	-	-	59,189
Other	61,276	32,612	2,206	3,116	12,030	-	-	-	-	-	11,311
	\$										
	<u>1,528,407</u>	<u>\$ 51,317</u>	<u>\$ 12,063</u>	<u>\$ 52,549</u>	<u>\$ 77,450</u>	<u>\$ 31,501</u>	<u>\$ 56,943</u>	<u>\$ 34,440</u>	<u>\$ 341</u>	<u>\$ 33</u>	<u>\$ 1,211,770</u>

In addition to the above schedule, the System has approximately \$330.4 million invested in U.S. government securities, which are not rated as they are explicitly guaranteed by the U.S. government.

e. Concentration Risk

Other than the Pension Reserves Investment Trust (PRIT) fund, the System has no investments, at fair value, that exceed 6.1% of the System's total investments as of December 31, 2024. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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	\$ 73	\$ -	\$ 28,521	\$ -	\$ 28,594
Austria	-	-	1,697	-	1,697
Belgium	-	-	286	-	286
Canadian dollar	2	-	17,059	-	17,061
Danish krone	72	-	31,592	-	31,664
Euro currency	2,065	-	-	848	2,913
Finland	-	-	15,816	-	15,816
France	-	-	71,998	-	71,998
Germany	-	-	60,281	-	60,281
Hong Kong dollar	9	-	16,681	-	16,690
Ireland	-	-	5,584	-	5,584
Israel	-	-	678	-	678
Italy	-	-	20,258	-	20,258
Japanese yen	8	-	136,116	-	136,124
Korea	40	-	-	-	40
Luxembourg	-	-	5,518	-	5,518
Netherlands	-	-	39,539	-	39,539
New Zealand dollar	-	-	1,538	-	1,538
Norwegian krone	-	-	2,902	-	2,902
Pound sterling	98	-	78,648	12,778	91,524
Singapore dollar	-	-	9,688	-	9,688
Spain	-	-	24,820	-	24,820
Swedish krona	-	-	18,218	-	18,218
Swiss franc	87	-	67,303	-	67,390
Undetermined	-	-	1,144	-	1,144
Total securities subject to foreign currency risk	\$ 2,454	\$ -	\$ 655,885	\$ 13,626	\$ 671,965
U.S. dollars (securities held by international investment managers)	-	40,718	407,666	-	448,384
Total international investment securities	\$ 2,454	\$ 40,718	\$ 1,063,551	\$ 13,626	\$ 1,120,349

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

On July 1, 2010, the System transferred 27% of its assets, or \$1.1 billion, to the PRIT pooled fund. As of December 31, 2024, the System had the following amounts invested in the PRIT fund (in thousands):

General allocation account	\$	2,387,275
Cash fund		261,862
Total PRIT pooled funds	\$	<u>2,649,137</u>

h. Derivatives

The System trades financial instruments with off balance sheet risk in the normal course of its investing activities to assist in managing exposure to market risks. The System uses forward foreign currency contracts to hedge against the risk of future foreign currency fluctuations. As of December 31, 2024, there were no derivative contracts outstanding.

i. Securities Lending

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

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

The System does not impose any restrictions on the amount of securities lent on its behalf by the custodian. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses from a default of the borrowers or the custodian for the year ended December 31, 2024. 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, 2024, the fair value of securities loaned by the System amounted to \$375.8 million, against which was held collateral of \$340.4 million as follows (in thousands):

Short-term collateral investment pool	\$	210,783
Noncash collateral		129,594
Total	\$	<u>340,377</u>

Securities lending income earned by the System is recorded on the accrual basis and was approximately \$14.7 million for the year ended December 31, 2024. Associated borrower and rebates and fees were \$13.4 million for the year ended December 31, 2024.

NOTES TO THE BASIC FINANCIAL STATEMENTS

j. 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, 2024 (in thousands):

	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
	Total at December 31, 2024	(Level 1)	(Level 2)
Short-term:			
Domestic	\$ 71,761	\$ 71,761	\$ -
International	14,619	14,619	-
Total short-term	86,380	86,380	-
U.S. equities:			
Large cap core	831,854	831,854	-
Large cap growth	153,284	153,284	-
Large cap value	385,845	385,845	-
Small cap core	212,961	212,961	-
Small cap growth	151,202	151,202	-
Small cap value	132,389	132,389	-
Total U.S. equities	1,867,535	1,867,535	-
International equities	1,678,292	1,678,292	-
Fixed income securities:			
U.S. treasury securities	330,406	330,406	-
Corporate debt securities	791,343	-	791,343
Global multi-sector fixed income	460,206	-	460,206
Municipal	3,726	-	3,726
Collateralized mortgage obligations	68,430	-	68,430
Other asset backed securities	61,276	-	61,276
U.S. Agencies	143,426	-	143,426
Total fixed income securities	1,858,813	330,406	1,528,407
Total investments by fair value level	5,491,020	3,962,613	1,528,407
Government external investment pool:			
PRIT fund	2,387,275		
Investments measured at the net asset value (NAV):			
Hedge fund of funds	389,163		
Private equity funds	783,139		
Private real estate funds	622,833		
Total investments measured at the NAV	1,795,135		
Total investments at fair value	\$ 9,673,430		

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	Investments Measured at the NAV			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global multi-strategy hedge fund of funds ¹	\$ 389,163	\$ -	Quarterly	60-90 days
Real estate funds ²	783,139	614,813	2	2
Private equity funds ³	622,833	217,905	3	3

1. Global Multi-strategy Hedge Fund of Funds. This type includes investments in 5 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 45 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 68 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 October 29, 2024, all properties with unpaid fiscal year 2024 property taxes were lienied. The City ultimately has the right to foreclose on all properties where the taxes remain unpaid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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	29,959	\$ -	\$ -	\$ -	\$ 29,959
Motor vehicle/boat excise	37,340	-	-	-	37,340
Intergovernmental	1,412	244,951	51,566	-	297,929
Lease receivable	3,065	958	-	-	4,023
Departmental and other	29,868	19,796	-	183	49,847
Tax Title and possession	71,852	249	-	-	72,101
Gross receivables	173,496	265,954	51,566	183	491,199
Less allowance for uncollectibles	(99,822)	(248)	-	-	(100,070)
Net total receivables	\$ 73,674	\$ 265,706	\$ 51,566	\$ 183	\$ 391,129

a. Long Term Receivable

The City participates in the Commonwealth's school building assistance program, which is administered by the MSBA. The MSBA provides financial assistance (up to 80% of total costs) to the City to build and/or renovate schools. As of June 30, 2025, under this program, the City was due funds of \$20 million.

b. Notes Receivable

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development projects. Housing and Urban Development (HUD) provides grants or loans to local governments, which in turn provides loans to developers. As of June 30, 2025, under this program, the City determined that \$19.1 million was collectible. This amount is recorded in the City's Special Revenue fund.

c. Tax Abatement Programs

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

Chapter 121A

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

Chapter 121B

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025 by tax abatement program (in thousands):

Tax Abatement Program (1)	Estimated Tax Amount	In Lieu of Tax Payments	Estimated Taxes Abated
121A Urban Redevelopment	\$ 40,534	\$ 31,911	\$ 8,623
121B Urban Redevelopment	19,142	15,843	3,299
Tax Increment Financing	8,073	6,849	1,224
Total	\$ 67,749	\$ 54,603	\$ 13,146

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

d. Lease Receivable

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

	Land	Buildings	Land Improvements	Infrastructure
No. of Leases	1	19	1	2
Terms	329 Months	35 - 151 months	50 Months	70 - 72 Months
Interest Rates	1.52%	0.075% - 2.616%	0.417%	0.165% - 0.637%

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

The City's lease receivables and deferred inflows of resources at June 30, 2025 were valued as follows (in thousands):

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease receivable - current portion	\$ 2,323	\$ 319	\$ -	\$ 2,642	\$ 224
Lease receivable - noncurrent portion	742	639	-	1,381	1,921
Total lease receivable	<u>\$ 3,065</u>	<u>\$ 958</u>	<u>\$ -</u>	<u>\$ 4,023</u>	<u>\$ 2,145</u>
Deferred inflows of resources	<u>\$ 3,854</u>	<u>\$ 957</u>	<u>\$ -</u>	<u>\$ 4,811</u>	<u>\$ 2,082</u>

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

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds	Private Purpose Trust
Lease revenue	<u>\$2,399</u>	<u>\$319</u>	<u>\$-</u>	<u>\$2,718</u>	<u>\$224</u>
Interest revenue	<u>\$48</u>	<u>\$1</u>	<u>\$-</u>	<u>\$49</u>	<u>\$14</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

8. Capital Assets

Capital assets activity for the governmental activities for the year ended June 30, 2025 was as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 43,435	\$ 39	\$ -	\$ 43,474
Construction in progress	740,751	509,779	(627,431)	623,099
Total capital assets not being depreciated	<u>784,186</u>	<u>509,818</u>	<u>(627,431)</u>	<u>666,573</u>
Capital assets being depreciated:				
Land improvements	452,384	18,179	-	470,563
Buildings and improvements	3,155,017	444,116	-	3,599,133
Furniture and equipment	660,005	36,973	(46,925)	650,053
Infrastructure	1,209,656	112,649	-	1,322,305
Total capital assets being depreciated	<u>5,477,062</u>	<u>611,917</u>	<u>(46,925)</u>	<u>6,042,054</u>
Less accumulated depreciation for:				
Land improvements	228,682	19,502	-	248,184
Buildings and improvements	1,648,259	80,113	(173)	1,728,199
Furniture and equipment	529,072	40,927	(46,216)	523,783
Infrastructure	508,795	35,731	-	544,526
Total accumulated depreciation	<u>2,914,808</u>	<u>176,273</u>	<u>(46,389)</u>	<u>3,044,692</u>
Total capital assets being depreciated, net	<u>2,562,254</u>	<u>435,644</u>	<u>(536)</u>	<u>2,997,362</u>
Governmental activities capital assets, net excluding lease assets	<u>\$ 3,346,440</u>	<u>\$ 945,462</u>	<u>\$ (627,967)</u>	<u>3,663,935</u>
Lease and subscription IT assets-net, note 11				<u>130,288</u>
Total capital assets reported in the statement of net position				<u>\$ 3,794,223</u>

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

General government	\$ 9,776
Human services	5,592
Public safety	28,937
Public works, including depreciation of general infrastructure assets	33,924
Property and development	14,357
Parks and recreation	19,682
Library	8,964
Schools	54,054
Public health	987
Total depreciation expense - governmental activities	<u>\$ 176,273</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Individual fund receivable and payable balances at June 30, 2025 are as follows (in thousands):

Interfund balances	Receivable	Payable
General fund	\$ 291	\$ 1,053
Special revenue fund	1,631	794
Non-major governmental funds	72	147
Balances at June 30, 2025	<u>\$ 1,994</u>	<u>\$ 1,994</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, 2025 are as follows (in thousands):

Discrete component unit balances	Receivable	Payable
Primary government:		
General fund	\$ 3,050	\$ 691
Balances at June 30, 2025	<u>3,050</u>	<u>691</u>
Discretely presented component units:		
BPHC	691	2,292
BPDA	-	302
TPL	-	456
Balances at June 30, 2025	<u>\$ 3,741</u>	<u>\$ 3,741</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025 (in thousands):

	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Bonds, Notes, Leases and Other long-term obligations:						
General obligation bonds	0.50-5.30%	\$ 1,754,815	\$ 464,170	\$ 192,785	\$ 2,026,200	\$ 206,215
Add (deduct):						
					177,413	
					(206,215)	
					<u>\$ 1,997,398</u>	
	Interest rates	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Notes payable	0.47-4.49%	\$ 17,110	\$ -	\$ 993	\$ 16,117	\$ 1,054
Equipment financing payable		76,948	38,452	34,785	80,615	29,812
Judgements and claims		98,961	9,668	19,977	88,652	1,172
Tax abatements		76,200	49,572	19,072	106,700	35,300
Workers' compensation		183,259	46,225	47,845	181,639	54,580
Health and life claims		27,851	404,104	386,032	45,923	45,923
Compensated absences		274,195	105,995	94,577	285,613	80,760
Landfill closure and postclosure care costs		5,097	-	176	4,921	350
Pollution remediation		500	-	-	500	-
Net OPEB liability		2,597,561	346,905	187,447	2,757,019	-
Net pension liability		1,507,651	363,197	700,736	1,170,112	-
Total bonds, notes, and other long-term obligations, excluding lease liabilities		<u>\$ 4,865,333</u>	<u>\$ 1,364,118</u>	<u>\$ 1,491,640</u>	<u>4,737,811</u>	<u>248,951</u>
Lease and subscription IT liabilities, note 11					126,974	17,965
Total bonds, notes, leases, and other long-term obligations					<u>\$ 6,862,183</u>	<u>\$ 473,131</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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The annual debt service requirements of the City's general obligation bonds, notes and leases payable as of June 30, 2025, including subsidies to be received for Build America Bonds and Qualified School Construction Bonds, are as follows (in thousands):

	Principal	Interest	Subsidy	Total
General Obligation Bonds:				
Year(s) ending June 30:				
2026	\$ 206,215	\$ 79,143	\$ (814)	\$ 284,544
2027	174,120	77,824	(254)	251,690
2028	155,110	70,892	(202)	225,800
2029	142,905	64,500	(133)	207,272
2030	127,395	58,913	(68)	186,240
2031- 2035	584,285	216,619		800,904
2036-2040	393,865	108,678		502,543
2041-2045	242,305	28,057		270,362
	<u>\$ 2,026,200</u>	<u>\$ 704,626</u>	<u>\$ (1,471)</u>	<u>\$ 2,729,355</u>
Notes Payable:				
Year(s) ending June 30:				
2026	\$ 1,054	\$ 423	\$ -	\$ 1,477
2027	1,134	397	-	1,531
2028	1,146	370	-	1,516
2029	1,182	341	-	1,523
2030	1,220	311	-	1,531
2031-2033	6,090	631	-	6,721
2034-2036	4,291	137	-	4,428
	<u>\$ 16,117</u>	<u>\$ 2,610</u>	<u>\$ -</u>	<u>\$ 18,727</u>
Equipment financing payable:				
Year(s) ending June 30:				
2026	\$ 29,812	\$ 2,540	\$ -	\$ 32,352
2027	22,218	1,565	-	23,783
2028	14,205	860	-	15,065
2029	7,856	444	-	8,300
2030	4,251	187	-	4,438
2031-2032	2,273	73	-	2,346
	<u>\$ 80,615</u>	<u>\$ 5,669</u>	<u>\$ -</u>	<u>\$ 86,284</u>

On June 5, 2025, the City issued \$464.2 million of general obligation bonds for various municipal capital projects. Interest on the bonds are payable semiannually each May 1 and November 1 until maturity in fiscal year 2041.

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

The City has no outstanding lines of credit.

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, 2025, the City may issue \$7.63 billion of additional general obligation debt under the debt limit. General obligation debt of \$2.51 billion, subject to the debt limit, and \$199.7 million, exempt from the debt limit, are authorized but unissued as of June 30, 2025.

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. Lease Liability and Similar Subscription Based Information Technology Arrangements

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Land</u>
No. of Leases	16	212	3
Terms	35 - 119 Months	35 - 59 months	107 - 426 months
Interest Rates	0.198% - 2.95%	0.285% - 2.583%	2.945% - 3.725%

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

	<u>IT Arrangements</u>
No. of subscription arrangements	58
Terms	12 - 119 months
Interest Rates	1.894% - 3.689%

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

Lease and subscription asset activity for the governmental activities for the year ended June 30, 2025 was as follows (in thousands):

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Lease assets:				
Buildings	\$ 26,360	\$ 17,090	\$ 665	\$ 42,785
Equipment	7,582		4,462	\$ 3,120
Land	-	80,083		\$ 80,083
Subscription IT assets	32,191	20,896	10,432	\$ 42,655
Total	<u>66,133</u>	<u>118,069</u>	<u>15,559</u>	<u>168,643</u>
Less accumulated amortization for lease assets:				
Buildings	7,062	6,238	665	12,635
Equipment	5,827	1,450	4,462	2,815
Land		4,448		4,448
Accumulated amortization for subscription IT assets	14,726	14,163	10,432	18,457
Total	<u>27,615</u>	<u>26,299</u>	<u>15,559</u>	<u>38,355</u>
Total lease and subscription IT assets - net	<u>\$ 38,518</u>	<u>\$ 91,770</u>	<u>\$ -</u>	<u>\$ 130,288</u>

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

General government	\$ 12,268
Public safety	1,966
Public works	12
Property and development	1,573
Library	44
Human Services	506
Schools	9,930
Total	<u>\$ 26,299</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

The following is a summary of changes in lease and subscription IT liabilities for the year ended June 30, 2025 (in thousands):

	Outstanding, beginning of year	Additions	Reductions	Outstanding, end of year	Due within one year
Governmental activities:					
Lease liabilities	\$ 21,520	\$ 97,172	\$ 9,564	\$ 109,128	\$ 8,021
Subscription IT liabilities	15,210	20,895	18,259	17,846	9,944
Total governmental activities	<u>\$ 36,730</u>	<u>\$ 118,067</u>	<u>\$ 27,823</u>	<u>\$ 126,974</u>	<u>\$ 17,965</u>

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

The annual debt service requirements of the City's lease liabilities as of June 30, 2025 are as follows (in thousands):

	Principal	Interest	Total
Year(s) ending June 30:			
2026	\$ 8,021	\$ 3,435	\$ 11,456
2027	6,705	3,245	9,950
2028	6,539	3,068	9,607
2029	6,624	2,889	9,513
2030	6,782	2,706	9,488
2031 - 2060	74,457	36,315	110,772
Total	<u>\$ 109,128</u>	<u>\$ 51,658</u>	<u>\$ 160,786</u>

The annual debt service requirements of the City's subscription IT liabilities as of June 30, 2025 are as follows (in thousands):

	Principal	Interest	Total
Year(s) ending June 30:			
2026	\$ 9,943	\$ 497	\$ 10,440
2027	5,407	217	5,624
2028	307	64	371
2029	296	57	353
2030	321	49	370
2031 - 2034	1,572	106	1,678
Total	<u>\$ 17,846</u>	<u>\$ 990</u>	<u>\$ 18,836</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

The System is administered by a five person Board of Retirement consisting of the City Auditor, who serves as a member ex officio, two members who are elected by the participants, in or retired from the service of the System, a fourth member appointed by the Mayor, and a fifth member chosen by the other members. A complete set of financial statements for BRS for the fiscal year ended December 31, 2024 can be obtained through the BRS, Boston City Hall, Room 816, Boston, MA 02201 or by accessing the website www.cityofboston.gov/retirement/investment.asp.

Participation in the System is mandatory for all permanent, full time, and certain part-time employees immediately upon the commencement of employment. Participants who resign from employment, or are receiving workers' compensation benefits, and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. In addition, those participants who resign voluntarily with less than ten years of service are entitled to receive 3% per year interest; all others receive interest which has accrued on their cumulative deductions at the regular interest rate (0.1% at December 31, 2024).

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

c. Membership

Membership in the System consisted of the following at December 31, 2024:

Active plan members	22,967
Retirees and beneficiaries receiving benefits	15,054
Inactive members entitled to, but not yet receiving benefits	1,401
Inactive members entitled to a return of contributions	14,984
Total membership	54,406
Total number of participating employers	6

d. Contributions

Plan members are required to contribute to the System. Depending on their employment date, active members must contribute a range of 5% – 11% of their regular gross compensation. Non-teacher members hired after January 1, 1979 must contribute an additional 2% of regular compensation in excess of \$30,000. Participating employers are required to pay into the System their share of the remaining System-wide actuarially determined contribution, which is apportioned among the employers based on an actuarial computation. The contributions of plan members and the participating employers are governed by Chapter 32 of the M.G.L. For the year ended December 31, 2024, the System was due \$745.5 million from all employers and the Commonwealth and received \$745.5 million in these contributions. For the year ended June 30, 2025, inclusive of contributions related to SCSD, and exclusive of contributions related to the City's teachers, the City's required contribution was \$407 million and the actual contribution was \$407 million. For the year ended June 30, 2025, the Commonwealth's required and actual contribution related to City Teachers was \$261.1 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, 2024 is as follows (in thousands):

Description	Amount	Purpose
Annuity savings fund	\$ 2,297,883	Active members' contribution balance
Annuity reserve fund	372,242	Retired members' contribution account
Military service fund	1,091	Members' contribution account while on military leave
Pension reserve fund	6,491,622	Amounts appropriated to fund future retirement benefits
Pension fund	1,372,260	Remaining net position
	\$ 10,535,098	

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, 2025, the City reported a liability of \$1.1 billion for its proportionate share of the BRS net pension liability measured as of December 31, 2024. 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, 2024 were as follows (in thousands):

City's proportionate share of net pension liability	\$ 1,083,036
Commonwealth's proportionate share of net pension liability associated with the City	2,388,090
Total	\$ 3,471,126

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, 2024, the City was allocated 100% of the net pension liability for SCSD retirees and 84.63% of the remaining non-teacher group based on its proportion of 2024 required employer contributions related to this group. The City's proportion of the collective BRS net pension liability at December 31, 2024 was 29.52% compared to 32.77% at December 31, 2023.

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2025, in the Government-wide financial statements, the City recognized pension expense of \$470.9 million and revenue of \$181.8 million related to the Commonwealth special funding situations. At June 30, 2025, the City reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	20,574	\$ 44,316
Difference between projected and actual investment	196,590	-
Changes in assumptions	31,426	-
Changes in employer proportion	10,341	5,486
	<u>\$ 258,931</u>	<u>\$ 49,802</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025 related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30:	
2026	\$ 113,296
2027	165,105
2028	(60,760)
2029	(8,512)
2030	-
	<u>\$ 209,129</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, 2024 measurement date was determined by using an actuarial valuation as of January 1, 2024 which was rolled forward to the December 31, 2024 measurement date. The measurement of the total pension liability at December 31, 2024 applied the following actuarial assumptions:

Inflation	3.25%
Salary Scale	4.35% to 4%, indexed by year of service, for teachers and 4.5% to 4% for non-teachers
Investment rate of return, including inflation	6.90% for BRS excluding teachers and 7.00% for teachers, net of expenses, including inflation
Cost of living adjustments	3% of first \$15,000
Mortality	Pub-2010 General Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and to the Pub-2010 Safety Employee, Healthy Retiree and Contingent Survivor Amount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Group 4 and Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Boston Teachers Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables set forward one year projected generationally using Scale MP-2021 for Groups 1 and 2 and to the Pub-2010 Disabled Retiree Amount-Weighted Mortality Tables projected generationally using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The returns 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2024 for BRS, excluding Teachers, are summarized below:

Asset class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	25%	5.82%
International developed markets equity	15	5.91
International emerging markets equity	8	7.06
Core fixed income	18	1.81
High yield fixed income	4	3.34
Emerging market debt	3	3.43
Real estate	10	3.34
Timber	0	3.82
Hedge fund, GTAA, risk parity	5	2.77
Private credit	5	5.82
Private equity	7	9.20
	100%	

h. Discount Rate

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

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

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

	City's net pension liability		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
June 30, 2025	\$ 1,984,676	\$ 1,083,036	\$ 323,420

j. Special Legislation Retirees and Beneficiaries

In addition to appropriation payments to cover current and future benefit payments of City employees covered by the BRS, the City funds Special Legislation retirement benefits for pensioners whose employment predates the BRS, certain veterans who meet certain state law requirements, former employees retired under Massachusetts Special Acts and families receiving killed-in-the-line-of-duty benefits. These retirees and beneficiaries receive benefits for their lifetime. For the City's Special Legislation Retirees, the City is providing such benefits to 37 pensioners; these benefits are funded on a pay-as-you-go basis with annual benefits of approximately \$4.6 million. The City's net pension liability for the Special Legislation retirees and beneficiaries is \$87.1 million as of June 30, 2025 .

NOTES TO THE BASIC FINANCIAL STATEMENTS

The actuarial valuation as of July 1, 2024 was used to determine the City’s pension liability and pension expense (in thousands) as of June 30, 2025:

Total Pension liability	\$	87,076
Plan net pension liability	\$	<u>87,076</u>
Interest	\$	4,679
Recognized portion of current year assumption changes		(17,471)
Differences between expected and actual experience		<u>(16,879)</u>
Pension expense (income)	\$	<u>(29,671)</u>

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

There are no deferred outflows/inflows of resources related to these pensions. The discount rate used to determine the total pension liability was 5.2% as of June 30, 2025 and 3.93% as of June 30, 2024, which was the high quality tax-exempt general obligation municipal bond rates (20-Bond GO Index) as published by The Bond Buyer for those dates. The mortality assumptions are the same as used in the Boston Retirement System Actuarial Valuation Report as noted in footnote 12(g).

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

k. Sensitivity of the City’s Net Pension Liability

The following presents the net pension liability of the City’s Special Legislation Retirees and Beneficiaries as of June 30, 2025, calculated using a discount rate of 5.2% as well as what the City’s Special Legislation Retirees and Beneficiaries’ net pension liability would be if the liability was calculated using a discount rate that is 1- percentage point lower (4.2%) or 1- percentage point higher (6.2%) than the current rate:

	City of Boston Special Legislation net pension liability		
	1% Decrease (4.2%)	Current Discount Rate (5.2%)	1% Increase (6.2%)
June 30, 2025	\$ 100,370	\$ 87,076	\$ 76,515

NOTES TO THE BASIC FINANCIAL STATEMENTS

13. Other Post Employment Benefits (OPEB)***Plan Description***

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

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

i. Benefits Provided

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Mass General Brigham Health Plan and Blue Cross Blue Shield of Massachusetts. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Tufts Health Plan. The City of Boston also pays % of the retiree life insurance premium and reimburses retirees % of their Medicare Part B premium.

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

Employees Covered by the Benefit Terms

As of June 30, 2023, the most recent actuarial valuation date, the following employees meet the eligibility requirements as put forth in Chapter 32B of M.G.L.:

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

a. Contributions

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The OPEB Plan is currently funded on a pay-as-you-go basis plus periodic advance funding contributions as amounts are available. The employers and plan members share the cost of benefits. As of June 30, 2023 the valuation date, the plan members contribute 12.0% to 29.5% of the monthly premium cost, depending on the plan in which they are enrolled. The City contributes the balance of the premium cost.

b. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

c. *Investment Policy*

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

d. *Actuarial Methods and Assumptions*

The City's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to the measurement date using the following actuarial assumptions during the measurement period:

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

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

Pre-Retirement (Non-Teachers)Pub-2010 General Employee Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2021

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

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

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

Group 4

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

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

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

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

Teachers

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

- Non-Medicare trend rate: 7.61% for one year, then 9.12% for one year, then 8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year.
- Medicare Plans - Self Insured Medical with PDP trend rate: 13.85% for one year, 5.76% for one year, then 8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year.
- Medicare Plans - Fully Insured trend rate: 10.79% for one year, 3.60% for one year, then 8.00% decreasing by 0.25% for 14 years to an ultimate level of 4.50% per year.
- Medicare Part B: 4.5% per year.
- Contributions: Retiree contributions for medical and prescription drug coverage are expected to increase with health trends. Contributions are adjusted for increases in contribution percentages negotiated in the 2020-2025 PEC Agreement
- Discount Rate. The discount rate used to measure the total OPEB liability is 6.25% per annum.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of return
Domestic equity	35%	5.82%
International developed markets equity	13.5	5.91
International emerging markets equity	9.5	7.06
Core Fixed Income	21	1.81
High Yield Fixed Income	8	3.34
Real Estate	5	3.34
Hedge fund, GTAA, Risk Parity	8	2.77
Total	100%	

e. Net OPEB Liability

The components of the net OPEB liability for the City's Plan as of June 30, 2025, presented below on the June 30, 2025 measurement date and the actuarial assumptions are outlined above (in thousands):

	City
Total OPEB Liability	\$ 4,031,719
Plan Fiduciary Net Position	(1,274,699)
Net OPEB Liability	\$ 2,757,020
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	31.62%

NOTES TO THE BASIC FINANCIAL STATEMENTS

f. Change in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2024	\$ 3,722,060	\$ 1,124,499	\$ 2,597,561
Changes for the year:			
Service cost	99,104	-	99,104
Interest	234,285	-	234,285
Differences between expected and actual experience	2,405	-	2,405
Changes in assumptions	121,312	-	121,312
Contributions - employer		187,447	(187,447)
Net investment income		110,200	(110,200)
Benefit payments	(147,447)	(147,447)	-
Net changes	309,659	150,200	159,459
Balances at June 30, 2025	\$ 4,031,719	\$ 1,274,699	\$ 2,757,020

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, 2025 (in thousands):

	5.25%	6.25%	7.25%
		Current Discount	
	1% Decrease	Rate	1% Increase
Net OPEB liability	\$ 3,334,485	\$ 2,757,020	\$ 2,283,039

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):

	1% Decrease	Current Trend	1% Increase
		Rates	
Net OPEB liability	\$ 2,168,368	\$ 2,757,020	\$ 3,499,699

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

For the year ended June 30, 2025, the City recognized an OPEB expense of \$322 million.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pension amounts from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 437,547	\$ 91,059
Net difference between projected and actual earnings	-	64,254
Differences between expected and actual experience	66,421	94,900
Total	\$ 503,968	\$ 250,213

NOTES TO THE BASIC FINANCIAL STATEMENTS

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
2026	\$ 83,939
2027	19,345
2028	24,085
2029	50,069
2030	58,644
2031	17,673
Total	<u>\$ 253,755</u>

14. Transfers

Transfers and their purposes during the year ended June 30, 2025 were as follows (in thousands):

	General	Special revenue	Capital projects	Other governmental
Primary government:				
Debt Service	\$ (364)	\$ -	\$ -	\$ 364
Housing 2030	(46,031)	46,031	-	-
Local Cultural Council Program	(500)	500	-	-
Mitigation Fund	(12)	12	-	-
Parking Meter Fees	-	(29,780)	29,780	-
Participatory Budgeting	(1,614)	1,614	-	-
TNC Surcharge	-	(3,556)	3,556	-
Total	<u>\$ (48,521)</u>	<u>\$ 14,821</u>	<u>\$ 33,336</u>	<u>\$ 364</u>

15. Excess of Expenditures over Budgets

The City had expenditures in excess of their budgeted amounts for the year ended June 30, 2025 in the following categories (in thousands):

Police Department	\$ 44,403
Fire Department	12,828
Snow & Winter Management	9,726
Execution of Courts	4,187
	<u>\$ 71,144</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

16. Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2025 are as follows (in thousands):

Fund Balances:	General	Special Revenue	Capital Projects	Other governmental funds
Nonspendable				
Nonspendable	\$ -	\$ -	\$ -	\$ 21,504
Subtotal	-	-	-	21,504
Restricted for:				
Community Preservation Fund	-	28,709	-	-
General government	-	66,030	52,687	76,431
Human services	-	15,743	-	-
Other public safety	-	99,725	25,055	-
Public Works	-	12,287	30,970	-
Property and Development	-	160,280	21,743	3,994
Parks and recreation	-	13,918	33,625	33,237
Library	-	752	11,515	-
Public Health Programs	-	-	6,198	-
Schools	-	89,123	-	854
Subtotal	-	486,567	181,793	114,516
Assigned to:				
Property and development	43,639	-	-	-
Catastrophic loss	42,067	-	-	-
Housing initiative	24,815	-	-	-
Debt service	7,162	-	-	-
Employee Related Costs	137,851	-	-	-
Subsequent year budget	40,000	-	-	-
Subsequent year expenditure	264,621	-	-	-
Subtotal	560,155	-	-	-
Unassigned	1,224,613	-	-	-
Total fund balances	\$ 1,784,768	\$ 486,567	\$ 181,793	\$ 136,020

17. Commitments and Contingencies

a. Encumbrances

The City has assigned \$264.6 million in encumbrances for purchase orders, contracts, and judgments and claims in the General Fund, \$320.4 million in the Special Revenue Fund, \$353.9 million in the Capital Projects Fund, and \$4.9 million in Other Governmental Funds.

b. Infrastructure Investment Incentive Transactions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025. 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, 2025.

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, 2025.

18. Public Health System

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

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

The BPHC receives the majority of its funding from federal and state grants, and a City appropriation. During fiscal year 2025, the City appropriated \$140.1 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 \$145.1 million for the BPHC for fiscal year 2026.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

19. Risk Management

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

The City's legal liabilities are capped per M.G.L. Chapter 258, and Corporation Counsel defends the City in any lawsuits that arise from the normal course of operations. For workers' compensation, the City is exempt from state insurance requirements per M.G.L. Chapter 152 Section 25B. The City's Workers' Compensation Division as well as the Police and Fire Departments manage employee injury claims internally. The City budgets for and funds legal claims and employee injury costs through the General Fund, and charges department budgets for a 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 and fully-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, the Health Claims Trust Fund, established in compliance with M.G.L. Chapter 32B, Section 3A. The guiding policy for the 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 Retention Reserve, which has an available balance of \$53.3 million at the end of fiscal 2025. 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 \$300.0 million for fire exposure and \$100.0 million for all risk protection after a \$10.0 million deductible. Boiler and machinery losses are insured up to \$50.0 million per incident, after a \$50 thousand deductible. A Fine Arts Policy provides \$150 million for risk protection after a \$1,000 deductible of fine arts and collectible objects including, but not limited to paintings, etchings, drawings, photographs, rare books and manuscripts, antiques, sculptures, memorabilia, natural history objects or historical artifacts, which are owned by the City or Library Trustees or on loan for which the City or Library Trustees have been instructed to insure. A cyber liability policy provides \$5.0 million of coverage for expenses and damages as a result of a cyber incident of exposure, after a \$250 thousand self-insured retention. The City has never had a claim or settlement that exceeded any of its insurance policy limits. Annual insurance premiums, broker fees and related insurance costs are centrally budgeted through the General Fund. In years where the budget is not fully expended, budget surplus is added to the catastrophic Risk Retention Reserve fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2025 and 2024 are as follows (in thousands):

	Internal service fund	
	2025	2024
Health and life claims, beginning of year	\$ 27,851	\$ 26,687
Incurred claims	404,104	312,905
Payments of claims attributable to events of both the current and prior fiscal years:		
Health and life	(386,032)	(311,741)
Health and life claims, end of year	<u>\$ 45,923</u>	<u>\$ 27,851</u>
	Government-wide statements	
	2025	2024
Judgments and claims, beginning of year	\$ 358,420	\$ 274,247
Incurred claims	102,471	173,362
Payments of claims attributable to events of both the current and prior fiscal years:		
Workers' compensation	(44,851)	(59,819)
Tax abatement liability	(19,072)	(15,290)
Court judgments	(19,977)	(14,080)
Judgments and claims, end of year	<u>\$ 376,991</u>	<u>\$ 358,420</u>

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

21. Discretely Presented Component Units

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

Condensed Statements of Net Position

June 30, 2025

(In thousands)

	BPHC	BPDA	TPL	EDIC	Total
Assets:					
Current assets:					
Cash and investments	\$ 115,897	\$ 49,905	\$ 1,781	\$ 59,946	\$ 227,529
Cash and investments held by trustees	-	-	37,506	-	37,506
Receivables, net					
Leases receivable, current	-	5,006	342	3,708	9,056
Other	28,932	7,162	2,177	23,960	62,231
Other assets	5,875	209	1,714	2,041	9,839
Due from primary government	691	-	-	-	691
Total current assets	151,395	62,282	43,520	89,655	346,852
Noncurrent assets:					
Cash and investments held by trustee	-	-	70,734	-	70,734
Notes and other receivables					
Notes receivable	49,825	87,501	424	-	137,750
Lease receivable, net	39,546	152,681	142	1,718,249	1,910,618
Accrued interest receivable on leases	-	3,833	-	73,528	77,361
Disposition receivable	-	26,724	-	-	26,724
OPEB Asset	-	9,560	-	-	9,560
Other	-	-	-	2,607	2,607
Capital assets:					
Nondepreciable assets	12,798	13,454	-	13,080	39,332
Depreciable, net	11,734	19,510	932	49,069	81,245
Right of use lease assets, net	1,719	5,518	855	827	8,919
Subscription IT assets, net	-	-	-	142	142
Total noncurrent assets	115,622	318,781	73,087	1,857,502	2,364,992
Total assets	267,017	381,063	116,607	1,947,157	2,711,844
Deferred Outflows of Resources:					
Deferred amount for pension costs	22,845	2,978	-	-	25,823
Deferred amount from OPEB	21,157	773	-	-	21,930
Total deferred outflows of resources	\$ 44,002	\$ 3,751	\$ -	\$ -	\$ 47,753
Liabilities:					
Current liabilities:					
Warrants and accounts payable	\$ 15,615	\$ 5,174	\$ 1,689	\$ 5,606	\$ 28,084
Accrued liabilities - current:					
Compensated absences	8,016	-	-	367	8,383
Deposits and other	650	300	-	602	1,552
Unearned revenue	6,881	1,804	969	3,375	13,029
Current portion of long-term bonds, notes and equipment financing payable	1,291	-	-	-	1,291
Due to primary government	2,292	302	456	-	3,050
Subscription agreement liability	-	-	554	54	608
Leases obligations/payables	813	-	-	253	1,066
Total current liabilities	35,558	7,580	3,668	10,257	57,063
Noncurrent liabilities:					
Bonds due in more than one year	1,685	7,501	-	642	9,828
Other noncurrent liabilities	4,037	129,856	-	2,561	136,454
Net OPEB Liability	87,244	-	-	-	87,244
Subscription agreement liability LT	-	-	238	-	238
Unearned revenue	49,457	26,724	-	-	76,181
Net pension liability	88,192	640	-	-	88,832
Total noncurrent liabilities	230,615	164,721	238	3,203	398,777
Total liabilities	266,173	172,301	3,906	13,460	455,840
Deferred Inflows of Resources:					
Deferred amount for pension costs	6,224	8,075	-	-	14,299
Deferred amount for OPEB	43,647	2,879	-	-	46,526
Deferred amount for leases	39,303	147,511	432	1,640,169	1,827,415
Total deferred inflows of resources	89,174	158,465	432	1,640,169	1,888,240
Net Position:					
Net investments in capital assets	22,462	31,488	995	63,119	118,064
Restricted for:	-	-	95,198	717	95,915
Unrestricted surplus (deficit)	(66,790)	22,560	16,076	229,692	201,538
Total net position	\$ (44,328)	\$ 54,048	\$ 112,269	\$ 293,528	\$ 415,517

NOTES TO THE BASIC FINANCIAL STATEMENTS

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2025
(in thousands)

	BPHC	BPDA	TPL	EDIC	Total
Expenses	\$ 251,475	\$ 28,556	\$ 23,951	\$ 59,767	\$ 363,749
Program revenues:					
Charges for Services	57,733	23,784	3,341	47,834	132,692
Operating Grants and Contributions	89,069	-	16,794	21,320	127,183
Total program revenues	146,802	23,784	20,135	69,154	259,875
Net program revenues (expenses)	(104,673)	(4,772)	(3,816)	9,387	(103,874)
General revenues:					
Investment income	5,714	1,561	8,283	2,588	18,146
Investment income from leases	1,437	3,092	-	39,775	44,304
City appropriation	140,079	-	-	-	140,079
Miscellaneous	1,021	2,700	-	45	3,766
Special item - gain on sale of property	48	3,472	3,289	-	6,809
Total general revenues	148,299	10,825	11,572	42,408	213,104
Change in net position	43,626	6,053	7,756	51,795	109,230
Net position - beginning of year	(87,954)	47,995	104,513	241,733	306,287
Net position - end of year	\$ (44,328)	\$ 54,048	\$ 112,269	\$ 293,528	\$ 415,517

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
(Unaudited)Schedule of OPEB Contributions - OPEB
(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 266,552	\$ 252,597	\$ 213,343	\$ 203,857	\$ 188,972	\$ 182,364	\$ 199,400	\$ 190,991
Contributions in relation to the actuarially determined contribution	187,447	183,864	167,968	172,149	170,560	164,503	176,018	159,966
Contribution surplus (deficiency)	\$ (79,105)	\$ (68,733)	\$ (45,375)	\$ (31,708)	\$ (18,412)	\$ (17,861)	\$ (23,382)	\$ (31,025)
Covered payroll	\$ 2,313,686	\$ 2,264,436	\$ 2,033,622	\$ 1,862,730	\$ 1,811,408	\$ 1,776,886	\$ 1,696,838	\$ 1,611,911
Contributions as a percentage of covered payroll	8.10%	8.12%	8.26%	9.24%	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, 2025 was determined with the June 30, 2023 actuarial valuation. This valuation has been rolled forward to the measurement date of June 30, 2025

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:	21 years as of July 1, 2024
Asset valuation method:	Fair Value
Inflation:	3.25%
Health care trend rates:	Non-Medicare trend rate: 8.0% decreasing by 0.25% for 14 years to an ultimate level of 4.5% per year Medicare Plans - Self-Insured Medical with PDP trend rate: 10.62% for one year, 11.88% for one year, then 7.5% graded by 0.25% for 12 years to ultimate level of 4.5% per year Medicare Plans - Fully Insured trend rate: 8.67% for one year, 11.09% for one year, then 7.5% graded by 0.25% for 12 years to an ultimate level of 4.5% per year Medicare Part B premiums: 4.5% per year
Salary increases:	Non-teachers: 4% to 4.5%; Teachers: 4% to 7.5%
Investment return:	6.25%
Mortality:	Pub-2010 generational table using Scale MP-2021 for non-teachers and teachers applied on a gender-specific basis.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net OPEB Liability and Related Ratios

June 30, 2025
(Amounts in thousands)

Total OPEB Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service Cost	\$ 99,104	\$ 88,925	\$ 85,997	\$ 79,852	\$ 77,223	\$ 72,030	\$ 69,659	\$ 67,365	\$ 65,146
Interest	234,285	206,370	197,334	192,082	183,843	203,807	194,459	185,615	177,157
Changes of benefit terms	-	-	-	-	-	(498,655)	-	-	-
Differences between expected and actual experience	2,405	(127,937)	(5,890)	148,512	(528)	4,981	6,624	700	(1,717)
Changes of assumptions	121,312	414,729	-	(212,471)	-	261,316	-	-	-
Benefit payments, including refunds of employee contributions	(147,447)	(143,865)	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Net Change in total OPEB liability	309,659	438,222	149,474	75,826	129,978	(81,024)	134,724	133,714	123,122
Total OPEB liability - beginning	3,722,060	3,283,838	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146	2,618,024
Total OPEB liability - ending	4,031,719	3,722,060	3,283,838	3,134,364	3,058,538	2,928,560	3,009,584	2,874,860	2,741,146
Plan Fiduciary Net Position									
Contributions - employers	187,447	183,864	167,968	172,149	170,560	164,503	176,018	159,966	157,464
Net investment income, net	110,200	144,246	76,087	(77,643)	166,540	21,035	33,624	27,656	47,156
Benefit payments, including refunds of employee contributions	(147,447)	(143,865)	(127,967)	(132,149)	(130,560)	(124,503)	(136,018)	(119,966)	(117,464)
Administrative expenses	-	-	-	(5)	(5)	(5)	(4)	(12)	(5)
Net change in plan fiduciary net position	150,200	184,245	116,088	(37,648)	206,535	61,030	73,620	67,644	87,151
Plan fiduciary net position - beginning	1,124,499	940,254	824,166	861,814	655,279	594,249	520,629	452,986	365,835
Plan fiduciary net position - ending	1,274,699	1,124,499	940,254	824,166	861,814	655,279	594,249	520,630	452,986
Net OPEB liability	2,757,020	2,597,561	2,343,584	2,310,198	2,196,724	2,273,281	2,415,335	2,354,230	2,288,160
Plan fiduciary net position as a percentage of the total OPEB Liability	31.62%	30.21%	28.63%	26.29%	28.19%	22.38%	19.75%	18.11%	16.53%
Net OPEB liability as a percentage of the total covered payroll	119.16%	114.71%	115.24%	124.02%	121.27%	127.94%	142.34%	146.05%	144.57%
Covered payroll	2,313,686	2,264,436	2,033,622	1,862,730	1,811,408	1,776,886	1,696,838	1,611,911	1,582,695

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

Notes to Schedule:**Changes in assumptions:**

Changes as of June 30, 2025:

The trends associated with the per capita health care costs and retiree contributions were updated,

Changes in Plan Provisions:

Changes as of June 30, 2025: (None)

REQUIRED SUPPLEMENTARY INFORMATION

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

(Amounts in millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	29.52%	32.77%	36.96%	28.83%	32.80%	35.96%	36.32%	32.04%	35.66%	36.78%
City's proportionate share of the net pension liability	\$ 1,083	\$ 1,386	\$ 1,765	\$ 998	\$ 1,303	\$ 1,639	\$ 1,665	\$ 1,288	\$ 1,484	\$ 1,622
Commonwealth's proportionate share of net pension liability associated with the City	2,388	2,596	2,692	2,277	2,429	2,587	2,451	2,451	2,345	2,426
Total	\$ 3,471	\$ 3,982	\$ 4,457	\$ 3,275	\$ 3,732	\$ 4,226	\$ 4,116	\$ 3,739	\$ 3,829	\$ 4,048
City's covered payroll (for the period ended on the measurement date December 31)	\$ 2,012	\$ 1,925	\$ 1,864	\$ 1,776	\$ 1,720	\$ 1,661	\$ 1,609	\$ 1,547	\$ 1,475	\$ 1,475
City's proportionate share of the net pension liability as a percentage of covered payroll	53.82%	72.00%	94.69%	56.19%	75.76%	98.68%	103.48%	83.26%	100.61%	109.97%
BRS fiduciary net position as a percentage of the total pension liability	74.17%	69.39%	64.12%	73.26%	67.64%	61.91%	58.27%	62.73%	58.44%	55.76%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 407	\$ 378	\$ 348	\$ 313	\$ 284	\$ 257	\$ 234	\$ 193	\$ 193	\$ 179
Contributions in relation to the actuarially determined contribution	407	378	348	313	284	257	234	193	205	179
Contribution surplus (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ -
Covered payroll (for the fiscal year ended June 30)	\$ 2,269	\$ 2,222	\$ 1,993	\$ 1,826	\$ 1,777	\$ 1,741	\$ 1,609	\$ 1,467	\$ 1,467	\$ 1,467
Contributions as a percentage of covered payroll	17.94%	17.01%	17.46%	17.14%	15.98%	14.76%	14.54%	13.16%	13.16%	12.20%

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.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND**Balance Sheet****June 30, 2025***(Amounts in thousands)*

	2025
ASSETS:	
Cash and investments	\$ 1,977,093
Receivables:	
Property taxes	29,959
Motor vehicle / boat excise	37,340
Intergovernmental	1,412
Departmental and other	32,933
Tax title and possession	71,852
Total receivables	<u>173,496</u>
Allowance:	
Motor vehicle / boat excise	(27,969)
Tax title and possession	(71,853)
Total allowance	<u>(99,822)</u>
Net receivables	<u>73,674</u>
Due from other funds	291
Due from component units	3,050
Total assets	\$ <u>2,054,108</u>
LIABILITIES:	
Warrants and accounts payable	\$ 64,490
Accrued liabilities:	
Payroll and related costs	132,096
Deposits and other	32,249
Total accrued liabilities	<u>164,345</u>
Due to other funds	1,053
Due to component units	691
Total liabilities	<u>230,579</u>
DEFERRED INFLOWS OF RESOURCES:	
Unavailable Revenue	34,907
Leases	3,854
Total deferred inflows of resources	<u>38,761</u>
FUND BALANCE:	
Assigned	560,155
Unassigned	1,224,613
Total fund balance	<u>1,784,768</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>2,054,108</u>

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND**Statement of Revenues, Expenditures and Changes in Fund Balance****Year Ended June 30, 2025***(Amounts in thousands)*

	2025
REVENUES:	
Real and personal property taxes	\$ 3,334,967
Excises	327,077
Payments in lieu of taxes	93,737
Fines	65,957
Investment income (loss)	119,019
Licenses and permits	66,911
Departmental and other	117,283
Intergovernmental	799,909
Total revenues	4,924,860
EXPENDITURES:	
Current:	
General government	188,494
Human services	48,096
Public safety	950,595
Public works	163,534
Property and development	164,966
Parks and recreation	40,198
Library	48,397
Schools	1,622,394
Public health programs	135,304
Judgments and claims	19,977
Retirement costs	720,591
Other employee benefits	289,092
State and district assessments	381,016
Total current expenditures	4,772,654
Capital outlays	13,156
Debt service	249,064
Total expenditures	5,034,874
Excess (deficiency) of revenues over (under) expenditures	(110,014)
OTHER FINANCING USES:	
Leases & SBITAs GASB 87 & 96	111,025
Transfers out	(48,520)
Total other financing uses	62,505
Net change in fund balances	(47,509)
Fund balance - beginning of year	1,832,277
Fund balance - end of year	\$ 1,784,768

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

Year Ended June 30, 2025

(Amounts in thousands)

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
PROPERTY TAXES				
Real Estate Taxes	\$ 3,073,536	\$ 3,073,536	\$ 3,073,922	\$ 386
Real and Personal Property Taxes	251,453	251,453	251,453	-
Revenue class total	3,324,989	3,324,989	3,325,375	386
MOTOR VEHICLE EXCISE				
Motor Vehicle Excise - Current	39,000	39,000	45,538	6,538
Motor Vehicle Excise - Prior Years	20,000	20,000	29,639	9,639
Boat Excise - Current and Prior Years	-	-	32	32
Revenue class total	59,000	59,000	75,209	16,209
OTHER EXCISE TAXES				
Hotel / Motel Room Excise	134,500	134,500	147,088	12,588
Aircraft Fuel Excise	38,650	38,650	41,960	3,310
Condominium Conversion Excise	350	350	482	132
Short-Term Rental	700	700	1,491	791
Meals Tax Excise	36,000	36,000	41,342	5,342
Marijuana Local Option Sales T	2,600	2,600	2,942	342
Urban Redevelopment Ch 121A	13,250	13,250	14,061	811
Vehicle Rental Surcharge	1,250	1,250	1,429	179
Revenue class total	227,300	227,300	250,795	23,495
COMMONWEALTH OF MASSACHUSETTS				
State Owned Lands	722	722	722	-
Exemption - Elderly	743	743	1,385	642
Veterans Services - Local Aid	959	959	919	(40)
Unrestricted General Government Aid	233,284	233,284	233,284	-
Local Share of Racing Taxes	561	561	530	(31)
Charter School Reimbursement	43,118	43,118	37,280	(5,838)
Chapter 70 Education Aid	236,667	236,667	236,667	-
Revenue class total	516,054	516,054	510,787	(5,267)

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

Year Ended June 30, 2025

(Amounts in thousands)

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
DEPARTMENTAL & OTHER				
Penalties & Interest - Property Taxes	\$ 3,000	\$ 3,000	\$ 4,412	\$ 1,412
Penalties & Interest - Motor Vehicle	2,100	2,100	3,661	1,561
Penalties & Interest - Tax Title	4,000	4,000	5,868	1,868
Other Departmental Fees & Charges	2,000	2,000	3,991	1,991
Registry Division Fees	1,500	1,500	1,817	317
Liens	400	400	457	57
Other Departmental	3,250	3,250	3,204	(46)
City Clerk Fees	500	500	561	61
Muni Medicaid Reimbursement	6,660	6,660	10,684	4,024
Police Services	725	725	958	233
Fire Services	6,800	6,800	7,356	556
Parking Facilities	7,000	7,000	8,419	1,419
Street Occupancy	18,000	18,000	14,461	(3,539)
Street and Sidewalk Permits	250	250	678	428
Property Mgmt - Building Rents	1,250	1,250	1,437	187
St Furniture Program Fixed Fees	1,500	1,500	1,500	-
St Furniture Program Adm Fees	1,000	1,000	1,242	242
DoIT/PWD Small Cell Revenue	1,000	1,000	1,264	264
DOIT E-Rate	2,000	2,000	1,539	(461)
Tuition and Transportation - Schools	2,000	2,000	3,681	1,681
McKinney-Vento reimbursement	4,000	4,000	4,727	727
Library Fees	9	9	5	(4)
Cobra / Self-pay	150	150	218	68
Affirmative Recovery Unit	300	300	671	371
Fringe-Retirement	7,750	7,750	8,042	292
Pensions and Annuities	8,400	8,400	8,863	463
Indirect Costs Reimbursement	500	500	230	(270)
3rd Party Fringe Reimbursement	100	100	161	61
Third-Party Payments	1,800	1,800	2,233	433
Prior Year Reimbursements	1,000	1,000	2,879	1,879
Police Detail Administration Fee	3,000	3,000	6,529	3,529
Administrative Fee 3rd Party Payments	500	500	638	138
Revenue class total	92,444	92,444	112,386	19,942
FINES				
Parking Fines	54,900	54,900	60,441	5,541
60 Cents Surcharge	800	800	752	(48)
Boots & Tows Fees	1,400	1,400	1,773	373
Court Fines	5	5	10	5
Moving Violation Fines - Court	500	500	1,050	550
Fire Safety Fines	25	25	16	(9)
Code Enforcement	1,370	1,370	1,947	577
Revenue class total	59,000	59,000	65,989	6,989
PAYMENTS IN LIEU OF TAXES				
Massport	23,400	23,400	23,933	533
Miscellaneous PILOT's	31,600	31,600	38,155	6,555
Miscellaneous Ch 121B Section 16	10,000	10,000	14,088	4,088
Miscellaneous Ch 121A Section 6A	14,500	14,500	17,413	2,913
Revenue class total	79,500	79,500	93,589	14,089
INVESTMENT INCOME				
Interest on Investments	86,700	86,700	118,971	32,271
Revenue class total	86,700	86,700	118,971	32,271

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

Year Ended June 30, 2025

(Amounts in thousands)

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
LICENSES AND PERMITS				
Building Structures and Permits	\$ 57,500	\$ 57,500	\$ 47,810	\$ (9,690)
Weights and Measures	240	240	261	21
Street and Curb Permits	1,250	1,250	1,925	675
Pre-rental Inspections	2,400	2,400	2,380	(20)
Other Departmental Licenses & Permits	1,150	1,150	1,220	70
Health Inspections	1,550	1,550	1,826	276
Alcoholic Beverages and Licenses	4,250	4,250	4,826	576
Marijuana License	60	60	99	39
Entertainment Licenses	1,700	1,700	1,964	264
Police Firearm Permits	100	100	86	(14)
Other Business Licenses and Permits	150	150	204	54
Cable Television	3,350	3,350	5,179	1,829
Dog Licenses	200	200	276	76
Revenue class total	73,900	73,900	68,056	(5,844)
Intergovernmental				
BPDA Financial Transfer	42,364	42,364	28,245	(14,119)
Revenue class total	42,364	42,364	28,245	(14,119)
TRANSFERS AND OTHER AVAILABLE FUNDS				
Appropriated Cemetery Trustee	950	950	-	(950)
Appropriated Parking Meter Receipts	30,000	30,000	-	(30,000)
Appropriated Funds Balance	40,000	150,000	110,000	(40,000)
Revenue class total	70,950	180,950	110,000	(70,950)
Total Revenues and Other financing Sources	\$ 4,632,201	\$ 4,742,201	\$ 4,759,402	\$ 17,201

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

Year Ended June 30, 2025

(Amounts in thousands)

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
GENERAL GOVERNMENT				
Costs of Issuance - RANS	\$ 500	\$ 500	\$ 491	\$ 9
Annual Audit Costs	750	2,090	2,090	-
Mayor's Office	6,849	6,849	6,575	274
City Council	8,466	8,466	7,958	508
Office of New Bostonians	3,690	3,690	3,646	44
Consumer Affairs and Licensing	2,013	2,013	1,781	232
Election Department - Election Division	5,611	6,336	6,096	240
Election Department - Listing Board	865	865	832	33
Auditing Department	3,999	3,999	3,791	208
Assessing Department	8,400	8,400	7,220	1,180
Treasury Department - Collecting Division	3,969	3,969	3,793	176
Treasury Department - Treasury Division	2,499	2,499	2,353	146
Office of Budget Management	3,664	3,664	3,343	321
Human Resources	7,920	8,880	8,880	-
Purchasing Division	3,631	3,841	3,478	363
Office of Administration & Finance	1,614	1,614	1,383	231
Office of People Operations	1,228	1,228	1,148	80
Office of Labor Relations	1,971	1,971	1,447	524
Department of Innovation & Technology	53,821	57,758	57,757	1
Intergovernmental Relations	1,322	1,322	1,107	215
Law Department	11,152	11,152	10,793	359
Labor Compliance & Worker Prot	1,967	1,967	1,930	37
Risk Retention Reserved	3,500	3,500	3,500	-
Housing Trust Fund	618	618	589	29
City Clerk	1,747	1,747	1,626	121
Registry Division	1,647	1,647	1,549	98
Finance Commission	532	532	386	146
Office of Equity	3,291	3,291	3,212	79
Fair Housing & Equity	767	767	671	96
Commission for Persons with Disabilities	893	893	864	29
Supplier Diversity	2,355	2,355	1,563	792
Planning & Design	32,679	32,679	21,498	11,181
Language & Community Access	2,169	2,169	2,160	9
Police Accountability & Transparency	1,481	1,481	1,151	330
Neighborhood Services	5,530	5,530	5,408	122
Arts & Cultural Develop	4,522	4,522	4,040	482
Arts, Tourism & Special Events	1,902	1,902	1,726	176
Women's Commission	743	743	639	104
Participatory Budgeting	2,132	2,132	2,130	2
Black Male Advancement	2,093	2,126	1,900	226
Office of Food Justice	1,396	1,396	1,327	69
Office of Historic Preservatio	1,539	1,539	1,494	45
LGBTQ+ Advancement	782	782	745	37
Reserve for Collective Bargaining	90,255	46,938	12,100	34,838
Office of Workforce Development	7,526	7,526	6,496	1,030
Function Total	306,000	269,888	214,666	55,222

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

Schedule of Expenditures Compared to Budget (Budgetary Basis)

Year Ended June 30, 2025

(Amounts in thousands)

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
HUMAN SERVICES				
Boston Centers for Youth & Families	\$ 30,871	\$ 30,871	\$ 28,059	\$ 2,812
Age Strong Commission	8,085	8,085	8,082	3
Office of Health & Human Service	10,130	10,130	9,658	472
Human Right Commission	465	465	320	145
Veterans Services Department	4,847	4,847	3,298	1,549
Function total	54,398	54,398	49,417	4,981
PUBLIC SAFETY				
Police Department	475,024	475,152	519,556	(44,404)
Fire Department	306,753	306,753	319,581	(12,828)
Mayor's Office - Emergency Preparedness	1,673	1,673	1,550	123
Transportation - Traffic Division	36,567	35,828	35,828	-
Transportation - Parking Clerk	8,143	9,013	8,878	135
Inspection Services Department	24,322	24,322	23,127	1,195
Youth Employment & Opportunity	22,630	26,998	26,996	2
Function total	875,112	879,739	935,516	(55,777)
PUBLIC WORKS				
Public Works Department	122,906	130,794	130,701	93
Central Maintenance Facility	3,361	3,794	3,794	-
Snow & Winter Management	22,469	22,469	32,195	(9,726)
Function total	148,736	157,057	166,690	(9,633)
PROPERTY AND DEVELOPMENT				
Property Management	28,704	30,977	30,976	1
Public Facilities Dept	10,873	10,873	10,600	273
Office of Eco Opp & Inclusion	7,135	7,135	6,481	654
Mayor's Office of Housing	55,146	167,209	166,924	285
Function total	101,858	216,194	214,981	1,213
PARKS AND RECREATION				
Parks and Recreation Department	32,606	34,121	34,121	-
Environment Department	5,150	5,150	4,191	959
Cemetery Division	3,059	3,071	3,071	-
Function total	40,815	42,342	41,383	959
LIBRARY				
Library Department	49,883	50,631	48,924	1,707
Function total	49,883	50,631	48,924	1,707
SCHOOLS				
Boston Public Schools	1,527,969	1,568,264	1,568,264	-
Function total	1,527,969	1,568,264	1,568,264	-
PUBLIC HEALTH				
Public Health Commission	140,120	140,279	140,279	-
Function total	140,120	140,279	140,279	-
JUDGMENTS AND CLAIMS				
Execution of Courts	2,000	2,000	6,187	(4,187)
Function total	2,000	2,000	6,187	(4,187)

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND**Schedule of Expenditures Compared to Budget (Budgetary Basis)****Year Ended June 30, 2025***(Amounts in thousands)*

Classification	2025			Increase (Decrease) Variance
	Original Budget	Final Budget	Actual	
OTHER EMPLOYEE BENEFITS				
Medicare Payments	\$ 14,604	\$ 16,794	\$ 16,794	\$ -
Health Benefits & Insurance	1,217	1,226	1,140	86
Health Insurance	234,083	234,083	233,683	400
Unemployment Compensation	350	350	20	330
Workers' Compensation Fund	2,000	2,000	1,847	153
OPEB Stabilization Fund	40,000	40,000	40,000	-
Function total	292,254	294,453	293,484	969
PENSION COSTS				
Boston Retirement System	422,494	422,494	422,494	-
Pensions and Annuities - City	4,005	4,989	4,989	-
Function total	426,499	427,483	427,483	-
DEBT REQUIREMENTS				
Redemption of City Loans	182,573	172,785	172,785	-
City Debt and Interest Payments	90,000	74,694	74,694	-
Temporary Notes	3,000	-	-	-
MWPAT Principal	-	718	718	-
MWPAT Interest	-	285	285	-
Debt Service Sinking Funds	364	364	364	-
Function total	275,937	248,846	248,846	-
STATE & DISTRICT ASSESSMENTS				
Health Insurance/Retirement	3	3	3	-
RMV Non-Renewal Surcharge	2,114	2,114	2,114	-
Mosquito Control Projects	299	299	299	-
Special Education Chapter 766	975	975	909	66
Air Pollution Districts	315	315	315	-
Metropolitan Area Planning	385	385	385	-
MBTA Assessments	97,299	97,299	97,299	-
MDC Assessments	12	12	12	-
School Choice	3,314	3,322	3,322	-
Charter School Sending Tuition	283,015	283,014	273,468	9,546
Suffolk County Jail	2,889	2,889	2,889	-
Function total	390,620	390,627	381,015	9,612
Total Expenditures	\$ 4,632,201	\$ 4,742,201	\$ 4,737,135	\$ 5,066

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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.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUND**Combining Balance Sheet****June 30, 2025***(Amounts in thousands)*

	Special Revenue Fund	CPA Fund	Total 2025
ASSETS:			
Cash and investments	\$ 494,527	\$ 50,678	\$ 545,205
Receivables:			
Intergovernmental	244,951	-	244,951
Departmental and other	20,555	199	20,754
Tax title and possession	1	248	249
Total receivables	265,507	447	265,954
Allowance:			
Tax title and possession	-	(248)	(248)
Net receivables	265,507	199	265,706
Due from other funds	1,631	-	1,631
Total assets	\$ 761,665	\$ 50,877	\$ 812,542
LIABILITIES:			
Warrants and accounts payable	\$ 42,418	\$ 22,134	\$ 64,552
Accrued liabilities:			
Payroll and related costs	712	7	719
Deposits and other	78,661	-	78,661
Unearned revenue	180,278	-	180,278
Total accrued liabilities	259,651	7	259,658
Due to other funds	781	13	794
Total liabilities	302,850	22,154	325,004
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue	-	14	14
Leases	957	-	957
Total deferred inflows of resources	957	14	971
FUND BALANCE:			
Restricted	457,858	28,709	486,567
Total fund balance	457,858	28,709	486,567
Total liabilities, deferred inflows of resources and fund balances	\$ 761,665	\$ 50,877	\$ 812,542

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUND**Combining Statement of Revenues, Expenditures and Changes in Fund Balance****Year Ended June 30, 2025***(Amounts in thousands)*

	Special Revenue Fund	CPA Fund	Total 2025
REVENUES:			
Real and personal property taxes	\$ -	\$ 153	\$ 153
Excises	32	-	32
Fines	9	-	9
Investment income (loss)	860	3,258	4,118
Licenses and permits	22	-	22
Departmental and other	52,691	32,106	84,797
Intergovernmental	616,698	4,975	621,673
Total revenues	670,312	40,492	710,804
EXPENDITURES:			
Current:			
General government	43,305	62,328	105,633
Human services	19,168	-	19,168
Public safety	40,337	-	40,337
Public works	12,961	-	12,961
Property and development	209,447	-	209,447
Parks and recreation	9,536	-	9,536
Library	5,061	-	5,061
Schools	274,112	-	274,112
Public health programs	11,623	-	11,623
Total current expenditures	625,550	62,328	687,878
Capital outlays	4,031	-	4,031
Total expenditures	629,581	62,328	691,909
Excess (deficiency) of revenues over (under) expenditures	40,731	(21,836)	18,895
OTHER FINANCING SOURCES (USES):			
Leases & SBITAs GASB 87 & 96	831	-	831
Premium revenue	1,660	-	1,660
Transfers in	48,157	-	48,157
Transfers out	(33,336)	-	(33,336)
Total other financing sources (uses)	17,312	-	17,312
Net change in fund balances	58,043	(21,836)	36,207
Fund balance - beginning of year	399,815	50,545	450,360
Fund balance - end of year	\$ 457,858	\$ 28,709	\$ 486,567

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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.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND**Balance Sheet****June 30, 2025***(Amounts in thousands)*

	<u>2025</u>
ASSETS:	
Cash and investments	\$ 215,040
Cash and investments held by trustees	58,741
Receivables:	
Intergovernmental	51,566
Total assets	\$ 325,347
LIABILITIES:	
Warrants and accounts payable	\$ 100,801
Accrued liabilities:	
Payroll and related costs	5
Deposits and other	71
Total accrued liabilities	76
Total liabilities	100,877
DEFERRED INFLOWS OF RESOURCES:	
Unavailable Revenue	42,677
Total deferred inflows of resources	42,677
FUND BALANCE:	
Restricted	181,793
Total fund balance	181,793
Total liabilities, deferred inflows of resources and fund balances	\$ 325,347

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUND**Statement of Revenues, Expenditures and Changes in Fund Balance****Year Ended June 30, 2025***(Amounts in thousands)*

	2025
REVENUES:	
Departmental and other	\$ 373
Intergovernmental	78,123
Total revenues	78,496
EXPENDITURES:	
Capital outlays	561,709
Total expenses	561,709
Excess (deficiency) of revenues over (under) expenditures	(483,213)
OTHER FINANCING SOURCES (USES):	
Leases & SBITAs GASB 87 & 96	6,212
Revenue from bond sale	464,170
Lease purchase - revenue	38,452
Premium revenue	35,830
Transfers in	33,336
Total other financing sources (uses)	578,000
Net change in fund balances	94,787
Fund balance - beginning of year	87,006
Fund balance - end of year	\$ 181,793

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OTHER GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OTHER GOVERNMENTAL FUNDS

Combining Balance Sheet

June 30, 2025

(Amounts in thousands)

	Permanent Funds						Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7	Debt Service Fund	Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2025
ASSETS:							
Cash and investments held by trustees	\$ 98,988	\$ 995	\$ 33,571	\$ -	\$ 1,163	\$ 2,781	\$ 137,498
Receivables:							
Departmental and other	62	3	113	-	-	5	183
Due from other funds	-	-	-	-	72	-	72
Total assets	\$ 99,050	\$ 998	\$ 33,684	\$ -	\$ 1,235	\$ 2,786	\$ 137,753
LIABILITIES:							
Warrants and accounts payable	\$ 1,259	\$ -	\$ 269	\$ -	\$ -	\$ -	\$ 1,528
Accrued liabilities:							
Payroll and related costs	-	-	32	-	-	-	32
Deposits and other	-	-	-	-	-	26	26
Total accrued liabilities	-	-	32	-	-	26	58
Due to other funds	-	-	147	-	-	-	147
Total liabilities	1,259	-	448	-	-	26	1,733
FUND BALANCE:							
Nonspendable	21,360	144	-	-	-	-	21,504
Restricted	76,431	854	33,236	-	1,235	2,760	114,516
Total fund balance	97,791	998	33,236	-	1,235	2,760	136,020
Total liabilities, deferred inflows of resources and fund balances	\$ 99,050	\$ 998	\$ 33,684	\$ -	\$ 1,235	\$ 2,786	\$ 137,753

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OTHER GOVERNMENTAL FUNDS**Combining Statement of Revenues, Expenditures and Changes in Fund Balance****Year Ended June 30, 2025***(Amounts in thousands)*

	Permanent Funds			Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total Other Governmental Funds
	Pool 1	Pool 2	Pool 7		Dudley Square Realty Corp.	Ferdinand Building Development Corp.	2025
REVENUES:							
Investment income (loss)	\$ 11,916	\$ 101	\$ 8,144	\$ -	\$ 3	\$ 131	\$ 20,295
Departmental and other	207	-	6,753	-	-	105	7,065
Total revenues	12,123	101	14,897	-	3	236	27,360
EXPENDITURES:							
Current:							
General government	7,337	54	9,847	-	-	8	17,246
Debt service	-	-	-	20,000	-	-	20,000
Total expenditures	7,337	54	9,847	20,000	-	8	37,246
Excess (deficiency) of revenues over (under) expenditures	4,786	47	5,050	(20,000)	3	228	(9,886)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	363	-	-	363
Total other financing sources (uses)	-	-	-	363	-	-	363
Net change in fund balances	4,786	47	5,050	(19,637)	3	228	(9,523)
Fund balance - beginning of year	93,005	951	28,186	19,637	1,232	2,532	145,543
Fund balance - end of year	\$ 97,791	\$ 998	\$ 33,236	\$ -	\$ 1,235	\$ 2,760	\$ 136,020

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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 Mass General Brigham Health Plan for City employees, their dependents and retirees. The Internal Service Fund is included in the governmental activities column in the government-wide financial statements.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

INTERNAL SERVICE FUND

Statement of Net Position

June 30, 2025

(amounts in thousands)

	<u>2025</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 69,029
Total assets	<u>69,029</u>
LIABILITIES:	
Current liabilities:	
Accrued liabilities	57,446
Total liabilities	<u>57,446</u>
NET POSITION:	
Unrestricted	11,583
Total net position	<u>\$ 11,583</u>

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

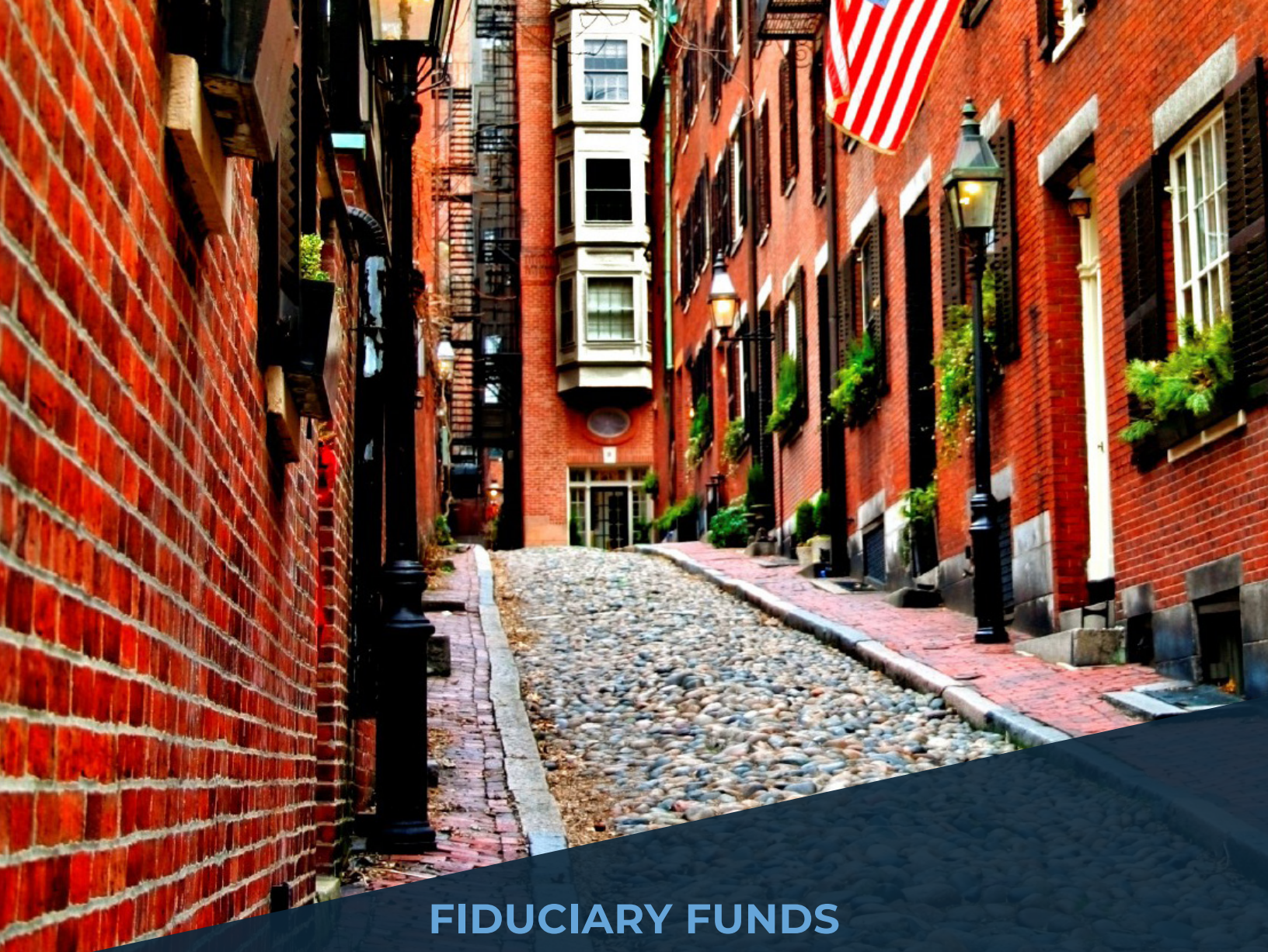
INTERNAL SERVICE FUND**Statement of Revenues, Expenses and Changes in Net Position****Year Ended June 30, 2025***(Amounts in thousands)*

	2025
OPERATING REVENUES:	
Employee contributions	\$ 104,371
Employer contributions	232,159
Total operating revenues	336,530
OPERATING EXPENSES:	
Health benefits	386,032
Total operating expenses	386,032
Change in net position	(49,502)
Net position - beginning of year	61,085
Net position - end of year	\$ 11,583

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

INTERNAL SERVICE FUND**Statement of Cash Flows****Year Ended June 30, 2025***(Amounts in thousands)*

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from employees and employer	\$ 337,641
Cash paid to vendors	(360,476)
Net cash provided by operating activities	<u>(22,835)</u>
Cash and cash equivalents, beginning of year	91,864
Cash and cash equivalents, end of year	<u>\$ 69,029</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (49,502)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities	
Changes in operating assets and liabilities:	
Other assets	768
Due from component units/receivables	1,110
Accrued liabilities	24,789
Net cash provided by operating activities	<u>\$ (22,835)</u>



FIDUCIARY FUNDS

EMPLOYEE RETIREMENT PLAN

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

OPEB TRUST FUND

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

PRIVATE PURPOSE TRUST FUNDS

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

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

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

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

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

LAW ENFORCEMENT TRUST FUND

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

STUDENT ACTIVITY CUSTODIAL FUND

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

BEFORE & AFTER SCHOOL PROGRAMS

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

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PENSION AND OPEB TRUST FUNDS**Combining Statement of Plan Net Position****December 31, 2024 (Pension) and June 30, 2025 (OPEB)***(Amounts in thousands)*

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS:			
Cash and cash equivalents	\$ 10,554,208	\$ 1,331,767	\$ 11,885,975
Receivables:			
Interest and dividends	17,729	-	17,729
Securities sold	13,264	-	13,264
Employer contributions	20,830	-	20,830
Other	13,338	-	13,338
Total receivables	65,161	-	65,161
Prepaid expenses	1,387	-	1,387
Securities lending short-term collateral investment pool	211,181	-	211,181
Total assets	\$ 10,831,937	\$ 1,331,767	\$ 12,163,704
LIABILITIES:			
Accounts payable, accrued expenses and other liabilities	\$ 43,310	\$ -	\$ 43,310
Securities purchased	42,746	-	42,746
Collateral held on securities lending	210,783	-	210,783
Total liabilities	296,839	-	296,839
NET POSITION RESTRICTED FOR:			
Pension Benefits	10,535,098	-	10,535,098
OPEB Benefits	-	1,331,767	1,331,767
Total net position	\$ 10,535,098	\$ 1,331,767	\$ 11,866,865

See accompanying independent auditor's report.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOSTON RETIREMENT SYSTEM**Statement of Plan Net Position****December 31, 2024***(Amounts in thousands)*

	Total Boston Retirement System 2024
ASSETS:	
Cash and cash equivalents	\$ 10,554,208
Receivables:	
Interest and dividends	17,729
Securities sold	13,264
Employer contributions	20,830
Other	13,338
Total receivables	65,161
Prepaid expenses	1,387
Securities lending short-term collateral investment pool	211,181
Total assets	\$ 10,831,937
LIABILITIES:	
Accounts payable, accrued expenses and other liabilities	\$ 43,310
Securities purchased	42,746
Collateral held on securities lending	210,783
Total liabilities	296,839
NET POSITION RESTRICTED FOR:	
Pension Benefits	10,535,098
Total net position	\$ 10,535,098

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND

Statement of Plan Net Position

June 30, 2025

(Amounts in thousands)

	<u>2025</u>
ASSETS:	
Cash and cash equivalents	\$ 1,331,767
Total assets	\$ 1,331,767
 NET POSITION RESTRICTED FOR:	
OPEB Benefits	\$ 1,331,767
Total net position	\$ 1,331,767

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PRIVATE PURPOSE TRUST FUNDS**Combining Statement of Net Position****June 30, 2025***(Amounts in thousands)*

	Pool 1	Pool 2	Pool 5	Pool 7	Total Private Purpose Trust Funds 2025
ASSETS:					
Cash and cash equivalents	\$ 46,535	\$ 774	\$ 28,464	\$ 103,584	\$ 179,357
Receivables:					
Lease receivable	-	-	2,145	-	2,145
Other	137	2	59	1,031	1,229
Total receivables	137	2	2,204	1,031	3,374
Total assets	\$ 46,672	\$ 776	\$ 30,668	\$ 104,615	\$ 182,731
LIABILITIES:					
Accounts payable, accrued expenses and other liabilities	\$ 185	\$ -	\$ 191	\$ 2,483	\$ 2,859
Total liabilities	185	-	191	2,483	2,859
DEFERRED INFLOWS OF RESOURCES:					
Deferred amount for leases	-	-	2,082	-	2,082
Total deferred inflows of resources	-	-	2,082	-	2,082
NET POSITION RESTRICTED FOR:					
Other Purposes	46,487	776	28,395	102,132	177,790
Total net position	\$ 46,487	\$ 776	\$ 28,395	\$ 102,132	\$ 177,790

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CUSTODIAL FUNDS

Combining Statement of Net Position

June 30, 2025

(Amounts in thousands)

	Law Enforcement Trust Fund	Student Activity Fund	Before and After School Fund	Total Custodial Funds 2025
ASSETS:				
Cash and cash equivalents	\$ 11,736	\$ 786	\$ 273	\$ 12,795
Total assets	\$ 11,736	\$ 786	\$ 273	\$ 12,795
NET POSITION RESTRICTED FOR:				
Other Purposes	\$ 11,736	\$ 786	\$ 273	\$ 12,795
Held for Others	\$ 11,736	\$ 786	\$ 273	\$ 12,795

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PENSION AND OPEB TRUST FUNDS**Combining Statement of Changes in Plan Net Position****Years Ended December 31, 2024 (Pension) and June 30, 2025 (OPEB)***(Amounts in thousands)*

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS:			
Contributions:			
Employers	\$ 485,960	\$ 195,605	\$ 681,565
Commonwealth of Massachusetts (nonemployer)	261,107	-	261,107
Employees	233,792	-	233,792
Total contributions	980,859	195,605	1,176,464
Investment earnings:			
Net appreciation in fair value of investments	247,232	95,622	342,854
Investment income (loss)	611,666	22,228	633,894
Less investment expenses	(67,403)	(2,722)	(70,125)
Net investment earnings	791,495	115,128	906,623
Securities lending activities:			
Securities lending income	14,668	-	14,668
Borrower rebates and fees	(13,387)	-	(13,387)
Net income from securities lending activities	1,281	-	1,281
Total net investment income	792,776	115,128	907,904
Intergovernmental	15,635	-	15,635
Miscellaneous income	(109)	-	(109)
Total additions	1,789,161	310,733	2,099,894
DEDUCTIONS:			
Benefits	760,596	153,354	913,950
Reimbursements	11,385	-	11,385
Refunds of contributions	58,887	-	58,887
Administrative expenses and other	9,626	-	9,626
Total deductions	840,494	153,354	993,848
Change in net position	948,667	157,379	1,106,046
Net position - beginning of year	9,586,431	1,174,388	10,760,819
Net position - end of year	\$ 10,535,098	\$ 1,331,767	\$ 11,866,865

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOSTON RETIREMENT SYSTEM
Statement of Changes in Plan Net Position
Year Ended December 31, 2024

(Amounts in thousands)

	<u>2024</u>
ADDITIONS:	
Contributions:	
Employers	\$ 485,960
Commonwealth of Massachusetts (nonemployer)	261,107
Employees	<u>233,792</u>
Total contributions	980,859
Investment earnings:	
Net appreciation in fair value of investments	247,232
Investment income (loss)	611,666
Less investment expenses	(67,403)
Net investment earnings	791,495
Securities lending activities:	
Securities lending income	14,668
Borrower rebates and fees	(13,387)
Net income from securities lending activities	1,281
Total net investment income	792,776
Intergovernmental	15,635
Miscellaneous income	(109)
Total additions	<u>1,789,161</u>
DEDUCTIONS:	
Benefits	760,596
Reimbursements	11,385
Refunds of contributions	58,887
Administrative expenses and other	<u>9,626</u>
Total deductions	<u>840,494</u>
Change in net position	<u>948,667</u>
Net position - beginning of year	<u>9,586,431</u>
Net position - end of year	<u><u>\$ 10,535,098</u></u>

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OPEB TRUST FUND**Statement of Changes in Plan Net Position****Year Ended June 30, 2025***(Amounts in thousands)*

	<u>2025</u>
ADDITIONS:	
Contributions:	
Employers	\$ 195,605
Total contributions	195,605
Investment earnings:	
Net appreciation in fair value of investments	95,621
Investment income (loss)	22,228
Less investment expenses	(2,722)
Net investment earnings	115,128
Total net investment income	<u>115,128</u>
Total additions	<u>310,732</u>
DEDUCTIONS:	
Benefits	<u>153,353</u>
Total deductions	<u>153,353</u>
Change in net position	157,379
Net position - beginning of year	<u>1,174,388</u>
Net position - end of year	<u>\$ 1,331,767</u>

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

PRIVATE PURPOSE TRUST FUNDS

Combining Statement of Changes in Net Position

Year Ended June 30, 2025

(Amounts in thousands)

	Pool 1	Pool 2	Pool 5	Pool 7	Total Private Purpose Trust Funds 2025
ADDITIONS:					
Contributions:					
Donations and other	\$ 1,507	\$ -	\$ 220	\$ 15,669	\$ 17,396
Investment earnings:					
Investment income (loss)	4,395	71	3,017	6,037	13,520
Total additions	5,902	71	3,237	21,706	30,916
DEDUCTIONS:					
Administrative expenses and other	2,935	44	2,425	12,465	17,869
Total deductions	2,935	44	2,425	12,465	17,869
Change in net position	2,967	27	812	9,241	13,047
Net position - beginning of year	43,521	749	27,582	92,891	164,743
Net position - end of year	\$ 46,488	\$ 776	\$ 28,394	\$ 102,132	\$ 177,790

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CUSTODIAL FUNDS**Statement of Changes in Net Position****Year ended June 30, 2025***(Amounts in thousands)*

	<u>Law Enforcement Trust Fund</u>	<u>Student Activity Fund</u>	<u>Before and After School Fund</u>	<u>Total</u>
ADDITIONS:				
Contributions:				
Donations and other	\$ 1,956	\$ 277	\$ 2,557	\$ 4,790
Total additions	<u>1,956</u>	<u>277</u>	<u>2,557</u>	<u>4,790</u>
DEDUCTIONS:				
Administrative expenses and other	1,434	329	2,534	4,297
Total deductions	<u>1,434</u>	<u>329</u>	<u>2,534</u>	<u>4,297</u>
Change in net position	<u>522</u>	<u>(52)</u>	<u>23</u>	<u>493</u>
Net position - beginning of year	<u>11,214</u>	<u>838</u>	<u>250</u>	<u>12,302</u>
Net position - end of year	<u>\$ 11,736</u>	<u>\$ 786</u>	<u>\$ 273</u>	<u>\$ 12,795</u>

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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.

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Net Position

June 30, 2025

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Assets:		
Current assets:		
Cash and investments	\$ 115,897	\$ 49,905
Cash and investments held by trustees	-	-
Receivables, net		
Leases receivable, current	-	5,006
Other	28,932	7,162
Other assets	5,875	209
Due from primary government	691	-
Total current assets	151,395	62,282
Noncurrent assets:		
Cash and investments held by trustee	-	-
Notes and other receivables		
Notes receivable	49,825	87,501
Lease receivable, net	39,546	152,681
Accrued interest receivable on leases	-	3,833
Disposition receivable	-	26,724
OPEB Asset	-	9,560
Other	-	-
Capital assets:		
Nondepreciable assets	12,798	13,454
Depreciable, net	11,734	19,510
Right of use lease assets, net	1,719	5,518
Subscription IT assets, net	-	-
Total noncurrent assets	115,622	318,781
Total assets	267,017	381,063
Deferred outflows of resources:		
Deferred amount for pension costs	22,845	2,978
Deferred amount from OPEB	21,157	773
Total deferred outflows of resources	\$ 44,002	\$ 3,751
Liabilities:		
Current liabilities		
Warrants and accounts payable	\$ 15,615	\$ 5,174
Accrued liabilities - current:		
Compensated absences	8,016	-
Deposits and other	650	300
Unearned revenue	6,881	1,804
Current portion of long-term bonds, notes and equipment financing payable	1,291	-
Due to primary government	2,292	302
Subscription agreement liability	-	-
Leases obligations/payables	813	-
Total current liabilities	35,558	7,580
Noncurrent liabilities:		
Bonds due in more than one year	1,685	7,501
Other noncurrent liabilities	4,037	129,856
Net OPEB Liability	87,244	-
Subscription agreement liability LT	-	-
Unearned revenue	49,457	26,724
Net pension liability	88,192	640
Total noncurrent liabilities	230,615	164,721
Total liabilities	266,173	172,301
Deferred inflows of resources:		
Deferred amount for pension costs	6,224	8,075
Deferred amount for OPEB	43,647	2,879
Deferred amount for leases	39,303	147,511
Total deferred inflows of resources	89,174	158,465
Net Position:		
Net investments in capital assets	22,462	31,488
Restricted for:		
Non Expendable Trust	-	-
Unrestricted surplus (deficit)	(66,790)	22,560
Total net position	\$ (44,328)	\$ 54,048

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2025
\$ 1,781	\$ 59,946	\$ 227,529
37,506	-	37,506
342	3,708	9,056
2,177	23,960	62,231
1,714	2,041	9,839
-	-	691
43,520	89,655	346,852
70,734	-	70,734
424	-	137,750
142	1,718,249	1,910,618
-	73,528	77,361
-	-	26,724
-	-	9,560
-	2,607	2,607
-	13,080	39,332
932	49,069	81,245
855	827	8,919
-	142	142
73,087	1,857,502	2,364,992
116,607	1,947,157	2,711,844
-	-	25,823
-	-	21,930
\$ -	\$ -	\$ 47,753
\$ 1,689	\$ 5,606	\$ 28,084
-	367	8,383
-	602	1,552
969	3,375	13,029
-	-	1,291
456	-	3,050
554	54	608
-	253	1,066
3,668	10,257	57,063
-	642	9,828
-	2,561	136,454
-	-	87,244
238	-	238
-	-	76,181
-	-	88,832
238	3,203	398,777
3,906	13,460	455,840
-	-	14,299
-	-	46,526
432	1,640,169	1,827,415
432	1,640,169	1,888,240
995	63,119	118,064
95,198	717	95,915
16,076	229,692	201,538
\$ 112,269	\$ 293,528	\$ 415,517

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

DISCRETELY PRESENTED COMPONENT UNITS

Combining Statements of Activities

Year Ended June 30, 2025

(Amounts in thousands)

	Boston Public Health Commission	Boston Planning & Development Agency
Expenses	\$ 251,475	\$ 28,556
Program revenues:		
Charges for Services	57,733	23,784
Operating Grants and Contributions	89,069	-
Total program revenues	146,802	23,784
Net expenses	(104,673)	(4,772)
General revenues:		
Investment income	5,714	1,561
Investment income from leases	1,437	3,092
City appropriation	140,079	-
Miscellaneous	1,021	2,700
Special item - gain on sale of property	48	3,472
Total general revenues	148,299	10,825
Change in net position	43,626	6,053
Net position - beginning of year	(87,954)	47,995
Net position - end of year	\$ (44,328)	\$ 54,048

COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Trustees of the Public Library the City of Boston	Economic Development and Industrial Corporation of Boston	Total Discretely Presented Component Units 2025
\$ 23,951	\$ 59,767	\$ 363,749
3,341	47,834	132,692
16,794	21,320	127,183
20,135	69,154	\$ 259,875
(3,816)	9,387	\$ (103,874)
8,283	2,588	18,146
-	39,775	44,304
-	-	140,079
-	45	3,766
3,289	-	6,809
11,572	42,408	213,104
7,756	51,795	109,230
104,513	241,733	306,287
\$ 112,269	\$ 293,528	\$ 415,517

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STATISTICAL SECTION

Annual Comprehensive Financial Report 2025

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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.

Contents	Page
Financial Trends	126
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time (See accompanying Management’s Discussion and Analysis, Statement of Net Position, and Statement of Activities):</i>	
General Government Expenditures by Function (GAAP Basis) – Last Ten Fiscal Years	
General Government Revenues by Source (GAAP Basis) – Last Ten Fiscal Years	
Net Position by Component – Last Ten Fiscal Years	
Changes in Net Position – Last Ten Fiscal Years	
Fund Balances of Governmental Funds – Last Ten Fiscal Years	
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	
Revenue Capacity	140
<i>These schedules contain information to help the reader assess the government’s most significant revenue source, the property tax:</i>	
Assessed and Estimated Actual Value of All Taxable Property – Last Ten Fiscal Years	
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	
Largest Principal Taxpayers – Current Year and Nine Years Ago	
Property Tax Levies and Collections – Last Ten Fiscal Years	
Debt Capacity	144
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future (See accompanying note 10 of the basic financial statements):</i>	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	
Legal Debt Margin Information – Last Ten Fiscal Years	
Demographic and Economic Information	150
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place:</i>	
Demographic and Economic Statistics – Last Ten Fiscal Years	
Principal Employers – Current Year and Nine Years Ago	
Operating Information	152
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs:</i>	
Full-time Equivalent City Government Employees by Department – Last Ten Fiscal Years	
Operating Indicators by Function – Last Ten Fiscal Years	
Capital Asset Statistics by Department – Last Ten Fiscal Years	
Sources: Unless otherwise noted, the prior year information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

FUNCTION	Fiscal Year				
	2025	2024	2023	2022	2021
General Government	\$ 188,494	\$ 157,070	\$ 154,252	\$ 123,041	\$ 122,106
% of Total	3.7	3.5	3.7	3.1	3.3
% Change	20.0	1.8	25.4	0.8	4.2
Public Safety	\$ 950,595	\$ 914,787	\$ 809,042	\$ 797,386	\$ 735,254
% of Total	18.9	20.5	19.5	20.0	19.8
% Change	3.9	13.1	1.5	8.5	(3.7)
Public Works	\$ 163,534	\$ 136,535	\$ 125,102	\$ 130,807	\$ 116,862
% of Total	3.2	3.1	3.0	3.3	3.1
% Change	19.8	9.1	(4.4)	11.9	5.0
Library	\$ 48,397	\$ 46,966	\$ 44,041	\$ 41,098	\$ 39,422
% of Total	1.0	1.1	1.1	1.0	1.1
% Change	3.0	6.6	7.2	4.3	3.0
Schools	\$ 1,622,394	\$ 1,362,179	\$ 1,357,011	\$ 1,324,486	\$ 1,234,353
% of Total	32.2	30.5	32.6	33.3	33.3
% Change	19.1	0.4	2.5	7.3	4.9
Retirement Costs	\$ 720,591	\$ 657,255	\$ 565,815	\$ 502,585	\$ 473,494
% of Total	14.3	14.7	13.6	12.6	12.8
% Change	9.6	16.2	12.6	6.1	5.9
Employee Benefits	\$ 289,092	\$ 262,055	\$ 259,465	\$ 258,112	\$ 260,997
% of Total	5.7	5.9	6.2	6.5	7.0
% Change	10.3	1.0	0.5	(1.1)	0.6
State & District Assessments	\$ 381,016	\$ 370,830	\$ 354,900	\$ 332,586	\$ 320,220
% of Total	7.6	8.3	8.5	8.4	8.6
% Change	2.7	4.5	6.7	3.9	6.8
Property & Development	\$ 164,966	\$ 53,176	\$ 41,491	\$ 37,327	\$ 32,631
% of Total	3.3	1.2	1.0	0.9	0.9
% Change	210.2	28.2	11.2	14.4	0.0
Other	\$ 505,795	\$ 498,511	\$ 448,073	\$ 429,654	\$ 376,539
% of Total	10.0	11.2	10.8	10.8	10.1
% Change	1.5	11.3	4.3	14.1	(1.4)
Total Expenditures	\$ 5,034,874	\$ 4,459,364	\$ 4,159,192	\$ 3,977,082	\$ 3,711,878
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	12.9	7.2	4.6	7.1	2.3

*General fund only

Fiscal Year						FUNCTION
2020	2019	2018	2017	2016		
\$ 117,152	\$ 112,998	\$ 90,076	\$ 85,855	\$ 80,684		General Government
3.2	3.3	2.8	2.8	2.7		% of Total
3.7	25.4	4.9	6.4	38.5		% Change
\$ 763,381	\$ 726,406	\$ 689,929	\$ 643,100	\$ 610,233		Public Safety
21.0	21.1	21.1	20.6	20.6		% of Total
5.1	5.3	7.3	5.4	(3.7)		% Change
\$ 111,346	\$ 106,504	\$ 111,772	\$ 106,059	\$ 101,157		Public Works
3.1	3.1	3.4	3.4	3.4		% of Total
4.5	(4.7)	5.4	4.8	(18.3)		% Change
\$ 38,270	\$ 38,597	\$ 36,025	\$ 35,791	\$ 33,870		Library
1.1	1.1	1.1	1.1	1.1		% of Total
(0.8)	7.1	0.7	5.7	(0.3)		% Change
\$ 1,176,493	\$ 1,118,332	\$ 1,087,192	\$ 1,048,987	\$ 1,016,412		Schools
32.4	32.5	33.2	33.6	34.3		% of Total
5.2	2.9	3.6	3.2	5.9		% Change
\$ 447,159	\$ 400,973	\$ 356,251	\$ 347,402	\$ 309,083		Retirement Costs
12.3	11.6	10.9	11.1	10.4		% of Total
11.5	12.6	2.5	12.4	9.4		% Change
\$ 259,420	\$ 264,832	\$ 261,377	\$ 247,965	\$ 236,661		Employee Benefits
7.2	7.7	8.0	7.9	8.0		% of Total
(2.0)	1.3	5.4	4.8	2.9		% Change
\$ 299,740	\$ 283,360	\$ 267,205	\$ 244,320	\$ 234,450		State & District Assessments
8.3	8.2	8.2	7.8	7.9		% of Total
5.8	6.0	9.4	4.2	8.8		% Change
\$ 32,618	\$ 41,483	\$ 39,022	\$ 42,460	\$ 33,870		Property & Development
0.9	1.2	1.2	1.4	1.1		% of Total
(21.4)	6.3	(8.1)	25.4	(4.8)		% Change
\$ 381,936	\$ 350,195	\$ 335,108	\$ 317,804	\$ 311,077		Other
10.5	10.2	10.2	10.2	10.5		% of Total
9.1	4.5	5.4	2.2	10.1		% Change
\$ 3,627,515	\$ 3,443,680	\$ 3,273,957	\$ 3,119,743	\$ 2,967,497		Total Expenditures
100.0	100.0	100.0	100.0	100.0		% of Total
5.3	5.2	4.9	5.1	3.9		% Change

GENERAL GOVERNMENT REVENUES BY SOURCE

(GAAP Basis)*

Last Ten Fiscal Years

(Amounts in thousands)

SOURCE	Fiscal Year				
	2025	2024	2023	2022	2021
Property Taxes	\$ 3,334,967	\$ 3,168,381	\$ 2,988,917	\$ 2,819,651	\$ 2,650,040
% of Total	67.7	67.0	67.3	69.7	72.5
% Change	5.3	6.0	6.0	6.4	6.1
Motor Vehicle Excises	\$ 75,177	\$ 72,656	\$ 59,835	\$ 60,803	\$ 54,184
% of Total	1.5	1.5	1.3	1.5	1.5
% Change	3.5	21.4	(1.6)	12.2	(13.7)
Other Excises	\$ 251,900	\$ 255,662	\$ 236,044	\$ 150,005	\$ 60,227
% of Total	5.1	5.4	5.3	3.7	1.6
% Change	(1.5)	8.3	57.4	149.1	(66.3)
Departmental & Other	\$ 117,283	\$ 108,173	\$ 109,001	\$ 124,563	\$ 60,555
% of Total	2.4	2.3	2.5	3.1	1.7
% Change	8.4	(0.8)	(12.5)	105.7	(41.5)
State Distributions	\$ 799,909	\$ 738,321	\$ 690,938	\$ 649,471	\$ 619,709
% of Total	16.2	15.6	15.6	16.0	16.9
% Change	8.3	6.9	6.4	4.8	(1.3)
Payment in Lieu of Taxes	\$ 93,737	\$ 87,286	\$ 103,315	\$ 92,008	\$ 88,615
% of Total	1.9	1.8	2.3	2.3	2.4
% Change	7.4	(15.5)	12.3	3.8	22.5
Fines	\$ 65,957	\$ 60,429	\$ 60,429	\$ 61,591	\$ 52,302
% of Total	1.3	1.3	1.4	1.5	1.4
% Change	9.1	-	(1.9)	17.8	(22.4)
Investment Income	\$ 119,019	\$ 162,717	\$ 88,404	\$ 4,482	\$ 3,615
% of Total	2.4	3.4	2.0	0.1	0.1
% Change	(26.9)	84.1	1,872.4	24.0	(87.7)
Licenses & Permits	\$ 66,911	\$ 78,625	\$ 102,244	\$ 84,825	\$ 67,977
% of Total	1.4	1.7	2.3	2.1	1.9
% Change	(14.9)	(23.1)	20.5	24.8	(23.0)
Total Revenues	\$ 4,924,860	\$ 4,732,250	\$ 4,439,127	\$ 4,047,399	\$ 3,657,224
% of Total	100.0	100.0	100.0	100.0	100.0
% Change	4.1	6.6	9.7	10.7	(1.9)

*General fund only

Fiscal Year						SOURCE
2020	2019	2018	2017	2016		
\$ 2,498,435	\$ 2,344,686	\$ 2,221,877	\$ 2,079,693	\$ 1,967,687		Property Taxes
67.0	66.1	65.9	65.7	64.4		% of Total
6.6	5.5	6.8	5.7	5.4		% Change
\$ 62,792	\$ 66,026	\$ 52,040	\$ 52,061	\$ 67,686		Motor Vehicle Excises
1.7	1.9	1.5	1.6	2.2		% of Total
(4.9)	26.9	-	(23.1)	27.9		% Change
\$ 178,976	\$ 190,203	\$ 191,541	\$ 160,736	\$ 168,577		Other Excises
4.8	5.4	5.7	5.1	5.5		% of Total
(5.9)	(0.7)	19.2	(4.7)	(4.2)		% Change
\$ 103,476	\$ 97,442	\$ 98,287	\$ 87,985	\$ 86,791		Departmental & Other
2.8	2.7	2.9	2.8	2.8		% of Total
6.2	(0.9)	11.7	1.4	0.5		% Change
\$ 627,590	\$ 577,458	\$ 570,753	\$ 554,661	\$ 543,683		State Distributions
16.8	16.3	16.9	17.5	17.8		% of Total
8.7	1.2	2.9	2.0	3.9		% Change
\$ 72,349	\$ 87,018	\$ 84,940	\$ 80,501	\$ 90,215		Payment in Lieu of Taxes
1.9	2.5	2.5	2.5	3.0		% of Total
(16.9)	2.4	5.5	(10.8)	13.9		% Change
\$ 67,367	\$ 73,792	\$ 63,206	\$ 63,046	\$ 60,953		Fines
1.8	2.1	1.9	2.0	2.0		% of Total
(8.7)	16.7	0.3	3.4	1.4		% Change
\$ 29,472	\$ 30,408	\$ 15,390	\$ 2,329	\$ 184		Investment Income
0.8	0.9	0.5	0.1	-		% of Total
(3.1)	97.6	560.8	1,165.8	201.6		% Change
\$ 88,272	\$ 82,658	\$ 74,144	\$ 84,470	\$ 70,005		Licenses & Permits
2.4	2.3	2.2	2.7	2.3		% of Total
6.8	11.5	(12.2)	20.7	(1.7)		% Change
\$ 3,728,729	\$ 3,549,691	\$ 3,372,178	\$ 3,165,482	\$ 3,055,781		Total Revenues
100.0	100.0	100.0	100.0	100.0		% of Total
5.0	5.3	6.5	3.6	4.8		% Change

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

	Fiscal Year				
	2025	2024	2023	2022	2021
Governmental/primary government activities:					
Net investment in capital assets	\$ 1,431,788	\$ 1,362,313	\$ 1,206,883	\$ 1,101,116	\$ 1,058,576
Restricted	674,152	259,018	157,701	118,324	113,881
Unrestricted	(2,216,445)	(1,838,812)	(1,978,608)	(2,035,104)	(2,249,008)
Total governmental/primary government activities net position	\$ (110,505)	\$ (217,481)	\$ (614,024)	\$ (815,664)	\$ (1,076,551)

Fiscal Year				
2020	2019	2018	2017	2016
\$ 950,089	\$ 802,391	\$ 685,036	\$ 648,786	\$ 557,142
72,436	98,106	75,098	52,746	53,200
(2,183,384)	(2,675,142)	(2,501,770)	(1,206,488)	(1,159,303)
\$ (1,160,859)	\$ (1,774,645)	\$ (1,741,636)	\$ (504,956)	\$ (548,961)

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

EXPENSES:	Fiscal Year			
	2025	2024	2023	2022
Governmental activities:				
General government	\$ 344,667	\$ 313,301	\$ 260,589	\$ 209,435
Human services	83,905	74,625	69,950	65,555
Public safety	1,411,105	1,352,812	1,262,121	1,172,308
Public works	222,494	188,081	171,610	173,842
Property and development	437,723	311,713	324,015	291,461
Parks and recreation	76,751	71,805	67,172	54,430
Library	76,707	70,882	71,312	57,149
Schools	2,712,719	2,584,364	2,575,648	2,123,695
Public health programs	160,543	159,213	148,884	142,341
Interest on long-term debt	2,114	52,049	45,056	36,821
Total governmental activities expenses	5,528,728	5,178,845	4,996,357	4,327,037
Total primary government expenses	\$ 5,528,728	\$ 5,178,845	\$ 4,996,357	\$ 4,327,037
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
Public safety	146,752	145,144	172,392	178,866
Public works	18,953	21,181	33,230	23,003
Schools	10,577	18,556	11,821	15,165
Other	108,741	91,582	57,829	87,842
Operating grants and contributions	1,092,807	1,201,443	1,129,258	864,380
Capital grants and contributions	108,440	57,678	57,370	42,584
Total governmental activities program revenues	1,486,270	1,535,584	1,461,900	1,211,840
Total primary government program revenues	\$ 1,486,270	\$ 1,535,584	\$ 1,461,900	\$ 1,211,840

Fiscal Year						
2021	2020	2019	2018	2017	2016	
\$ 217,654	\$ 202,347	\$ 175,161	\$ 156,670	\$ 128,465	\$ 128,288	
56,814	47,648	57,359	58,494	49,974	52,056	
1,112,320	968,853	1,113,749	1,048,825	962,654	941,313	
158,722	161,598	160,918	163,337	130,182	139,816	
186,903	140,930	146,886	137,296	168,276	118,582	
53,824	52,148	48,804	48,861	41,236	39,769	
58,717	51,348	55,944	55,626	51,397	49,959	
2,083,935	1,874,077	2,026,241	1,931,452	1,833,105	1,803,331	
123,473	99,414	91,468	86,228	81,859	96,083	
36,213	47,039	39,562	44,263	42,321	40,995	
4,088,575	3,645,402	3,916,092	3,731,052	3,489,469	3,410,192	
<u>\$ 4,088,575</u>	<u>\$ 3,645,402</u>	<u>\$ 3,916,092</u>	<u>\$ 3,731,052</u>	<u>\$ 3,489,469</u>	<u>\$ 3,410,192</u>	
128,307	184,364	158,455	139,793	147,471	133,656	
19,760	30,192	28,609	31,120	28,268	24,269	
10,996	9,444	11,385	4,275	5,163	10,540	
67,914	81,892	37,547	46,350	36,647	34,730	
770,430	788,801	822,932	788,666	760,230	746,277	
54,589	38,382	36,224	64,548	52,348	39,381	
1,051,996	1,133,075	1,095,152	1,074,752	1,030,127	988,853	
<u>\$ 1,051,996</u>	<u>\$ 1,133,075</u>	<u>\$ 1,095,152</u>	<u>\$ 1,074,752</u>	<u>\$ 1,030,127</u>	<u>\$ 988,853</u>	

CHANGES IN NET POSITION (CONTINUED)

Government-wide Financial Statements

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year		
	2025	2024	2023
NET EXPENSE:			
Governmental activities	\$ (4,042,458)	\$ (3,643,261)	\$ (3,534,457)
Total primary government net expense	\$ (4,042,458)	\$ (3,643,261)	\$ (3,534,457)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	3,308,765	3,157,677	2,959,106
Excises	318,184	331,367	295,941
Payment in lieu of taxes	93,737	87,286	103,315
Grants and contributions not restricted	273,914	268,947	266,455
Investment income	146,887	194,527	109,546
Miscellaneous	7,947	-	1,734
Special items	-	-	-
Total governmental activities	4,149,434	4,039,804	3,736,097
Total primary government	\$ 4,149,434	\$ 4,039,804	\$ 3,736,097
CHANGES IN NET POSITION:			
Governmental activities	106,976	\$ 396,543	\$ 201,640
Total primary government	\$ 106,976	\$ 396,543	\$ 201,640

							Fiscal Year							
2022		2021		2020		2019		2018		2017		2016		
\$	(3,115,197)	\$	(3,036,579)	\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	
\$	(3,115,197)	\$	(3,036,579)	\$	(2,512,327)	\$	(2,820,940)	\$	(2,656,300)	\$	(2,459,342)	\$	(2,421,339)	
	2,810,807		2,630,781		2,520,908		2,338,507		2,219,700		2,087,659		1,967,021	
	211,520		103,720		240,908		264,703		239,005		213,198		224,052	
	92,007		88,615		72,349		87,018		84,940		80,501		90,215	
	245,625		233,771		245,559		208,839		214,106		201,013		199,835	
	11,264		32,659		43,280		46,405		31,417		19,588		15,753	
	4,861		3,867		3,109		3,011		2,121		3,738		6,058	
	-		-		-		57,000		-		-		-	
	3,376,084		3,093,413		3,126,113		3,005,483		2,791,289		2,605,697		2,502,934	
\$	3,376,084	\$	3,093,413	\$	3,126,113	\$	3,005,483	\$	2,791,289	\$	2,605,697	\$	2,502,934	
\$	260,887	\$	56,834	\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	
\$	260,887	\$	56,834	\$	613,786	\$	184,543	\$	134,989	\$	146,355	\$	81,595	

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2025	2024	2023	2022
General Fund				
Assigned	\$ 560,155	\$ 489,483	\$ 320,733	\$ 320,733
Unassigned	1,224,613	1,342,794	994,535	994,535
Total general fund	\$ 1,784,768	\$ 1,832,277	\$ 1,315,268	\$ 1,315,268
All other Governmental Funds				
Nonspendable	\$ 21,504	\$ 21,504	\$ 21,504	\$ 21,504
Restricted	782,876	247,413	331,132	331,132
Assigned	-	413,992	295,901	295,901
Total all other governmental funds	\$ 804,380	\$ 682,909	\$ 648,537	\$ 648,537

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 313,001	\$ 359,789	\$ 392,000	\$ 300,652	\$ 283,208	\$ 266,222
898,161	911,690	794,610	781,402	702,080	682,781
\$ 1,211,162	\$ 1,271,479	\$ 1,186,610	\$ 1,082,054	\$ 985,288	\$ 949,003
\$ 21,504	\$ 10,041	\$ 10,041	\$ 10,041	\$ 10,041	\$ 4,974
243,913	239,978	434,893	322,950	240,172	204,810
255,852	211,308	196,634	199,537	220,359	203,134
\$ 521,269	\$ 461,327	\$ 641,568	\$ 532,528	\$ 470,572	\$ 412,918

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Amounts in thousands)

	Fiscal Year			
	2025	2024	2023	2022
REVENUES:				
Real and personal property taxes	\$ 3,335,120	\$ 3,168,503	\$ 2,989,006	\$ 2,819,773
Excises	327,109	328,319	298,106	210,808
Payments in lieu of taxes	93,737	87,286	103,315	92,008
Fines	65,966	60,430	60,429	61,591
Investment Income	143,432	189,179	104,899	4,686
Licenses and permits	66,933	78,651	102,278	84,859
Departmental and other	209,518	188,104	192,862	193,580
Intergovernmental	1,499,705	1,510,128	1,346,974	1,208,707
Total revenues	5,741,520	5,610,600	5,197,869	4,676,012
EXPENDITURES:				
General government	311,373	201,627	218,842	192,291
Human services	67,264	59,331	58,023	53,501
Public safety	990,932	963,328	844,981	826,121
Public works	176,495	145,974	133,269	136,647
Property and development	374,413	281,508	285,144	242,249
Parks and recreation	49,734	44,802	38,816	35,117
Library	53,458	51,377	48,353	44,419
Schools	1,896,506	1,744,089	1,637,892	1,509,522
Public health programs	146,927	148,637	140,380	136,193
Judgments and claims	19,977	14,080	27,031	30,239
Retirement costs	720,591	657,255	565,815	502,585
Other employee benefits	289,092	262,055	259,465	258,112
State and district assessments	381,016	370,830	354,900	332,586
Capital outlays	578,896	606,825	410,688	394,480
Debt service:				
Principal	193,503	171,957	139,768	138,878
Interest	75,561	70,104	60,955	49,583
Total Expenditures	6,325,738	5,793,779	5,224,322	4,882,523
Excess (deficiency) of revenues over (under) expenditures	(584,218)	(183,179)	(26,453)	(206,511)
OTHER FINANCING SOURCES (USES):				
Long-term debt and leases issued	118,068	312,558	397,383	375,675
Issuance of refunding bonds	464,170	-	-	-
Payments to refunded bonds escrow agent	38,452	-	-	-
Proceeds from sale of property	-	-	-	-
Premiums on long-term debt issued	37,490	-	51,072	62,210
Total other financing sources (uses)	658,180	312,558	448,455	437,885
Net change in fund balances	\$ 73,962	\$ 129,379	\$ 422,002	\$ 231,374
Debt Service as a percentage of noncapital expenditures	4.61%	4.64%	4.35%	4.38%

							Fiscal Year					
2021		2020		2019		2018		2017		2016		
\$	2,650,094	\$	2,498,435	\$	2,344,686	\$	2,221,877	\$	2,079,693	\$	1,967,687	
	114,411		241,768		256,229		243,581		212,797		236,263	
	88,615		72,349		87,018		84,940		80,501		90,215	
	52,302		67,367		73,792		63,279		63,046		65,223	
	26,216		34,230		35,974		21,534		10,396		1,713	
	68,272		88,471		82,881		74,356		84,682		70,191	
	143,001		186,826		177,945		176,731		154,333		134,701	
	1,022,654		961,630		894,522		874,737		856,911		827,100	
	4,165,565		4,151,076		3,953,047		3,761,035		3,542,359		3,393,093	
	181,583		207,793		130,774		106,048		99,007		92,429	
	45,211		41,561		42,909		43,976		39,751		40,482	
	773,699		787,128		750,072		711,621		677,471		640,599	
	123,469		118,424		113,236		121,834		114,593		116,787	
	169,778		125,180		125,199		127,027		136,177		102,751	
	31,096		33,104		28,313		30,130		24,509		23,378	
	43,491		41,624		40,734		38,477		38,971		36,641	
	1,374,621		1,302,764		1,271,813		1,237,390		1,188,114		1,143,249	
	117,678		95,853		88,527		83,269		79,369		80,525	
	11,477		11,670		1,202		7,693		3,766		1,100	
	473,494		447,159		400,973		356,251		347,402		309,083	
	262,997		259,420		264,832		261,377		247,965		236,661	
	320,220		299,740		283,360		267,205		244,320		234,450	
	356,601		275,339		263,416		233,995		233,690		234,126	
	124,514		126,553		126,469		122,041		117,527		109,825	
	51,495		57,032		56,256		54,199		53,604		54,883	
	4,461,424		4,230,344		3,988,085		3,802,533		3,646,236		3,456,969	
	(295,859)		(79,268)		(35,038)		(41,498)		(103,877)		(63,876)	
	205,418		15,998		165,836		176,698		181,935		181,193	
	91,405		82,590		-		-		58,370		8,100	
	(95,934)		(82,481)		-		-		(65,799)		(9,487)	
	-		-		57,000		-		-		-	
	34,910		-		25,798		23,522		23,310		23,059	
	235,799		16,107		248,634		200,220		197,816		202,865	
\$	(60,060)	\$	(63,161)	\$	213,596	\$	158,722	\$	93,939	\$	138,989	
	4.48%		4.87%		5.16%		5.20%		5.28%		5.39%	

ASSESSED AND ESTIMATED ACTUAL VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Real Property			Personal Property	Total Assessed Value ⁽¹⁾	Total Direct Tax Rate (b) (c)
	Residential Value (a)	Commercial Value	Industrial Value	Assessed Value		
2025	\$ 154,028,711	\$ 61,184,889	\$ 1,475,114	\$ 9,686,180	\$ 226,374,894	16.18
2024	147,244,423	63,034,630	1,403,467	9,170,651	220,853,171	15.69
2023	141,541,580	60,779,084	1,427,979	8,468,831	212,217,474	15.38
2022	131,900,982	56,788,448	1,313,021	7,824,465	197,826,916	15.58
2021	127,136,166	54,632,351	1,251,386	7,633,024	190,652,927	15.29
2020	115,818,106	51,958,596	1,153,868	7,268,332	176,198,902	15.48
2019	107,628,598	49,035,301	1,206,341	6,643,880	164,514,120	15.52
2018	99,885,328	46,615,297	1,187,339	6,237,993	153,925,958	15.65
2017	93,462,191	43,571,094	1,103,888	5,804,774	143,941,947	15.77
2016	83,719,423	38,031,832	908,352	5,387,474	128,047,081	16.47

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

(a) Exempt residential properties not included.

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

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

Source: City of Boston Assessing Department

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

Last Ten Fiscal Years

Fiscal Year	Class	City General	Total	% Change	Total Direct ⁽³⁾
2025	Residential	\$ 11.58	\$ 11.58	0.7 %	\$ 15.68
	C.I.P.	25.96	25.96	0.7 %	
2024	Residential	10.90	10.90	0.2 %	15.68
	C.I.P.	25.27	25.27	0.6 %	
2023	Residential	10.74	10.74	(0.1) %	15.38
	C.I.P.	24.68	24.68	(0.3) %	
2022	Residential	10.88	10.88	0.2 %	15.58
	C.I.P.	24.98	24.98	0.4 %	
2021	Residential	10.67	10.67	0.1 %	15.29
	C.I.P.	24.55	24.55	(0.4) %	
2020	Residential	10.56	10.56	0.2 %	15.48
	C.I.P.	24.92	24.92	(0.3) %	
2019	Residential	10.54	10.54	0.6 %	15.52
	C.I.P.	25.00	25.00	(0.8) %	
2018	Residential	10.48	10.48	(1.0) %	15.65
	C.I.P.	25.20	25.20	(0.7) %	
2017	Residential	10.59	10.59	(3.7) %	15.77
	C.I.P.	25.37	25.37	(5.4) %	
2016	Residential	11.00	11.00	(9.2) %	15.77
	C.I.P.	26.81	26.81	(9.2) %	

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

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

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

Source: City of Boston Assessing Department

LARGEST PRINCIPAL TAXPAYERS ^{(1) (2)}

Current and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Boston Properties	4,448,992,386	2	2.36%	\$ 2,822,105,870	1	2.55%
Eversource	-		1.63%	1,904,698,160	3	1.72%
Oxford Properties	2,163,947,450	3	1.07%			
Rockpoint Group	1,730,672,160	6	0.93%			
Tishman Speyer Properties	1,973,284,396	4	0.93%	968,373,900	5	0.87%
Nuveen	1,540,667,610	7	0.82%			
Equity Residential	1,747,314,520	5	0.82%			
PGIM Real Estate fka Fort Hill Associates	-		0.68%	741,407,690	6	0.67%
WS Development	1,443,159,337	8	0.63%			
Samuels & Associates	1,352,184,650	10	0.62%			
Blackstone Real Estate Partners				2,381,052,430	2	2.15%
Teacher’s Insurance and Annuity Association				986,561,000	4	0.89%
Fallon Company/MA Mutual				669,169,400	7	0.60%
Liberty Mutual				519,264,177	9	0.47%
John Hancock Financial				527,727,020	8	0.48%
Beacon Capital				506,317,390	10	0.46%
National Grid	4,741,467,627	1				
Related Beal	1,424,383,668	9				
	<u>\$ 22,566,073,804</u>		<u>10.50%</u>	<u>\$ 12,026,677,037</u>		<u>10.86%</u>

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

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

Source: City of Boston Assessing and Treasury Departments

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(amounts in millions)

Fiscal Year	Tax Levy			Tax Levy Collected within Year of Levy			Tax Levy Net of Refunds Collected as of June 30, 2025		
	Gross ⁽¹⁾	Net	% Net Gross	Gross Amount	% Gross Amount	% Net Levy	Net Amount	% Gross Levy	Net % Levy
2025	\$ 3,358.5	\$ 3,325.5	99.0%	\$ 3,337.4	99.4%	100.4%	\$ 3,328.5	99.9%	100.1%
2024	3,188.9	3,136.9	98.4	3,173.3	99.5	101.2	3,163.1	99.2	100.8
2023	2,996.1	2,966.3	99.0	3,001.1	100.2	101.2	2,971.1	99.2	100.2
2022	2,826.2	2,793.0	98.8	2,809.3	99.4	100.6	2,801.0	99.1	100.3
2021	2,678.1	2,674.4	99.9	2,665.8	99.5	99.7	2,647.5	98.9	99.0
2020	2,512.0	2,464.7	98.1	2,496.0	99.4	101.3	2,480.8	98.8	100.7
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

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

Source: City of Boston Treasury Department

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Amounts in thousands, except per capita amount)

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Notes Payable ⁽¹⁾	Equipment Financing Payable	Leases	Subscription IT Arrangements
2025	\$ 2,203,613	\$ 16,117	\$ 80,615	\$ 109,128	\$ 17,846
2024	1,947,532	17,110	76,948	21,520	15,210
2023	1,907,077	18,069	74,545	15,587	12,521
2022	1,661,956	20,286	67,863	16,372	-
2021	1,418,056	21,725	61,608	-	-
2020	1,348,339	23,308	56,410	-	-
2019	1,491,091	65,822	64,096	-	-
2018	1,457,450	67,398	69,626	-	-
2017	1,416,971	74,266	69,465	-	-
2016	1,395,367	76,619	62,266	-	-

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

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

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

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

	Total Primary Government	% of Total Personal Income ⁽²⁾	Per Capita ⁽³⁾
\$	2,427,319	3.6%	3,388.62
	2,078,320	6.54	3,178.67
	2,027,799	5.36	2,932.33
	1,766,477	5.15	2,530.77
	1,501,389	4.42	2,171.11
	1,428,057	4.73	2,052.02
	1,621,009	5.37	2,329.28
	1,594,474	5.28	2,291.15
	1,560,702	5.41	2,285.02
	1,534,252	5.55	2,280.26

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

Last Ten Fiscal Years

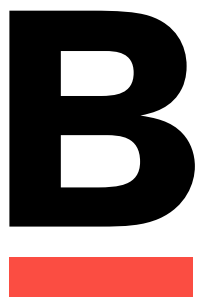
(Amounts in thousands, except per capita amount)

Calendar Year	General Bonded Debt Outstanding	Assessed Value ⁽¹⁾	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita ⁽²⁾
2025	\$ 2,203,613	\$ 226,374,894	1.0%	\$ 3,076.32
2024	1,947,532	220,853,171	0.9	2,816.26
2023	1,907,077	212,217,474	0.9	2,757.76
2022	1,661,956	197,826,916	0.8	2,403.30
2021	1,418,056	190,652,927	0.7	2,050.60
2020	1,348,339	176,198,902	0.8	1,937.47
2019	1,491,091	164,514,120	0.9	2,142.60
2018	1,457,450	153,925,958	1.0	2,094.26
2017	1,416,971	143,941,947	1.0	2,074.58
2016	1,395,367	128,047,081	1.1	2,073.85

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

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

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LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Amounts in thousands)

	2025	2024	2023	2022	2021
Debt limit	\$ 11,318,383	\$ 11,318,383	\$ 11,318,383	\$ 10,194,726	\$ 10,194,726
Total net debt applicable to limit	3,692,465	4,223,827	3,455,346	3,071,258	2,869,764
Legal debt margin	\$ 7,625,918	\$ 7,094,556	\$ 7,863,037	\$ 7,123,468	\$ 7,324,962
Total net debt applicable to the limit as a percentage of debt limit	32.62%	37.32%	30.53%	30.13%	28.15%

Legal Debt margin Calculation for Fiscal Year 2024

Fiscal year 2023 equalized valuation, 2024 ⁽¹⁾	\$ 226,367,657
Debit limit (5% of assessed value) ⁽²⁾	11,318,383
Debit applicable to limit:	
General obligation bonds	(1,480,334)
Total authorized/unissued	(1,789,512)
Total debt outstanding plus authorized/unissued	(3,269,846)
Less new authorization adjustments approved through June 30, 2023	(422,619)
Amount within debt limit	-
Debt incurring capacity as of June 30, 2025	\$ 7,625,918

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

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

⁽³⁾ The debt authorized but unissued as of June 30, 2024 and City Council authorizations during fiscal year 2025 are reported for purposes of the computation of legal debt margin within the Normal Debt Limit.

Source: City of Boston Office of Budget Management

2020		2019		2018		2017		2016	
\$	8,989,652	\$	8,989,652	\$	7,178,810	\$	7,178,810	\$	5,540,530
	2,470,631		2,311,238		2,122,823		1,913,350		1,809,054
\$	6,519,021	\$	6,678,414	\$	5,055,987	\$	5,265,460	\$	3,731,476
	27.48%		25.71%		29.57%		26.65%		32.65%

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Fiscal Year	Population ⁽¹⁾	Total Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income	Unemployment Rate ⁽³⁾
2025	716,314	N/A	N/A	N/A
2024	712,413	673,458	N/A	3.9
2023	653,833	31,790,129	48,622	3.2
2022	650,706	37,822,286	58,125	3.6
2021	654,776	32,959,460	50,337	5.8
2020	691,531	*N/A	*N/A	9.2
2019	694,295	34,005,181	48,978	2.6
2018	695,926	30,180,223	43,367	3
2017	683,015	28,847,822	42,236	3.4
2016	672,840	27,625,465	40,237	3.4

N/A = Information not available for this fiscal year

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

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

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

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

PRINCIPAL EMPLOYERS

Current and Nine Years Ago

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Massachusetts General Hospital	19,418	1	2.84%	16,485	1	2.18%
Brigham and Women's Hospital	14,858	2	2.18%	12,070	2	1.59%
Boston University	10,674	3	1.56%	9,980	3	1.32%
Boston Children's Hospital	10,006	4	1.47%	7,910	4	1.04%
Beth Israel Deaconess Medical Center	8,835	5	1.29%	7,355	6	0.97%
Northeastern University*	7,982	6	1.17%	5,295	8	0.70%
Boston Medical Center	7,500	7	1.10%	4,395	10	0.58%
Dana-Farber Cancer Institute	6,754	8	0.99%			
Harvard University Graduate Schools	6,331	9	0.93%	5,680	7	0.75%
Fidelity Investments	6,310	10	0.92%	5,100	9	0.67%
State Street Bank & Trust Company	-		0.00%	7,500	5	0.99%
Total	98,668		14.45%	81,770		10.79%
Total Boston Employment **	682,756					

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

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

Fidelity reports employment by state, not by city.

* Boston's total payroll and non-payroll employment for 2023

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

Last Ten Fiscal Years

	Fiscal Year				
	2025	2024	2023	2022	2021
CITY-FUNDED:					
Public safety ⁽²⁾	4,335	4,330	4,287	4,369	4,460
Public works	325	305	308	331	349
Other city departments ⁽³⁾	3,223	2,900	2,755	2,641	2,727
Boston Public Health Commission ⁽⁴⁾	936	862	824	857	872
Schools	10,609	10,050	9,623	9,559	9,528
Total city-funded	19,428	18,447	17,797	17,757	17,936
GRANT-FUNDED:					
Schools	784	1,394	1,096	756	621
All others ⁽⁵⁾	431	345	343	284	299
Total grant-funded	1,215	1,739	1,439	1,040	920
Total employees	20,643	20,186	19,236	18,797	18,856

⁽¹⁾ The methodology used in compiling this data was established jointly by the City and the Boston Municipal Research Bureau.

⁽²⁾ Public Safety includes the Police Department and the Fire Department and starting in FY15 the Office of Emergency Management

⁽³⁾ Includes Boston State Retirement System funded solely from the investment income account of the system.

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

⁽⁵⁾ All Suffolk County Registry of Deedsemployees became employees of the Commonwealth as of July 1, 1999.

⁽⁶⁾ Does not include grants managed by the Boston Public Health Commission.

Source: City of Boston Office of Budget Management

Fiscal Year					
2020	2019	2018	2017	2016	
4,518	4,476	4,442	4,501	4,456	
358	357	362	373	377	
2,715	2,708	2,730	2,688	2,650	
847	832	845	827	777	
9,303	9,249	9,005	8,782	8,746	
17,741	17,622	17,384	17,171	17,006	
654	636	595	610	656	
287	270	358	385	370	
941	906	953	995	1,026	
18,682	18,528	18,337	18,166	18,032	

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
Police					
Service calls answered	248,826	572,844	634,765	572,844	598,470
Moving/traffic violations	22,594	14,027	19,640	26,354	28,519
Parking violations as of June 30	1,088,917	994,836	1,004,736	1,080,858	908,581
Fire					
Calls answered	94,663	96,823	93,301	85,572	75,346
Inspections conducted	12,144	13,435	23,804	22,530	21,614
Library					
Personnel full-time	469	452	445	407	400
Personnel part-time	34	37	36	28	38
Central and branch libraries	26	26	26	26	26
Books, audio and video materials, newspapers, and magazines in circulation	4,769,297	4,129,864	4,148,898	4,382,562	3,898,416
Library cards in force	578,743	497,557	450,902	590,793	504,138
Schools					
Student enrollment as of June 30	48,946	46,583	48,927	49,970	51,434
Streets, sidewalks, and bridges					
Streets in miles	988	988	988	988	988
Hospitals					
Births as of June 30	9,973	10,069	20,303	21,015	20,340
Deaths as of June 30	4,339	4,098	8,001	8,561	8,347

Source: City of Boston Auditing Department

Fiscal Year				
2020	2019	2018	2017	2016
568,707	497,728	494,226	516,741	408,144
61,731	103,485	92,111	95,865	107,204
1,067,501	1,289,023	1,414,184	1,358,385	1,346,400
84,357	83,173	86,103	85,598	82,438
21,350	25,896	24,009	24,332	25,519
416	410	411	411	413
36	43	45	45	50
26	26	25	25	24
3,629,323	4,223,612	3,806,215	3,796,379	3,707,607
383,240	332,468	292,763	281,439	268,275
53,094	54,300	55,594	56,433	56,531
988	988	988	988	988
20,532	20,217	20,686	20,089	20,968
8,771	7,763	7,790	7,526	7,383

CAPITAL ASSET STATISTICS BY DEPARTMENT

Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2025	2024	2023	2022	2021
Police					
Officers and personnel	2,923	2,828	2,754	2,857	2,883
Stations	11	11	11	11	11
Fire					
Officers and personnel	1,535	1,522	1,604	1,650	1,644
Stations	34	33	35	34	34
Parks and Recreation					
Personnel (Parks Division)	362	236	212	253	255
Neighborhood (city) parks	294	285	266	258	258
Neighborhood (city) playgrounds – Tot Lots	144	144	140	137	137
Community Centers – (BCYF operated)	28	28	29	29	30
Golf courses	2	2	2	2	2
Swimming pools (BCYF operated)	18	18	18	18	20
Tennis courts	68	71	70	64	64
Public Education					
Total number of Boston Public Schools employees	13,486	13,283	10,386	9,987	10,149
Total number of schools	114	115	115	121	123
Public Works					
Traffic signals (signalized intersections)	900	900	896	886	883
Parking meters (approximately)	5,689	5,812	6,018	5,960	6,258
Bridges	39	39	40	40	40
Hospitals					
Number of hospitals	18	20	20	20	20
Patient beds	6,116	6,234	6,234	6,152	6,140

Source: City of Boston Auditing Department

Fiscal Year					
2020	2019	2018	2017	2016	
2,754	2,936	2,869	2,896	2,895	
11	11	11	11	11	
1,855	1,649	1,652	1,623	1,618	
34	34	34	35	35	
298	274	269	280	251	
257	257	257	258	251	
137	137	132	131	129	
28	36	36	30	29	
2	2	2	2	2	
17	19	19	18	18	
55	58	65	65	65	
10,380	10,695	10,344	10,255	9,634	
125	125	125	124	125	
847	872	866	859	854	
6,603	6,736	6,722	6,420	7,626	
40	40	40	40	40	
20	19	19	20	20	
6,113	6,108	6,053	6,021	5,227	

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EXHIBIT II

Schedules of Comparative Financial Statements for Fiscal Years 2021 - 2025

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, 2025, 2024, 2023, 2022, and 2021 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, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS:					
Cash and investments.....	\$ 1,977,093	\$ 2,037,489	\$ 1,928,611	\$ 1,642,616	\$ 1,466,932
Receivables :					
Property taxes.....	29,959	25,751	24,985	25,241	30,574
Motor vehicle/boat excise.....	37,340	42,583	33,659	32,749	29,559
Intergovernmental.....	1,412	10,186	9,595	12,912	335
Departmental and other.....	32,933	33,100	29,243	23,660	18,855
Tax title and possession.....	71,852	72,597	73,384	70,583	72,064
Total receivables.....	<u>173,496</u>	<u>184,217</u>	<u>170,866</u>	<u>151,387</u>	<u>154,231</u>
Allowance:					
Motor vehicle/boat excise.....	(27,969)	(27,212)	(24,896)	(23,835)	(22,892)
Tax title and possession.....	(71,853)	(72,596)	(72,404)	(70,582)	(72,064)
Total allowances.....	<u>(99,822)</u>	<u>(99,808)</u>	<u>(97,300)</u>	<u>(94,956)</u>	<u>(84,808)</u>
Net receivable.....	<u>73,674</u>	<u>84,409</u>	<u>73,566</u>	<u>56,431</u>	<u>69,423</u>
Due from other funds.....	291	839	927	1,131	1,964
Due from component units.....	3,050	98	3,511	5,667	6,454
Total assets.....	<u>\$ 2,054,108</u>	<u>\$ 2,122,835</u>	<u>\$ 2,006,615</u>	<u>\$ 1,531,781</u>	<u>\$ 1,597,292</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 64,490	\$ 67,423	\$ 57,117	\$ 64,618	\$ 64,277
Accrued liabilities:					
Payroll and related costs.....	132,096	149,573	268,041	260,631	185,196
Deposits and other.....	32,249	31,778	30,503	37,770	37,363
Due to other funds.....	1,053	352	796	168	172
Due to component units.....	691	2,180	3,178	1,039	2,486
Total liabilities.....	<u>\$ 230,579</u>	<u>\$ 251,306</u>	<u>\$ 359,635</u>	<u>\$ 364,226</u>	<u>\$ 289,494</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	38,761	39,252	38,745	40,648	31,125
Total fund balance.....	<u>1,784,768</u>	<u>1,832,277</u>	<u>1,606,956</u>	<u>1,315,268</u>	<u>1,211,162</u>
Total liabilities, deferred inflows of resources and fund balance.....	<u>\$ 2,054,108</u>	<u>\$ 2,122,835</u>	<u>\$ 2,005,336</u>	<u>\$ 1,720,142</u>	<u>\$ 1,531,781</u>

City of Boston

General Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	2025	2024	2023	2022	2021
REVENUES:					
Local:					
Real and personal property taxes.....	3,334,967	3,168,381	2,988,917	2,819,651	2,650,040
Excises.....	327,077	328,318	298,077	210,808	114,411
Payments in lieu of taxes.....	93,737	87,286	103,315	92,008	88,615
Fines.....	65,957	60,429	60,429	61,591	52,302
Investment income.....	119,019	162,717	88,404	4,482	3,615
Licenses and permits.....	66,911	78,625	102,244	84,825	67,977
Departmental and other.....	117,283	108,173	109,001	124,563	60,555
Total local revenues.....	<u>4,124,951</u>	<u>3,993,929</u>	<u>3,750,387</u>	<u>3,397,928</u>	<u>3,037,515</u>
Intergovernmental:					
Intergovernmental.....	799,909	738,321	690,938	649,471	619,709
Total intergovernmental revenues.....	<u>799,909</u>	<u>738,321</u>	<u>690,938</u>	<u>649,471</u>	<u>619,709</u>
Total revenues.....	<u>4,924,860</u>	<u>4,732,250</u>	<u>4,441,325</u>	<u>4,047,399</u>	<u>3,657,224</u>
EXPENDITURES:					
Current:					
General government.....	188,494	157,070	154,252	123,041	122,106
Human services.....	48,096	45,171	40,938	36,961	34,010
Public safety.....	950,595	914,787	809,042	797,386	735,254
Public works.....	163,534	136,535	125,102	130,807	116,862
Property and development.....	164,966	53,176	41,491	37,327	32,631
Parks and recreation.....	40,198	37,641	33,905	33,019	29,118
Library.....	48,397	46,966	44,041	41,098	39,422
Schools.....	1,622,394	1,362,179	1,357,011	1,324,486	1,234,353
Public health programs.....	135,304	130,350	126,875	116,705	106,715
Judgments and claims.....	19,977	14,080	27,031	30,239	11,477
Retirement costs.....	720,591	657,255	565,815	502,585	473,494
Other employee benefits.....	289,092	262,055	259,465	258,112	260,997
State and district assessments.....	381,016	370,830	354,900	332,586	320,220
Capital outlays.....	13,156	29,208	18,601	24,269	19,210
Debt Service.....	249,064	242,061	200,723	188,461	176,009
Total expenditures.....	<u>5,034,874</u>	<u>4,459,364</u>	<u>4,159,192</u>	<u>3,977,082</u>	<u>3,711,878</u>
Excess (deficiencies) of revenues over expenditures.....	<u>(110,014)</u>	<u>272,886</u>	<u>282,133</u>	<u>70,317</u>	<u>(54,654)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in.....		0	40,000	55,000	20,000
Transfers out.....	(48,520)	(73,373)	(42,159)	(30,995)	(25,663)
Leases issued.....	111,025	25,808	11,714	9,784	-
Total other financing uses, net.....	<u>62,505</u>	<u>(47,565)</u>	<u>9,555</u>	<u>33,789</u>	<u>(5,663)</u>
Net change in fund balances.....	(47,509)	225,321	291,688	104,106	(60,317)
Fund balance, beginning of year.....	1,832,277	1,606,956	1,315,268	1,211,162	1,271,479
Fund balance, end of year.....	<u>\$ 1,784,768</u>	<u>\$ 1,832,277</u>	<u>\$ 1,606,956</u>	<u>\$ 1,315,268</u>	<u>\$ 1,211,162</u>

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City of Boston

General Fund - Budgetary Basis

Statements of Revenues and Expenditures
Encumbrances and Prior Years' Deficit Raised - Budget to Actual
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021

(in thousands)

	2025			2024			2023		
	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
Revenues, Transfers and Other Available Funds:									
Real and personal property taxes, net.....	\$ 3,324,989	\$ 3,325,375	\$ 386	\$ 3,136,712	\$ 3,136,943	\$ 231	\$ 2,963,299	\$ 2,969,073	\$ 5,774
Excises.....	286,300	326,004	39,704	259,400	328,302	68,902	161,275	298,136	136,861
Commonwealth of Massachusetts.....	516,054	510,787	(5,267)	516,342	502,978	(13,364)	508,686	493,969	(14,717)
Departmental and other revenue.....	92,444	112,386	19,942	79,185	107,743	28,558	69,913	100,140	30,227
Fines.....	59,000	65,989	6,989	55,815	60,290	4,475	54,165	60,630	6,465
Payments in lieu of taxes.....	79,500	93,589	14,089	68,465	88,580	20,115	66,499	102,298	35,799
Investment income.....	86,700	118,971	32,271	29,004	162,661	133,657	3,000	88,335	85,335
Licenses and permits.....	73,900	68,056	(5,844)	76,290	81,548	5,258	64,935	99,392	34,457
Miscellaneous.....	-	-	-	-	-	-	267	267	-
Transfers from other available funds.....	180,950	110,000	(70,950)	70,950	-	(70,950)	110,950	40,000	(70,950)
Intergovernmental.....	42,364	28,245	(14,119)	-	-	-	-	-	-
Total revenues, transfers and other available funds.....	4,742,201	4,759,402	17,201	4,292,163	4,469,045	176,882	4,002,989	4,252,240	249,251
Expenditures and Encumbrances:									
General government.....	269,888	214,666	55,222	174,637	174,628	9	190,784	190,784	-
Human services.....	54,398	49,417	4,981	49,374	49,374	-	41,368	41,368	-
Public safety.....	879,739	935,516	(55,777)	855,529	925,499	(69,970)	755,774	785,717	(29,943)
Public works.....	157,057	166,690	(9,633)	142,353	142,352	1	134,889	134,889	-
Property and development.....	216,194	214,981	1,213	96,610	96,610	-	79,719	79,719	-
Parks and recreation.....	42,342	41,383	959	39,700	39,650	50	42,155	42,031	124
Library.....	50,631	48,924	1,707	46,885	46,885	-	44,106	43,962	144
Schools.....	1,568,264	1,568,264	-	1,445,875	1,445,846	29	1,379,457	1,379,456	1
Boston Public Health Commission.....	140,279	140,279	-	131,565	131,565	-	120,802	120,802	-
Judgments and claims.....	2,000	6,187	(4,187)	5,000	24,103	(19,103)	5,000	32,026	(27,026)
Other employee benefits.....	294,453	293,484	969	267,430	267,430	-	268,302	268,302	-
Retirement costs.....	427,483	427,483	-	427,281	427,281	-	387,491	387,491	-
Debt requirements.....	248,846	248,846	-	239,094	239,094	-	198,243	198,243	-
State and district assessments.....	390,627	381,015	9,612	370,830	370,830	-	354,899	354,899	-
Total expenditures.....	4,742,201	4,737,135	5,066	4,292,163	4,381,147	(88,984)	4,002,989	4,059,689	(56,700)
Excess of revenues available for appropriation over expenditures.....	\$ -	\$ 22,267	\$ 22,267	\$ -	\$ 87,898	\$ 87,898	\$ -	\$ 192,551	\$ 192,551

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

(continued)

City of Boston

General Fund - Budgetary Basis

Statements of Revenues and Expenditures
Encumbrances and Prior Years' Deficit Raised - Budget to Actual
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021

(in thousands)

2022			2021		
Budget	Actual	Variance Fav. (Unfav.)	Budget	Actual	Variance Fav. (Unfav.)
\$ 2,790,149	\$ 2,793,795	\$ 3,646	\$ 2,671,124	\$ 2,676,286	\$ 5,162
126,140	210,697	84,557	134,540	116,340	(18,200)
478,914	469,990	(8,924)	455,736	468,819	13,083
65,536	96,108	30,572	67,926	77,569	9,643
51,800	61,754	9,954	60,953	52,153	(8,800)
67,350	91,837	24,487	67,978	88,674	20,696
2,800	4,429	1,629	4,000	3,615	(385)
62,370	84,032	21,662	61,960	67,332	5,372
267	267	-	267	267	-
125,950	55,000	(70,950)	70,950	60,000	(10,950)
<u>3,771,276</u>	<u>3,867,909</u>	<u>96,633</u>	<u>3,595,434</u>	<u>3,611,055</u>	<u>15,621</u>
187,172	186,040	1,132	131,671	128,508	3,163
37,095	37,088	7	38,008	36,027	1,981
751,129	784,791	(33,662)	743,251	757,279	(14,028)
126,392	133,199	(6,807)	121,063	118,229	2,834
70,967	70,966	1	60,892	59,441	1,451
39,283	39,135	148	31,305	31,245	60
42,243	40,924	1,319	41,387	39,841	1,546
1,294,720	1,294,706	14	1,260,490	1,260,465	25
114,802	114,802	-	106,474	106,474	-
5,000	34,509	(29,509)	5,000	5,791	(791)
258,778	258,778	-	264,958	264,719	239
327,014	327,014	-	295,519	295,518	1
184,093	184,093	-	175,194	171,971	3,223
332,585	332,585	-	320,222	320,221	1
<u>3,771,273</u>	<u>3,838,630</u>	<u>(67,357)</u>	<u>3,595,434</u>	<u>3,595,729</u>	<u>(295)</u>
<u>\$ 3</u>	<u>\$ 29,279</u>	<u>\$ 29,276</u>	<u>\$ -</u>	<u>\$ 15,326</u>	<u>\$ 15,326</u>

City of Boston

Special Revenue Fund

Balance Sheets
June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
ASSETS:					
Cash and investments.....	\$ 545,205	\$ 623,197	\$ 692,131	\$ 824,523	\$ 597,206
Receivables, net:					
Intergovernmental.....	244,951	263,316	168,968	100,644	105,648
Departmental and other.....	20,755	20,019	22,070	21,679	21,871
Total receivables.....	<u>265,706</u>	<u>283,335</u>	<u>191,038</u>	<u>122,323</u>	<u>127,519</u>
Due from other funds.....	1,631	3,322	3,384	2,370	3,888
Total assets.....	<u>\$ 812,542</u>	<u>\$ 909,854</u>	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>
LIABILITIES:					
Warrants and accounts payable.....	\$ 64,552	\$ 64,195	\$ 36,218	\$ 37,420	\$ 39,581
Accrued liabilities:					
Payroll and related costs.....	719	116	-	4,626	-
Deposits and other.....	78,661	85,140	91,534	96,720	86,883
Unearned revenue.....	180,278	304,755	382,919	472,272	282,718
Due to other funds.....	794	3,671	3,163	3,100	4,903
Total liabilities.....	<u>325,004</u>	<u>457,877</u>	<u>513,834</u>	<u>614,138</u>	<u>414,085</u>
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	971	1,617	1,963	2,527	-
FUND BALANCES:					
Restricted.....	486,567	36,368	36,498	36,650	58,676
Assigned.....		413,992	334,258	295,901	255,852
Total fund balance.....	<u>486,567</u>	<u>450,360</u>	<u>370,756</u>	<u>332,551</u>	<u>314,528</u>
Total liabilities and fund balance.....	<u>\$ 812,542</u>	<u>\$ 909,854</u>	<u>\$ 886,553</u>	<u>\$ 949,216</u>	<u>\$ 728,613</u>

City of Boston

Special Revenue Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	2025	2024	2023	2022	2021
REVENUES:					
Local:					
Real and Personal Taxes.....	\$ 153	\$ 122	\$ -	\$ -	\$ -
Excise.....	32	1	-	-	-
Fines.....	9	1	118	122	54
Investment income.....	4,118	3,015	1,687	171	81
Licenses and permits.....	22	26	34	34	295
Departmental and other.....	84,797	73,908	77,861	56,240	71,736
Total local revenues.....	89,131	77,073	79,700	56,567	72,166
Intergovernmental:					
Intergovernmental.....	621,673	732,826	616,802	526,551	365,007
Total intergovernmental revenues.....	621,673	732,826	616,802	526,551	365,007
Total revenues.....	710,804	809,899	696,502	583,118	437,173
EXPENDITURES:					
Current:					
General government.....	105,633	29,600	49,441	59,311	38,192
Human services.....	19,168	14,160	17,085	16,540	11,201
Public safety.....	40,337	48,541	35,939	28,735	38,445
Public works.....	12,961	9,439	8,167	5,840	6,607
Property & development.....	209,447	228,332	243,653	204,922	137,147
Parks and recreation.....	9,536	7,161	4,911	2,098	1,978
Library.....	5,061	4,411	4,312	3,321	4,069
Schools.....	274,112	381,910	280,881	185,036	140,268
Public health programs.....	11,623	18,287	13,505	19,488	10,963
Other employee benefits.....	-	-	-	-	2,000
Capital outlays.....	4,031	2,596	2,254	726	437
Total expenditures.....	691,909	744,437	660,148	526,017	391,307
Excess of revenues over expenditures.....	18,895	65,462	36,354	57,101	45,866
OTHER FINANCING SOURCES (USES):					
Leases & SBITAs GASB 87 & 96.....	831	-	-	-	-
Premiums on long-term debt issued.....	1,660	912	1,146	574	24,208
Transfers in, net.....	14,821	13,230	705	(39,652)	(52,941)
Total other financing uses, net.....	17,312	14,142	1,851	(39,078)	(28,733)
Net change in fund balances.....	36,207	79,604	38,205	18,023	17,133
Fund balance, beginning of year.....	450,360	370,756	332,551	314,528	297,395
Fund balance, end of year.....	\$ 486,567	\$ 450,360	\$ 370,756	\$ 332,551	\$ 314,528

City of Boston

**Capital Projects Fund
Balance Sheets**

**June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)**

	2025	2024	2023	2022	2021
ASSETS:					
Cash and investments.....	\$ 215,040	\$ 163,936	\$ 304,355	\$ 226,377	\$ 139,762
Cash and investments held by trustees.....	58,741	45,438	35,405	31,643	15,018
Intergovernmental receivable.....	51,566	32,565	18,731	12,350	12,448
Total assets.....	\$ 325,347	\$ 241,939	\$ 358,491	\$ 270,370	\$ 167,228
LIABILITIES:					
Warrants and accounts payable.....	\$ 100,801	\$ 127,417	\$ 69,657	\$ 75,972	\$ 70,792
Due to other funds.....		5	183	171	375
Payroll and related costs.....	5	1	-	55	-
Deposits and other.....	71				
Total liabilities.....	100,877	127,423	69,840	76,198	71,167
DEFERRED INFLOWS OF RESOURCES:					
Revenue not considered available and leases.....	42,677	27,510	11,222	1,739	9,692
FUND BALANCES:					
Restricted.....	181,793	87,006	277,429	192,433	86,369
Total fund balance.....	181,793	87,006	277,429	192,433	86,369
Total liabilities and fund balance.....	\$ 325,347	\$ 241,939	\$ 358,491	\$ 270,370	\$ 167,228

City of Boston

Capital Projects Fund

Statements of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	2025	2024	2023	2022	2021
REVENUES:					
Deptamental and other.....	\$ 373				
Intergovernmental.....	\$ 78,123	\$ 38,981	\$ 39,234	\$ 33,830	\$ 37,938
Total revenues.....	<u>78,496</u>	<u>38,981</u>	<u>39,234</u>	<u>33,830</u>	<u>37,938</u>
EXPENDITURES:					
Capital outlays.....	561,709	575,021	424,833	369,485	336,954
Property & development.....		-	(35,000)	-	-
Total expenditures.....	<u>561,709</u>	<u>575,021</u>	<u>389,833</u>	<u>369,485</u>	<u>336,954</u>
Deficiency of revenues under expenditures.....	<u>(483,213)</u>	<u>(536,040)</u>	<u>(350,599)</u>	<u>(335,655)</u>	<u>(299,016)</u>
OTHER FINANCING SOURCES (USES):					
Leases & SBITAs GASB 87 & 96.....	6,212				
Long-term debt and leases issued.....	464,170	285,838	385,669	365,891	205,418
Lease purchase - revenue.....	38,452				
Refunding bonds issued.....		-	-	-	91,405
Payments to escrow agent.....		-	-	-	(95,934)
Premiums on long-term debt issued.....	35,830		49,926	61,636	34,910
Proceeds from Sale of Property.....		-	-	-	-
Operating transfers, net	33,336	59,779		14,192	32,941
Total other financing sources, net.....	<u>578,000</u>	<u>345,617</u>	<u>435,595</u>	<u>441,719</u>	<u>268,740</u>
Net change in fund balances.....	94,787	(190,423)	84,996	106,064	(30,276)
Fund balance, beginning of year.....	87,006	277,429	192,433	86,369	116,645
Fund balance, end of year.....	<u>\$ 181,793</u>	<u>\$ 87,006</u>	<u>\$ 277,429</u>	<u>\$ 192,433</u>	<u>\$ 86,369</u>

City of Boston

Internal Service Fund

Balance Sheets
June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	2025	2024	2023	2022	2021
ASSETS:					
Cash and cash equivalents.....	\$ 69,029	\$ 91,864	\$ 82,412	\$ 85,020	\$ 114,521
Due from component unit.....		1,110	949	1,501	2,857
Other assets.....		768	14,022	11,848	10,455
Total assets.....	<u>\$ 69,029</u>	<u>\$ 93,742</u>	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>
LIABILITIES:					
Accrued Liabilities.....	\$ 57,446	\$ 32,657	\$ 26,698	\$ 30,562	\$ 30,818
Total liabilities.....	<u>57,446</u>	<u>32,657</u>	<u>26,698</u>	<u>30,562</u>	<u>30,818</u>
NET POSITION:					
Unrestricted.....	11,583	61,085	70,685	67,807	97,015
Total fund net position.....	<u>11,583</u>	<u>61,085</u>	<u>70,685</u>	<u>67,807</u>	<u>97,015</u>
Total liabilities and fund net position.....	<u>\$ 69,029</u>	<u>\$ 93,742</u>	<u>\$ 97,383</u>	<u>\$ 98,369</u>	<u>\$ 127,833</u>

City of Boston

Internal Service Fund

Statements of Revenues, Expenses, and Changes in Fund Net Position
Fiscal Years Ended June 30, 2025, 2024, 2023, 2022, and 2021
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES:					
Employee contributions.....	\$ 104,371	\$ 95,604	\$ 91,162	\$ 87,150	\$ 86,545
Employer contributions.....	<u>232,159</u>	<u>206,538</u>	<u>212,163</u>	<u>200,565</u>	<u>213,259</u>
Total revenues.....	<u>336,530</u>	<u>302,142</u>	<u>303,325</u>	<u>287,715</u>	<u>299,804</u>
EXPENSES:					
Health benefits.....	<u>386,032</u>	<u>311,742</u>	<u>300,447</u>	<u>316,923</u>	<u>303,709</u>
Total expenditures.....	<u>386,032</u>	<u>311,742</u>	<u>300,447</u>	<u>316,923</u>	<u>303,709</u>
Changes in net assets.....	(49,502)	(9,600)	2,878	(29,208)	(3,905)
Net position, beginning of year.....	<u>61,085</u>	<u>70,685</u>	<u>67,807</u>	<u>97,015</u>	<u>100,920</u>
Net position, end of year.....	<u>\$ 11,583</u>	<u>\$ 61,085</u>	<u>\$ 70,685</u>	<u>\$ 67,807</u>	<u>\$ 97,015</u>

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SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION

The following report has been prepared by the City of Boston Planning Department Research Division (the “Research Division”), for inclusion in the 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 Research Division or the City that such estimates will occur or as representation of fact or guarantees of results. Historical results or trends may not continue in the future.

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

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THE BOSTON ECONOMY

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

According to the U.S. Census Bureau’s 2020 Decennial Census, Boston’s population for 2020 was 675,647. The City successfully challenged the Census count of Boston’s group quarters population, providing evidence of 6,290 college dorm and prison residents missed by the Census. The Planning Department Research Division believes the household population was also undercounted and that Boston’s 2020 population was close to 700,000. According to the Massachusetts Executive Office of Labor and Workforce Development (EOLWD), Boston’s average monthly employment for January through September 2025 (three-quarter average) was 677,315, representing 18.7% of the total statewide payroll employment. This reflects a slight increase compared to the annual average monthly employment of 670,880 in 2019.

These data do not measure how often employees on payrolls at Boston establishments are reporting to work on-site in Boston, and the share working remotely for Boston companies is known to have risen dramatically post-pandemic. While the Research Division does not have direct measurement of the share of people working from home, cell phone mobility data indicates that visits to the City of Boston geography are down 2.6% in 2025 compared to 2019, and that visits to Downtown Boston are down 5.5% over that time period.¹

Overview of Recent Economic Conditions

Total employment grew in Boston at an average annual rate of 2.7% from 2010 through 2019, exceeding the national recovery from the Great Recession. With the onset of the COVID-19 pandemic, Boston’s unemployment rate skyrocketed from 2.7% in February 2020 to 16.1% in June 2020, well above the Great Recession peak of 8.4% reached in July 2009.² Boston’s economy began to recover in the summer of 2020 and as of December 2025 Boston’s unemployment rate had fallen to 4.6%. Approximately 18,181 Boston residents were unemployed as of December 2025. Boston’s average unemployment rate for 2025 was 4.7%, 0.4 percentage points above the national rate.³

Boston’s commercial real estate market rebounded from the Great Recession and showed strong growth until the beginning of the pandemic. Reduced demand for office space during the pandemic has led to an increase in office vacancies and increased the square footage on the sublease market. Utilization of office space in Boston has increased, but remote or hybrid office work trends continue. Boston’s direct vacancy rate for the fourth quarter of 2025 was 20% according to realty firm Jones Lang LaSalle (JLL), up 2.6 percentage points from the prior year, and still elevated from the 6.1% direct vacancy rate measured in the fourth quarter of 2019.

The residential real estate market has cooled in response to elevated interest rates, with sales volumes declining even as prices remain elevated. Median single-family home prices peaked at \$910,000 in the second quarter of 2025, according to the Mayor’s Office of Housing using Warren Group home sales data.

Decreased public health threats have allowed for a significant recovery in Boston’s employment and economic activity. Cell phone mobility data show that visits to Boston, which plummeted in the beginning of the pandemic, rebounded to 97.4% of 2019 levels in 2025.⁴ Adaptation to long term remote/hybrid office work trends poses a challenge for the City and its businesses. However, tourism, higher education, and life science research - areas of strength and specialization for Boston - have shown signs of recovery and growth. The full impact of the COVID-19 pandemic on the City, its economy, businesses and residents continues to evolve. Historical trends and data, especially pre-pandemic ones, are not necessarily predictive of future trends or outcomes. It is not possible yet to predict the long-term impact of the pandemic on the Boston and regional economy.

¹ Citydata.ai mobility data, Citydata provides modeled estimates of visitation rates to custom geographies based on robust samples of anonymized opt-in user location data through a GDPR and CPRA-compliant framework. Visits are defined as crossings from outside to inside the geography boundaries. Modeled estimates provided here exclude event-related visitation spikes and reflect typical daily visitation rates. City of Boston Planning Department Research Division Analysis. The mobility data data provider has changed from the 2025 Information Statement from Cuebiq to Citydata.

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

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

⁴ Citydata.ai mobility data, Citydata provides modeled estimates of visitation rates to custom geographies based on robust samples of anonymized opt-in user location data through a GDPR and CPRA-compliant framework. Visits are defined as crossings from outside to inside the geography boundaries. Modeled estimates provided here exclude event-related visitation spikes and reflect typical daily visitation rates. City of Boston Planning Department Research Division Analysis. The mobility data data provider has changed from the 2025 Information Statement from Cuebiq to Citydata.

Statistical Data

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

The Census Bureau publishes information about population, housing and the economy. The most recent Decennial Census data are from the 2020 Census. In addition, some monthly, quarterly and annual data are available through December 2025 on certain topics for the region, the Commonwealth, and Metropolitan Boston.⁵ The Census Bureau also publishes the American Community Survey (ACS), which provides data through 2024 on a citywide basis and by census tract.

The BEA publishes quarter and annual statistics on income and employment. The most recent annual figures for the nation, Massachusetts, and Suffolk County are for 2024.

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 2025.

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

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

Population

Boston’s population from the 2024 American Community Survey was 673,822, which represented a 9.1% increase from the 2010 Census but a 0.3% decrease from the 2020 Census official count. However, the Planning Department believes that both the 2020 Census and the 2024 American Community Survey significantly undercount Boston’s population. The Census Bureau’s 2024 population count for Metropolitan Boston was 5,025,517, representing an increase of 10.1% since 2010 and a 1.7% increase from 2020. Massachusetts’ 2024 American Community Survey enumeration was 7,136,171, a gain of 9.0% over the 2010 count and a 1.5% increase from 2020.

Table 1. Population of Massachusetts, Metropolitan Boston ⁽¹⁾ and the City of Boston 1990 to 2024

	1990	2000	2010	2020	2024	2010 to 2024 Compound Annual Growth
Massachusetts	6,016,425	6,349,097	6,547,629	7,029,917	7,136,171	0.6%
Metropolitan Boston ⁽¹⁾	4,133,895	4,391,344	4,552,402	4,941,632	5,025,517	0.7
City of Boston	574,283	589,141	617,594	675,647	673,822	0.6

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

Source: U.S. Census Bureau, 1990, 2000, 2010, and 2020 Decennial Censuses; and 2024 American Community Survey one-year estimate. Note: this number does not include the undercount of 6,290 group quarters residents in the 2020 Census as evidenced in the City of Boston’s successful group quarters challenge.

The 2024 American Community Survey Public Use Microdata Sample (PUMS) showed that Boston’s racial composition was White, Non-Hispanic 44.2%; Hispanic 20.7%; Black, Non-Hispanic 17.7%; Asian/Pacific Islander 10.6%; multi-racial 6.3%; some other single race 0.4%; and Native American 0.02%. The Hispanic and Asian/Pacific Islander populations have grown dramatically, growing about 28.9% and 29.3% respectively, from 2010 to 2024,

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

while other populations have seen small growth or decline. Immigration has been a prime driver of increases in the Hispanic and Asian populations. In 2024, Boston’s foreign-born population represented 27.7% of the total population, and the foreign-born population was 34.2% Hispanic, 24.6% Asian/Pacific Islander, 19.1% Black, 15.7% White, and 6.4% other.⁶ The foreign-born population in the rest of the country is 45.1% Hispanic, 27.1% Asian/Pacific Islander, 15.5% White, 9.0% Black, and 3.3% other.

Boston continues to be a city of young adults; 33.1% of all Boston residents in 2024 were between 20 and 34 years old. The fastest growing age group in Boston between 2000 and 2024 was the age group 60-64, which saw a 44.0% 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 93,575 people and increased to 13.9% of the total population. Boston’s population of school age children (ages 5 to 17) is 67,960, a level it has maintained, but a significant decrease from over 100,000 in the 1970s.

Along with population growth, the number of households in Boston has also grown, to 294,978 households with an average household size of 2.19 according to the 2024 American Community Survey (PUMS).

Employment Structure, Employment Trends and Occupational Changes

The Research Division is unable to report total employment (payroll and non-payroll) by industry for Boston in 2025 due to the discontinuation of key data previously provided by the BEA. Until 2023, total employment estimates were derived using total employment by industry in Suffolk County from the BEA, adjusted by Boston-to-Suffolk payroll employment ratios from the Massachusetts Executive Office of Labor and Workforce Development (ES-202 series). However, the BEA ceased producing total employment data by industry for counties and metropolitan areas, citing budget constraints⁷. Consequently, the analysis for 2025 has been limited to payroll employment by industry. This shift restricts the ability to capture a significant portion of jobs in Boston, particularly non-payroll roles which can vary greatly by industry. This discrepancy, averaging over 200,000 jobs, introduces limitations in trend comparisons with prior years and may disproportionately impact industries with a higher prevalence of non-payroll jobs, such as Transportation and Warehousing, Finance and Insurance, Real Estate and Rental and Leasing, and Educational Services. Readers should note the resulting analytical limitations and create the potential for misleading comparisons between past total employment data and the current payroll-only employment data.

The largest industries in the City are health care and social assistance, professional and technical services, finance and insurance, government, accommodation and food services, and education. The table below shows Boston’s payroll employment growth by industry category for 2021 through the third quarter of 2025. The industry categories are in the North American Industrial Classification System (“NAICS”) format, which the BEA began using in 2001. The payroll employment data is from the Employment and Wage (ES-202) series, provided by the Massachusetts Executive Office of Labor and Workforce Development. It is based on employer reports filed under state and federal unemployment laws.

Prior to the pandemic, payroll employment in Boston had risen to the highest level in recent decades and Boston’s job growth had been positive across most industries. The health care and social assistance industry employs the largest number of people in Boston, accounting for 21.0% of payroll jobs in 2025 (three-quarter average). Educational services is an area of specialization for Boston with an employment share three times the national average. With the onset of the COVID-19 pandemic and the resulting economic disruption, Boston experienced a significant decline in payroll employment in 2020. However, the city began to recover in 2021, with payroll employment increasing by approximately 2.6% from the prior year. This recovery accelerated in 2022, when payroll employment grew by about 5.3%. Growth moderated in 2023, with a gain of roughly 1.7%, followed by a more modest increase of approximately 0.2% in 2024. In 2025 (three-quarter average), payroll employment declined by about 1.0%, indicating some softening in labor market conditions. Job gains in 2025 (three-quarter average) were particularly strong in the Management of Companies and Enterprises sector, which increased by 15.8%, and in Administrative and Waste Services, which expanded by 3.6%.

Payroll employment data, sourced from Quarterly Census of Employment and Wages (QCEW), is available for Boston through the third quarter of 2025, while data for the Boston, MA Metropolitan Division from the Current Employment Statistics (CES) extends through December 2025. In Boston, payroll employment reached 681,636 in September 2025, down from 684,936 in September 2024, representing a slight decline of 0.5%. Additionally, while awaiting official figures for later months, the Research Division’s estimates indicate that payroll employment in

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

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

Boston averaged 683,505 in the fourth quarter of 2025⁸, marking a 0.3% decline from the fourth quarter 2024 figure of 685,753. Similarly, payroll employment in the Boston, MA Metropolitan Division showed some softness, with a decline of 0.3% in the fourth quarter of 2025 compared to the previous year. These figures reflect workers on the payrolls of business establishments located in Boston. However, in the post-pandemic era, it is likely that a smaller proportion of these workers report to the office daily. Comprehensive data on the share of workers engaging in hybrid or fully remote work arrangements and evolving employer policies regarding such arrangements remains unavailable.

**Table 2. City of Boston Employment 2021- Third Quarter 2025⁽¹⁾
North American Industry Classification System (NAICS)**

Industry	2021	2022	2023	2024	Jan-Sep 2025	Absolute change	Percentage Change
					Avg. ⁽²⁾		
Natural Resources and Mining	70	76	78	74	69	-5	-6.3%
Utilities	1,590	1,573	1,814	1,996	1,990	-6	-0.3%
Construction	14,436	14,695	14,587	14,226	13,580	-646	-4.5%
Manufacturing	7,408	7,954	8,166	7,812	7,542	-270	-3.5%
Wholesale Trade	8,891	9,033	8,911	8,581	8,587	6	0.1%
Retail Trade	31,775	30,852	28,668	28,473	28,172	-301	-1.1%
Transportation and Warehousing	15,865	18,952	20,457	20,652	20,672	20	0.1%
Information	23,329	23,217	23,051	23,190	23,249	59	0.3%
Finance and Insurance	66,130	66,932	67,890	66,760	66,345	-415	-0.6%
Real Estate and Rental and Leasing	13,218	13,962	14,517	14,539	14,708	169	1.2%
Professional and Technical Services	95,999	102,403	101,306	99,019	97,893	-1,126	-1.1%
Management of Companies and Enterprises	7,689	7,426	7,188	8,385	9,712	1,327	15.8%
Administrative and Waste Services	30,668	31,538	30,842	29,803	30,880	1,077	3.6%
Educational Services	40,739	43,518	44,717	44,493	43,518	-975	-2.2%
Health Care and Social Assistance	144,088	145,219	148,299	149,679	142,428	-7,251	-4.8%
Arts, Entertainment, and Recreation	7,496	10,696	11,708	12,588	12,834	246	2.0%
Accommodation and Food Services	40,018	53,551	59,065	60,813	60,721	-92	-0.2%
Other Services (except public administration) (3)	18,246	20,201	20,629	20,691	20,822	131	0.6%
Government	69,345	69,205	70,730	72,419	73,592	1,173	1.6%
Total	637,000	671,003	682,623	684,193	677,314	-6,879	-1.0%

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

(2) Figures represent the average payroll employment (ES-202) from January through September 2025, calculated as a three-quarter average (Q1–Q3 2025).

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

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

Boston’s tech sector thrives by bringing together researchers and entrepreneurs from the region’s world class universities, hospitals, and private companies. Recent data underscore its resilience, even amid challenges like widespread layoffs at major tech firms in 2023. Employment in Boston’s high-tech industries rebounded strongly after the pandemic. The information sector added 2,190 jobs between 2019 and 2025, representing 10.4% growth. Likewise, employment in professional, scientific and technical services grew by 3,995 jobs over the same period, 4.3% increase. Although major tech firms announced layoffs in 2022 and into early 2023, these companies hired back aggressively as capital expenditures surged, fueled by the artificial intelligence (AI) boom and renewed tech-sector optimism. However, this growth trajectory depends on whether AI-driven capital expenditures translate into sustained revenue, earnings growth, and productivity gains, rather than becoming another tech bubble. Additionally, Boston’s biotech sector, a key driver of its high-tech ecosystem, faces potential risks from reduced National Institutes of Health (“NIH”) and venture capital funding, which could dampen employment levels and demand for lab space. Boston’s unique blend of academic excellence, cutting-edge research, and entrepreneurial spirit positions it as a global leader in innovation-driven industries. With careful navigation of these challenges, Boston remains well-equipped to thrive amid ongoing structural changes, advancements in AI and biotechnology.

Unemployment

According to the Massachusetts EOLWD, Boston’s average unemployment rate for 2019 was 2.7%, 1.0 percentage point lower than the national unemployment rate. With the onset of the global COVID-19 pandemic, unemployment spiked in the spring of 2020, resulting in an annual unemployment rate of 9.7% for 2020 but recovering to 4.7% in December 2025.

⁸ Estimate derived using Current Employment Statistics for the Boston-Cambridge-Newton MA NECTA Division and ratios of city and NECTA division employment from recent QCEW employment data.

**Table 3. Annual Unemployment Rates, 2020-2025 ⁽¹⁾
(Not Seasonally Adjusted)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽³⁾</u>
City of Boston	9.7%	5.4%	3.5%	3.4%	3.9%	4.7%
Metropolitan Boston ⁽²⁾	9.6	5.2	3.5	3.4	3.9	4.6
Massachusetts	9.3	5.3	3.6	3.5	4.0	4.8
United States	8.1	5.4	3.7	3.6	4.0	4.3

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

⁽²⁾ Beginning with the adoption of updated Office of Management and Budget (OMB) metropolitan area delineations following the 2020 Census, the LAUS data for metropolitan Boston are reported using the Boston, MA Metropolitan Division, a county-based geography. This replaces the former Boston-Cambridge-Newton, MA NECTA Division, which was based on cities and towns. The change reflects a shift to standardized, county-based metropolitan definitions and does not indicate a break in data collection or methodology.

⁽³⁾ Simple annual average of January–December monthly LAUS unemployment rates from MA DER/EOLWD; subject to revision and not DER's official annual average.

Sources: Bureau of Labor Statistics for United States, Massachusetts and Metro; and Massachusetts EOLWD for the City, January 2026

Table 4 presents monthly unemployment data from January 2023 through December 2025. Boston's unemployment rate for December 2025 was 4.6%, down from a peak of 16.1% in June 2020.

Table 4. Monthly Unemployment Rates for City of Boston, Metropolitan Boston,⁽¹⁾ Massachusetts, and the United States for 2023, 2024, and 2025 (Not Seasonally Adjusted) ⁽²⁾

	City of Boston			Metropolitan Boston ⁽¹⁾			Massachusetts			United States		
	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Jan.	3.5%	3.7%	4.2%	3.7%	3.9%	4.4%	4.0%	4.2%	4.7%	3.9%	4.1%	4.4%
Feb.	3.5	3.8	4.4	3.7	4.0	4.6	4.1	4.3	5.0	3.9	4.2	4.5
Mar.	3.2	3.5	4.5	3.4	3.7	4.6	3.7	4.0	5.0	3.6	3.9	4.2
Apr.	2.7	3.2	4.4	2.7	3.2	4.4	2.8	3.4	4.6	3.1	3.5	3.9
May	3.3	3.8	5.2	3.3	3.7	5.1	3.3	3.8	5.2	3.4	3.7	4.0
Jun.	3.7	4.2	4.9	3.6	4.1	4.8	3.6	4.2	4.8	3.8	4.3	4.4
Jul.	3.8	4.5	4.9	3.6	4.4	4.7	3.6	4.5	4.8	3.8	4.5	4.6
Aug.	3.7	4.4	4.8	3.6	4.2	4.7	3.6	4.3	4.7	3.9	4.4	4.5
Sep.	3.3	3.8	4.6	3.2	3.7	4.4	3.2	3.8	4.5	3.6	3.9	4.3
Oct. ⁽³⁾	3.4	3.9	NA	3.3	3.8	NA	3.3	3.9	NA	3.6	3.9	NA
Nov. ⁽⁴⁾	3.1	3.9	4.7	3.1	3.8	4.6	3.2	3.9	4.7	3.5	4.0	4.3
Dec. ⁽⁴⁾	3.3	3.9	4.6	3.4	3.9	4.5	3.6	4.1	4.7	3.5	3.8	4.1

⁽¹⁾ Metropolitan Boston unemployment data are now presented using the Boston, MA Metropolitan Division, as defined by the Office of Management and Budget (OMB), following updated metropolitan area delineations based on the 2020 Census.

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

⁽³⁾ Due to the federal government shutdown the Bureau of Labor Statistics (BLS) and the Executive Office of Labor and Workforce Development (EOLWD) did not report an unemployment rate for October 2025.

⁽⁴⁾ Preliminary, subject to revision for 2025

Sources: Bureau of Labor Statistics for United States, Massachusetts, and Metropolitan Boston; and Massachusetts EOLWD for the City of Boston, February 2026

Largest Private Employers in Boston

The ten largest private employers in Boston combine to employ 101,640 people, or about 14.9% of all payroll employment. These numbers reflect the most recently reported data available, which come from 2024 data reported to federal agencies for hospitals and universities and data sourced from recent direct employer contact or media reports for other private firms.

Table 5. Top 10 Largest Private Employers in Boston

Employer	Jobs	Share of Total
Massachusetts General Hospital	19,418	2.8%
Brigham and Women's Hospital	15,249	2.2
Boston Children's Hospital	10,783	1.6
Boston University	10,674	1.6
Beth Israel Deaconess Medical Center	9,614	1.4
Northeastern University	8,641	1.3
Boston Medical Center	7,898	1.2
Dana-Farber Cancer Institute	7,294	1.1
Fidelity Investments	6,220	0.9
Harvard University Graduate Schools	5,849	0.9
Total	101,640	14.9
Total Boston Payroll Employment ⁽¹⁾	684,193	

⁽¹⁾ Boston's total payroll employment as of 2024.

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; BPDA Research Division Analysis. Estimates reflect the most recent data available.

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

Labor Force and Education

According to the 2024 1-year ACS survey, 405,512 Boston residents were in the labor force and 385,442 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, improved from 35.6% in 2000 to 55.4% in 2024. Improving educational attainment has supported the City's transition to a knowledge-based economy.

Table 6. Years of School Completed for Boston Residents Aged 25 and over, 1980, 1990, 2000, 2010 and 2024

	1980		1990		2000		2010		2024	
	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent	Persons	Percent
Fewer than nine years	54,932	16.6%	37,824	10.3%	34,321	9.1%	31,263	7.9%	33,192	7.0%
9 to 12 years, no diploma	49,407	14.9	51,051	14.0	45,308	12.0	24,987	6.3	20,572	4.4
High school graduate (or GED)	115,787	35.0	97,233	26.6	90,568	24.0	94,342	23.8	84,962	18.0
Some college or Associates	43,451	13.2	69,889	19.1	73,125	19.4	70,044	17.7	72,165	15.3
Bachelors, Masters, or Prof.	67,073	20.3	109,711	30.0	134,252	35.6	175,819	44.3	261,935	55.4
Total	330,650	100%	365,708	100%	377,574	100%	396,455	100%	472,826	100%

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

Source: U.S. Census Bureau, 1980-2000 Decennial Census reports, 2010 and 2024 1-year American Community Survey.

The Mayor's Office of Workforce Development ("OWD"), a department of the Worker Empowerment Cabinet, funds workforce development in the City to promote the full participation of all Boston residents in the City's economy. OWD policies and programs ensure that low-income Boston residents, both youth and adults, are connected to the training necessary to obtain career-oriented employment that leads to economic stability. Programs and services offered through OWD grants include adult basic education, English for Speakers of Other Languages (ESOL), High School diploma/HiSET, occupational skills training, transitional job experience, career exploration and support services which address a wide range of individual and family needs.

In fiscal 2024, OWD supported 310 programs with more than \$44 million in funding to provide a variety of services to Greater Boston's residents. These services included apprenticeship training in hospitality, facilities maintenance, information technology, emergency medical services, and the building trades; internship and alternative

education programs for young adults; summer youth employment; and adult ESOL programs. Linkage contributions paid into the Neighborhood Jobs Trust provide supplemental sources of funding for job training and adult education programs. For a full discussion of the City’s jobs linkage program, as well as the housing linkage program, see “The Linkage Program” below.

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

Income and Cost of Living

Per capita personal income reflects earned income of persons residing in the named areas plus rents, interest and other unearned income and transfer payments from governmental entities. Per capita personal income for Suffolk County was \$109,447 in 2024, 49.5% above the national per capita personal income of \$73,204, according to the BEA. From 2020 to 2024, Suffolk County followed a national trend in per capita personal income, with a 7.1% increase from 2020 to 2021, followed by a 5.9% decrease the following year. In 2023, the real per capita income increased modestly by 1.1%. Nationally, the increase was driven by a recovering economy, a strengthening labor market, and sustained pandemic-related federal aid and public assistance. By 2022, policies such as stimulus payments and the expansion of unemployment insurance and Child Tax Credit were no longer in effect, contributing to the decrease in per capita personal income from 2021 to 2022.⁹ According to the 2024 American Community Survey, Boston residents constitute approximately 85% of the county’s population. The summary table below shows the per capita income from 1980 through 2024 for Suffolk County, Massachusetts and the nation.

**Table 7. Per Capita Personal Income Comparison, 1980 to 2024
(In Fixed 2024 Dollars)**

Year	United States	Massachusetts	Suffolk County⁽¹⁾
1980.....	\$38,770	\$40,688	\$39,580
1990.....	47,087	55,478	59,097
2000.....	55,653	69,917	72,360
2010.....	58,344	75,823	92,694
2019.....	68,180	88,811	99,856
2020.....	71,693	93,925	106,644
2021.....	74,891	97,343	114,252
2022.....	71,063	91,582	107,519
2023.....	72,067	92,600	108,710
2024.....	73,204	93,607	109,447

⁽¹⁾ City residents constitute approximately 85% of Suffolk County’s population.
Source: Bureau of Economic Analysis, Personal Income Summary: Personal Income, Population and Per Capita Personal Income, January 2026.

After a decade of moderate price growth, inflation began to accelerate nationally and locally in 2021 amid strong demand for goods and supply chain disruptions. Prices in Metropolitan Boston rose 3.3% between 2020 and 2021 based on the annual average BLS Consumer Price Index (CPI) and increased by 7.1% between 2021 and 2022. Thanks to interest rate hikes by the Federal Reserve (“Fed”) to tame inflation, the CPI in Metropolitan Boston only rose by 3.7% from 2022 to 2023, and by 3.2% from 2023 to 2024. As the Fed began cutting interest rates in late 2024 in response to easing inflationary pressure, price growth in Metro Boston stabilized at 3.1% in 2025.

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⁹ Center on Budget and Policy Priorities: <https://www.cbpp.org/research/poverty-and-inequality/governments-pandemic-response-turned-a-would-be-poverty-surge-into>.

Table 8. Consumer Price Index for All Urban Consumers 2016-2025 (CPI-U) ⁽¹⁾

Year	United States Index	Percent Change	Metropolitan Boston⁽²⁾ Index	Percent Change
2016.....	240.007	1.3%	260.496	1.5%
2017.....	245.120	2.1	267.033	2.5
2018.....	251.107	2.4	275.815	3.3
2019.....	255.657	1.8	281.082	1.9
2020.....	258.811	1.2	284.266	1.8
2021.....	270.970	4.7	293.521	3.3
2022.....	292.655	8.0	314.356	7.1
2023.....	304.702	4.1	326.016	3.7
2024.....	313.689	2.9	336.376	3.2
2025.....	321.943	2.6	346.889	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, CUURS11ASA0, January 2026.

Medical and Higher Educational Institutions

Boston’s medical and educational institutions are important components of its economy, providing employment opportunities for residents of the City and Metropolitan Boston. Expenditures by these institutions, as well as their employees, patients, students and visitors stimulate the City’s trade and service sectors. There are eighteen in-patient hospitals located within the City with a combined total of 6,050 beds as of fiscal 2024.^{10,11} The largest of these are Massachusetts General Hospital, Brigham and Women’s Hospital, Beth Israel Deaconess Medical Center, Boston Children’s Hospital, Boston Medical Center, and Tufts New England Medical Center.

The City is also home to the medical, dental and public health schools of Harvard, Tufts and Boston University. Boston-based institutions received a total of \$2.4 billion in NIH awards in fiscal 2025, down slightly from \$2.5 billion in fiscal 2024. Five of the top ten funded hospitals in the U.S. are located in Boston: Massachusetts General Hospital, Brigham and Women’s Hospital, Boston Children’s Hospital, Dana-Farber Cancer Institute, and Beth Israel Deaconess Medical Center. In fiscal 2025, Massachusetts General Hospital received approximately \$528.6 million in NIH funding, also lower than its fiscal 2024 total.

In February 2025, the NIH issued guidance capping indirect cost reimbursements on NIH grants at 15 percent, replacing previously negotiated rates that were often much higher. In Boston, fiscal 2025 NIH awards included roughly \$1.8 billion in direct costs and \$694 million in indirect costs, with the cap threatening a substantial portion of indirect funding. However, multiple lawsuits were filed challenging the policy as unlawful, and a federal district court in Massachusetts issued a nationwide injunction blocking the NIH from implementing the cap. Both the NIH and the Department of Health and Human Services appealed that decision. In early January 2026 the U.S. Court of Appeals for the First Circuit affirmed the injunction, ruling that the NIH’s attempt to impose the 15 percent indirect cost rate violated federal appropriations law and agency regulations.¹² As a result, the policy remains blocked nationwide while litigation continues. The City cannot predict the outcome of this ongoing legal process or the potential impact on the City and grant recipients if the policy changes in the future.

In 2025, the BPDA Board approved a new fourteen story clinical building situated in the Longwood Medical and Academic Area, which will house both in-patient and out-patient uses.

Boston is home to top universities such as Boston University, Northeastern University, and University of Massachusetts (UMass) Boston. As of the academic year 2024-2025, data from the City of Boston’s University Accountability Ordinance and the Mayor’s Office of Housing indicate that the city’s universities and colleges had a combined enrollment of 150,551 full- and part-time students.¹³ Enrollment has increased by approximately 17,060 students since 2013. This number includes the Boston-based Harvard professional and graduate schools, Tufts Health Sciences programs, and the school of the Museum of Fine Arts. These figures do not include the Massachusetts Institute of Technology or undergraduate enrollment at Harvard or Tufts, whose principal campuses are in Cambridge

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

¹¹ Carney Hospital in Dorchester has since closed in August 2024.

¹² <https://www.aplu.org/news-and-media/blog/2026/01/07/first-circuit-court-of-appeals-upholds-block-of-cuts-to-nih-fa-reimbursement-in-aplu-aau-ace-litigation/>.

¹³ City of Boston Mayor’s Office of Housing.

and Medford, respectively. Based on total graduate, undergraduate and professional school enrollment, Northeastern University enrolled the most students during the fall of 2024 at 43,904, followed by Boston University at 31,827. Along with colleges and universities across the country, Boston schools suspended in-person instruction in March 2020, however, universities have been operating at full capacity since the fall of 2021 and fall 2024 enrollment is 9% above fall 2019 levels. Students living in Boston (on campus or off campus) have declined by approximately 1,693 students for the 2024-2025 school year compared to the year prior.

In 2025, the BPDA Board approved a proposal by Boston University to transform an existing 56,900 square foot surface parking lot into the Fredrick S. Pardee School of Global Studies at 250 Bay State Road on the Charles River Campus. The Project will include a 70,000 square foot gross floor area, a 186 foot tall academic building with approximately 50,800 square feet of open space. The BPDA Board also approved a proposal by Suffolk University to convert 101 Tremont Street, an existing 88,265 square foot office building in the Downtown neighborhood, into a residence hall for students consisting of up to 280 beds.

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 Thomas M. Menino Convention & Exhibition Center, formerly known as the Boston Convention & Exhibition Center (“BCEC”), which is the largest building in New England and capable of hosting large national and international events. In 2019 the Hynes and the BCEC hosted a combined total of 336 events with an aggregate of 832,243 attendees. This resulted in approximately 800,000 hotel room nights and generated an overall economic impact of approximately \$870 million, according to the Massachusetts Convention Center Authority (“MCCA”).¹⁴ The COVID-19 pandemic forced the cancellation of conventions and events, and the BCEC was temporarily converted into 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.¹⁵ In Fiscal 2025, total room nights were 610,000 and attendance was 624,000, resulting in an approximate economic impact of \$1.1 billion supported by \$690 million in spending. The MCCA estimates that this supported 6,800 direct jobs and over 9,600 total jobs when considering indirect and induced employment impacts. Boston is a popular vacation destination with historical and cultural attractions such as the Freedom Trail, Faneuil Hall, Fenway Park, Boston Common and Public Garden, the Museum of Fine Arts, and the Museum of Science. Visitors also come to Boston to enjoy the local restaurants and attend performances such as the Boston Symphony Orchestra and theater productions.

Hotel Market

As of January 2026, Boston had 95 hotels open for business with a total of 24,100 hotel rooms.¹⁶ In May 2025, the BPDA Board approved a change in plans for the Alexandra Hotel project. The new proposal is significantly smaller, with 68 rooms and 6 floors instead of 150 rooms and 13 floors, though the plans for ground floor retail and to retain and restore the façade of the old Alexandra Hotel remain the same.

In October 2019, the average occupancy rate of hotels in Boston peaked at 90.7%, according to the Pinnacle Perspective Monthly Report. Boston hotels were closed to general public accommodation from late March 2020 to early June 2020 due to the COVID-19 pandemic. Hotel occupancy has largely recovered since then. In October 2025, the occupancy rate reached 87.9%. 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 2019 through 2025. The Accommodation industry provided 10,932 payroll jobs in Boston in 2024 (down from 11,609 in 2018), accounting for 1.6% of Boston’s total payroll jobs and 29.8% of Massachusetts’ Accommodation industry employment.

¹⁴ Massachusetts Convention Center Authority, January 2020.

¹⁵ Massachusetts Convention Center Authority, December 2024.

¹⁶ City of Boston Licensing Board.

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

Year	Room Supply	Average Occupancy Rate %	Average Daily Rate (2025\$)	Revenue Per Available Room (2025\$)
1990	12,070	74.3%	\$292.43	\$217.28
2000	14,002	78.4	370.18	290.40
2010	18,363	75.4	291.27	219.61
2019	22,526	82.7	330.55	273.28
2020	22,949	26.5	201.27	53.36
2021	24,315	46.9	256.24	120.23
2022	24,173	70.4	309.74	217.98
2023	23,827	77.1	311.28	240.09
2024	24,094	77.7	312.35	242.82
2025	24,100	77.7	306.89	238.50

Source: Occupancy, ADR and RevPAR reported by Pinnacle Advisory Group. All dollar concepts in fixed 2025 dollars.

Transportation

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

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

The MBTA provides commuter rail, subway, local bus and express bus services throughout eastern Massachusetts. MBTA ridership fell dramatically with the onset of the pandemic in the spring of 2020. While ridership has continued its recovery through 2025, it has not yet returned to pre-pandemic levels. Subway gated station ticket validations in Boston in January 2025 were 36% below January 2019 levels, though by November 2025 ridership had improved to just 26% below the comparable month in 2019.¹⁷

The MBTA completed its Track Improvement Program in December 2024, marking a major milestone in systemwide efforts to address long-deferred maintenance and improve core infrastructure.¹⁸ Building on this work, the MBTA implemented a series of service and infrastructure improvements throughout 2025 aimed at stabilizing and improving system performance. These efforts included increases in scheduled weekday subway service, restoration of higher operating speeds on portions of the Red and Orange Lines, expanded late-night service on all subway lines and select bus routes, and continued investments in signal modernization, vehicle fleets, maintenance facilities, accessibility upgrades, and workforce capacity.¹⁹ Collectively, these actions support improvements in service reliability and consistency and are expected to contribute to continued ridership recovery over time.

Seaport and Airport

The Massachusetts Port Authority (“Massport”) was created by the state legislature to develop and manage the City’s major air and sea transportation centers. Massport is financially independent, and the City is not responsible for any debt or other obligations incurred by Massport. Heavy use of Boston Logan International Airport (“Logan Airport”) and the Port of Boston have induced significant expansion of both facilities.

The Port of Boston serves the six-state New England region as a natural deep-water port supporting import and export of containerized bulk and general cargo. The Port also provides ship repair supply services, customs and international freight forwarding services, intermodal cargo warehouse facilities and other maritime support services. Massport’s Conley Container Terminal provides containerized freight water access to other container terminals across the world. The Port of Boston is also a major cruise port. The cruise terminal served 402,346 passengers in 2019, but

¹⁷ MBTA Blue Book Open Data Portal.

¹⁸ <https://www.mbta.com/projects/track-improvement-program>.

¹⁹ <https://www.mbta.com/news/2026-01-05/mbta-closes-out-2025-major-progress-service-delivery-accessibility-and>.

the pandemic forced a temporary shutdown of operations.²⁰ The Cruise Terminal reopened in 2022 and experienced growth in travel with approximately 455,000 passengers in 2025.²¹

Container traffic at the Port of Boston remains lower than 2019, despite steady recovery since 2022. Automobile volumes show a similar pattern—improving from pandemic lows but still trailing 2019 levels. Cement volumes are projected to decline in 2025 compared to 2024, yet remain substantially above pre-pandemic levels through November.

Table 10. Port of Boston Cargo Volumes

Year	Boxed Containers	Automobiles	Cement (metric tons) ⁽¹⁾
2019	300,762	53,132	99,589
2020	268,418	48,245	99,587
2021	187,902	36,743	128,753
2022	173,926	32,070	151,963
2023	229,609	33,784	257,414
2024	251,470	39,234	275,074
2025	244,835	36,855	209,720

(1) Massport facilities only.

Source: Massachusetts Port Authority, Port Statistics for Conley Terminal.²²

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 from 2021 through 2025 with 43.2 million domestic and international passengers in 2025, 0.6% fewer passengers compared to 2024. The number of domestic passengers at Logan International Airport in 2025 was 3.1% below 2019-levels.²³

Construction Activity

Building permits issued do not necessarily result in construction, but they provide an indication of potential future construction activity. Pandemic-related construction disruptions slowed building permitting, but activity resumed quickly. The estimated revenue from building permit fees during fiscal 2025 indicated the potential for \$5.6 billion in construction activity compared to an estimate of \$7.4 billion for fiscal 2024. This was below the \$8.2 billion in estimated construction activity from fiscal 2020. Construction hours worked in projects covered by the Boston Resident Jobs Policy reflect a lower level of ongoing construction activity in the city compared to before the pandemic, with hours worked down 26.5% in October 2025 compared to October 2019.²⁴

**Table 11. Boston Building Permit Revenues and Estimated Construction Activity
Fiscal Years, 2016-2025 (In Millions of Dollars)**

Fiscal Year	Building Permit Revenues ⁽¹⁾	Estimated Potential Construction Activity ⁽²⁾
2016	52.3	6,151
2017	62.0	7,289
2018	52.8	6,212
2019	61.8	7,273
2020	69.6	8,188
2021	48.7	5,729
2022	64.1	7,541
2023	80.3	9,447
2024	62.7	7,376
2025	47.8	5,625

⁽¹⁾ Columns may not add due to rounding.

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

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

²⁰ <https://www.massport.com/massport/media/newsroom/massport-ends-the-2019-cruise-season-with-another-record/>.

²¹ <https://www.massport.com/media/newsroom/massport-celebrates-successful-cruise-season-and-launch-modernization-project-flynn>.

²² “Port Statistics”, Massport.com. <http://www.massport.com/conley-terminal/about-the-port/port-statistics>.

²³ <https://www.massport.com/logan-airport/about-logan/airport-statistics>.

²⁴ Boston Resident Jobs Policy Office (BRJP), Boston Jobs Policy Compliance Reports.

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 Boston's priority investment areas.

Boston Public Schools is undergoing a substantial investment in their facilities, guided by the Long-Term Facility Plan and supported by State investment from the Massachusetts School Building Authority. This includes both new construction and major renovations, as well as targeted state of good repair projects. In the past three years, BPS has completed and opened doors to the Horace Mann School in Charlestown, the Boston Arts Academy in Fenway, The Josiah Quincy Upper School in Chinatown, the Carter School in the South End, the Sarah Roberts School in Roslindale (a merger of the Philbrick and Sumner Schools), and the renovation and addition to the Patrick J. Kennedy School in East Boston. Construction is ongoing to renovate White Stadium in Franklin Park to provide state of the art athletic facilities for BPS in partnership with a women's professional soccer team. Design is underway for a new home of the combined Shaw/Taylor School, a renovation of the Ruth Batson Academy, and for a reconstruction of the Madison Park Technical Vocational High School.

Construction is underway for a reconstructed Fields Corner Branch Library, a new Grove Hall Community Center, and a ground-breaking ceremony completed for a new waterfront North End Community Center, supported by State ARPA funding. Construction is underway at the R-1 parcel in Chinatown, which will be the new home of the Chinatown Branch Library in a unique "Housing over Public Asset" mode, leveraging public investment to help spur affordable housing development.

The North Washington Street Bridge Project, which began in 2018, has concluded, with residual final work ongoing. The new bridge provides car, bus, pedestrian, and bike access between Charlestown, Sullivan Square, and the North End and Central Business District of Downtown Boston. The City continues ongoing investment in roads, sidewalks, and curb ramps, ensuring ADA compliance and accessibility for all users.

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

In the Raymond L. Flynn Marine Park, the South Jetty and Bulkhead Rehabilitation project involves the construction of a replacement bulkhead and jetty near Drydock 3 and demolition and removal of the existing South Jetty. Planning efforts are ongoing for coastal resilience projects across the City's waterfront, including East Boston, Fort Point Channel, Charlestown, and the North End.

Office Market

In the fourth quarter of 2025, Boston had approximately 70 million square feet of office space, marking a 3.3% increase from 2019 (2.2 million square feet). Boston's direct vacancy rate was 20.0%, according to realty firm Jones Lang LaSalle (JLL), up about 2.7 percentage points from the prior year and still elevated from the 6.5% direct vacancy rate in the third quarter of 2019. According to the CBRE Boston Downtown Office Q4 2025 report, office leasing remained strong in 2025, largely driven by lease renewals and several deals over 100,000 square feet. Total leasing was 5.9 million square feet, the second-highest yearly total in 15 years (behind 2019).²⁵ Fidelity Investments signed a lease in April 2025 for over 650,000 square feet of office space in South Boston Waterfront; this will be their new HQ, housing nearly 20,000 workers. Hasbro has signed a lease for 265,000 square feet of office space, also in the South Boston Waterfront. Datadog signed a new lease in the Financial District for 125,000 square feet at 225 Franklin St. There were also several large office space renewals in 2025, including Wellington Management Company (384,000 square feet), Bank of New York Mellon (184,001 square feet), and Nutter (125,260 square feet). Year-to-date net absorption of office space stood at -433,853 square feet. The City's average asking rent in the fourth quarter 2025 was \$66.92 per square foot, a 6.2% decrease from \$71.31 in 2019. This was \$13.21 less per square foot than the average rent in the Cambridge office market.

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²⁵ CBRE, Downtown Boston Office Figures, Q4 2025 (January 2026).

Table 12. Boston Office Market—Fourth Quarter 2025

Market Area	Inventory Square Foot	YTD Absorption	Direct Vacancy	Average Asking Rent
Back Bay.....	12,975,958	27,981	14.5%	\$72.25
Charlestown.....	1,791,416	-26,223	16.2	43.10
Fenway.....	1,830,376	-253,771	26.1	68.86
Downtown.....	39,772,178	-184,997	22.7	68.44
North Station.....	2,371,416	-17,532	24.0	42.63
Seaport District.....	10,203,792	30,626	15.7	63.59
South End.....	1,078,690	-9,937	10.5	35.00
Boston.....	70,023,826	-433,853	20.0	66.92

Source: Office Statistics: Boston Q4 2025, Jones Lang LaSalle IP, Inc.

The BPDA Board approved one significant office project in 2025. In the Newmarket area in the South End, a developer is demolishing the existing building at 17 Bradston Street in order to construct a mixed-used and life science development with 74,000 square feet of office space. In addition, the BPDA Board approved two project changes that will reduce the amount of office space in previously approved projects, nine offices to residential conversions, and one office to dorm conversion. The Office-to-Residential Conversion Program currently has received 22 applications to create 1,517 units of housing across 27 buildings, converting over 1.27 million square feet of older office underutilized space, far exceeding initial goals. That includes creating 284 affordable units on site consisting of 259 units at 60% AMI (17%) and 25 units for section 8 voucher holders (3%). Five projects totaling 306 units are currently under construction, and the first building to apply for the program has already been fully tenanted with 15 units.

Retail Market

In the first quarter of 2025, there were a total of 89,808 payroll employees in retail trade and accommodation and food services in Boston, with 28,073 in retail and 61,735 in accommodation and food services. The retail sector is complemented by an estimated 20,904 employees in personal services businesses, which include such services as repair and maintenance, hair and nail care, and laundry and dry-cleaning service. These employment levels remain below their annual averages from 2019, when there were 35,549 payroll jobs in retail trade and 62,687 in accommodation and food services, although they have improved year over year since 2021.²⁶

The COVID-19 pandemic provoked a sharp drop in participation in in-person activities such as in-store shopping and dining in restaurants, as consumers adapted to new habits and restrictions. According to Mastercard Geographic Insight, by February 2024, in-person consumer spending not only fully recovered but also surpassed pre-pandemic levels from the same periods in 2019. Notably, in November 2025, in-person spending was 4.3% higher compared to September 2019.

The Boston retail real estate market has partially recovered from the pandemic. According to CoStar, Boston’s retail vacancy rate has been fairly stable: in the fourth quarter 2025 it was 2.4%, just slightly higher than in 2019. However, retail asking rents decreased from \$37.45 per square foot in the fourth quarter of 2019 to \$32.31 per square foot in the same quarter of 2025.

Industrial and Lab R&D Markets

The vacancy and availability rates for research lab space have increased due to an influx of new space and a downturn in research funding. In 2025, approximately 1.5 million square feet of research lab space was completed in Boston. According to CBRE’s Boston Metro Lab report, in the third quarter of 2025, the vacancy rate for life science lab space in Boston was 28.7 percent (up from just 1.9 percent at the beginning of 2023) and the overall availability rate was 35.3 percent.²⁷ As of January 2026, there were 2.5 million square feet of additional research lab space under construction in Boston, and an additional 15.4 million square feet of research lab space approved by the BPDA Board, but not yet permitted. In 2025, the BPDA Board approved four projects with new research lab space, for a net increase of approximately 510,000 square feet. Some of the major lab/life science development approvals in 2025 included the construction of three life science/office buildings: 155 North Beacon Street in Brighton, approximately 156,000 square

²⁶ The payroll employment numbers shown here are drawn from Massachusetts EOLWD’s Quarterly Census of Employment and Wages (QCEW) for the 2019 annual average and Q2 2025. The 2019 annual averages differ from those reported in the earlier table which showed total employment estimated to reflect the more inclusive BEA concept that counts both payroll employment as well as non-payroll employment such as self-employment up through 2022, the most recent year available.

²⁷ https://mktgdocs.cbre.com/2299/1456d4aa-4a63-4ae3-bf3f-c9f8911bb77e-274469049/Q3_2025_Boston_Metro_Lab_Figur.pdf.

feet of research lab space at 17 Bradston Street in Newmarket in the South End, and almost 80,000 square feet of research and development space at 108 Third Avenue in the Charlestown Navy Yard.

According to Pitchbook data reported in MassBio’s 2025 Industry Snapshot, several Boston biotech companies received significant venture capital investment in the first half of 2025: Atalanta Therapeutics (\$97 million), Newleos Therapeutics (\$93.5 million), Bambusa Therapeutics (\$88.9 million), and Stellaromics (\$8 million). Boston biotech companies received \$905 million, 33 percent of the state’s biotech venture capital funding in the first half of 2025.²⁸

Housing Stock, Housing Values, and Development

Citywide average advertised rents for one-bedroom apartments declined 1.0 percent between 2024 and 2025 after declining 1.9% percent from 2023 to 2024. However, rents rose in most but not all neighborhoods of the city. Average monthly rents for a one-bedroom apartment in Boston’s neighborhoods ranged from a low of \$2,213 in the Longwood Medical Area to a high of \$4,179 in the South Boston Waterfront.

Table 13. Average Monthly Rent of Newly Rented One-Bedroom Apartments in Boston Neighborhoods (In Nominal Dollars)

Neighborhood	2023 Median Rent	2024 Median Rent	2025 Median Rent	Percent Change, 2024-2025
Allston	\$2,300	\$ 2,325	\$ 2,325	0.0%
Back Bay	3,195	3,100	3,150	1.6%
Bay Village	3,185	3,000	3,300	10.0%
Beacon Hill	2,895	2,950	2,700	-8.5%
Brighton	2,325	2,300	2,325	1.1%
Charlestown	2,700	2,700	3,000	11.1%
Chinatown	2,500	2,550	2,400	-5.9%
Dorchester	2,200	2,200	2,400	9.1%
Downtown	3,100	3,000	3,200	6.7%
East Boston	2,263	2,250	2,400	6.7%
Fenway	2,725	2,895	2,850	-1.6%
Hyde Park	2,200	2,100	2,300	9.5%
Jamaica Plain	2,500	2,500	2,495	-0.2%
Longwood Medical Area	2,500	2,550	2,213	-13.2%
Mattapan	2,575	2,600	2,650	1.9%
Mission Hill	2,600	2,450	2,600	6.1%
North End	2,700	2,600	2,750	5.8%
Roslindale	2,200	2,300	2,250	-2.2%
Roxbury	2,650	2,400	2,400	0.0%
South Boston	2,700	2,700	2,770	2.6%
South Boston Waterfront	4,157	4,031	4,179	3.7%
South End	3,200	3,300	3,400	3.0%
West End	2,895	3,000	2,550	-15.0%
West Roxbury	2,000	2,250	2,550	13.3%
Citywide	2,650	2,600	2,575	-1.0%

Source: City of Boston, Planning Department Research Division with Mayor’s Office of Housing (MOH) Data.

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²⁸ <https://readymag.website/MassBio/2025IndustrySnapshot/24/>.

The median sale price for a single-family home in Boston in 2025 was \$870,000, according to sales record data provided by the Warren Group and Mayor’s Office of Housing. This reflects an 8.8% increase over 2024, while the median condo sales price decreased to \$721,750 in 2025. Sales prices of two and three-family structures rose 4.8% between 2024 and 2025.

**Table 14. Median Residential Sales Prices for Boston
2015 through 2025
(In Nominal Dollars)**

Year	Single-Family Median Sales Price	Percent Change	Two and Three-Family Median Sales Price	Percent Change	Condo Median Sales Price	Percent Change
2015.....	\$455,000	4.0%	\$540,000	12.5%	\$525,000	11.7%
2016.....	500,000	9.9	580,000	7.4	593,500	13.0
2017.....	550,000	10.0	675,000	16.4	590,500	-0.5
2018.....	590,000	7.3	750,000	11.1	659,000	11.6
2019.....	610,000	3.4	805,000	7.3	660,000	0.2
2020.....	675,000	10.7	882,057	9.6	677,000	2.6
2021.....	732,000	8.4	965,000	9.4	699,000	3.2
2022.....	761,000	4.0	1,000,000	3.6	725,000	3.7
2023.....	765,000	0.5	960,000	-4.0	725,000	0.0
2024.....	800,000	4.6	1,050,000	9.4	745,000	2.8
2025.....	870,000	8.8	1,100,000	4.8	721,750	-3.1

Note: 2025 sales data include all transactions recorded through December 5, 2025.
Source: City of Boston, Mayor’s Office of Housing (MOH) using Warren Group data.

The total number of residential sales (1-3 families and condos) rose by 38.3% from 2020 to 2021 as the market picked up after the initial impact of the pandemic. Sales volumes cooled substantially in 2022 and 2023 with total sales falling year-over-year by 22.8% and 25.8%, respectively. Total sales in 2024 were slightly lower than 2023, and declined further in 2025 relative to 2024. Both supply-side and demand-side factors may be impacting sales volumes, with low turnover of existing owners limiting available supply, and rising interest rates challenging affordability for new buyers.

Table 15. Annual Residential and Condominium Sales in Boston (2015-2025)

Year	Single-Family Sales	Percent Change	Two and Three-Family Sales	Percent Change	Total Condos Sales	Percent Change	Residential and Condo Sales	Percent Change
2015.....	1,366	8.6%	1,289	9.2%	5,167	5.4%	7,822	6.6%
2016.....	1,418	3.8	1,251	-2.9	5,608	8.5	8,277	5.8
2017.....	1,378	-2.8	1,231	-1.6	5,206	-7.2	7,815	-5.6
2018.....	1,394	1.2	1,205	-2.1	5,705	9.6	8,304	6.3
2019.....	1,246	-10.6	1,079	-10.5	5,456	-4.4	7,781	-6.3
2020.....	1,081	-13.2	835	-22.6	5,015	-8.1	6,931	-10.9
2021.....	1,387	28.3	1,151	37.8	7,048	40.5	9,586	38.3
2022.....	1,138	-18.0	927	-19.5	5,338	-24.3	7,403	-22.8
2023.....	834	-26.7	598	-35.5	4,060	-23.9	5,492	-25.8
2024.....	869	-4.2	600	0.3	3,881	-4.4	5,350	-2.6
2025.....	753	-13.3	551	-8.2	3,642	-6.2	4,946	-7.6

Note: 2025 sales data include all transactions recorded through December 5, 2025.
Source: City of Boston, Mayor’s Office of Housing (MOH) using Warren Group data.

Prices and sales volumes for single-family homes and for condominiums are shown by neighborhood for calendar years 2024 and 2025. Areas of the City with the largest number of single-family home sales included West Roxbury, Dorchester, Hyde Park, and Roslindale. In Beacon Hill and the South End the median single-family sales price was around \$4 million. Mattapan had the lowest median single-family sales price at \$622,500.

**Table 16. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Single-Family Homes
In Boston’s Neighborhoods, Calendar Years 2024 and 2025
(In Nominal Dollars)**

Neighborhood	2024 Single-Family Price	2025 Single Family Price	Percent Change	2024 Sales Volume	2025 Sales Volume	Percent Change
Allston	\$1,130,000	\$888,950	-21.3%	5	10	100.0%
Back Bay	10,875,000	*	*	2	*	*
Bay Village	1,985,000	2,390,000	20.4	1	4	300.0
Beacon Hill	3,550,000	3,950,000	11.3	15	13	-13.3
Brighton	1,000,000	925,000	-7.5	25	30	20.0
Charlestown	1,526,500	1,729,250	13.3	38	44	15.8
Chinatown	*	*	*	*	*	*
Dorchester	730,000	800,000	9.6	106	90	-15.1
Downtown	*	2,250,000	*	*	1	*
East Boston	700,000	730,000	4.3	23	27	17.4
Fenway	*	*	*	*	*	*
Hyde Park	652,500	685,000	5.0	114	88	-22.8
Jamaica Plain	1,160,000	1,256,250	8.3	63	57	-9.5
Leather District	*	*	*	*	*	*
Longwood Medical Area	*	*	*	*	*	*
Mattapan	599,950	622,500	3.8	46	28	-39.1
Mission Hill	631,000	863,000	36.8	1	3	200.0
North End	*	1,350,000	*	*	1	*
Roslindale	760,000	803,000	5.7	95	75	-21.1
Roxbury	669,125	735,000	9.8	22	13	-40.9
South Boston	1,029,000	1,050,000	2.0	61	57	-6.6
South Boston Waterfront	*	*	*	*	*	*
South End	3,050,000	4,200,000	37.7	29	17	-41.4
West End	*	*	*	*	*	*
West Roxbury	800,000	870,000	8.7	223	195	-12.6
Citywide	800,000	870,000	8.7	869	753	-13.3

* Medians and sales are not shown for neighborhoods with no single-family home sales.

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

Note 3: 2025 sales data include all transactions recorded through December 5, 2025.

Source: City of Boston, Mayor’s Office of Housing (MOH) using Warren Group data.

Condominium sales volumes and prices also showed variability across Boston neighborhoods in 2024 and 2025. The most expensive neighborhoods for condominiums were the South Boston Waterfront, Downtown, and Back Bay which had median sales prices over \$1.2 million. Hyde Park, Roxbury, and Mattapan had the least expensive condominiums with median sales prices under \$500,000.

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**Table 17. Short Term Trends in Housing Prices
Median Sales Prices and Sales Volume of Condominiums
In Boston’s Neighborhoods, Calendar Years 2024 and 2025 (In Nominal Dollars)**

Neighborhood	2024 Condo Price	2025 Condo Price	Percent Change	2024 Sales Volume	2025 Sales Volume	Percent Change
Allston	\$585,000	\$549,950	-6.0%	75	62	-17.3%
Back Bay	1,242,000	1,246,250	0.3	268	242	-9.7
Bay Village	920,000	987,500	7.3	19	12	-36.8
Beacon Hill	920,000	1,032,505	12.2	98	104	6.1
Brighton	520,000	556,000	6.9	248	264	6.5
Charlestown	894,500	935,000	4.5	256	193	-24.6
Chinatown	594,000	570,000	-4.0	8	7	-12.5
Dorchester	586,250	575,000	-1.9	414	365	-11.8
Downtown	1,354,500	1,290,000	-4.8	204	184	-9.8
East Boston	665,000	645,000	-3.0	339	282	-16.8
Fenway	595,000	630,000	5.9	88	99	12.5
Hyde Park	451,000	448,000	-0.7	53	67	26.4
Jamaica Plain	742,500	675,000	-9.1	296	303	2.4
Leather District	920,000	1,005,000	9.2	15	11	-26.7
Longwood Medical Area	615,000	650,000	5.7	7	7	0.0
Mattapan	534,950	420,000	-21.5	42	50	19.0
Mission Hill	675,000	687,500	1.9	27	34	25.9
North End	853,000	703,000	-17.6	111	97	-12.6
Roslindale	595,000	615,000	3.4	103	103	0.0
Roxbury	525,000	480,000	-8.6	129	187	45.0
South Boston	835,000	868,000	4.0	451	443	-1.8
South Boston Waterfront	1,580,000	1,352,500	-14.4	79	68	-13.9
South End	1,160,000	1,145,000	-1.3	385	310	-19.5
West End	670,000	747,500	11.6	65	62	-4.6
West Roxbury	480,000	575,000	19.8	100	86	-14.0
Citywide	745,000	721,750	-3.1	3,880	3,642	-6.1

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

Note 3: 2025 sales data include all transactions recorded through December 5, 2025.

Source: City of Boston, Mayor’s Office of Housing (MOH) using Warren Group data.

There were 301,702 housing units in Boston according to the 2020 Census, 279,495 of which were occupied. Net new housing construction through the end of 2025 brought the total housing stock to 321,498. In 2025, an additional 3,079 net new housing units were completed, including 1,407 income-restricted units.²⁹

In 2025, the BPDA Board approved project proposals that included a net 4,684 housing units, including 1,458 income-restricted units. In 2025, 2,699 net new units (including 995 income-restricted units) received construction permits.³⁰ As of December 31, 2025, there were approximately 6,000 units under construction in Boston.³¹

²⁹ Net new completed units are net of demolitions, condo conversions, and other alterations.

³⁰ Net permitted units is net of condo conversions and other alterations, but not of demolitions.

³¹ Mayor’s Office of Housing.

The Linkage Program

The City implemented its development linkage program in 1983 to direct some of the benefits of downtown investment to help create and retain the supply of housing for low or moderate income residents of Boston through the Neighborhood Housing Trust (“NHT”). The linkage program also funds job training for City residents through the Neighborhood Jobs Trust (“NJT”). Under the linkage program, real estate developers seeking approval of large scale commercial or institutional developments are required to enter into agreements to pay exactions in the amount of \$15.39 per square foot of non-residential construction over 100,000 square feet, of which \$2.39 per square foot goes to the job training fund and \$13.00 per square foot goes for affordable housing purposes. On December 1, 2022 Mayor Wu proposed increasing the total linkage fee over two years to \$30.78 per square foot for lab space, and to \$23.09 for other commercial uses. Sixteen percent of the fees will support job training and job preparedness programs, while the remaining 84 percent will support the creation and preservation of affordable housing. These changes were approved by the BPDA Board on February 16, 2023, and went into effect January 1, 2024. In fiscal 2025, the NHT collected \$ 16.6 million and the NJT collected \$1.0 million.

The NHT has awarded over \$302 million in grant funds from 1988 through fiscal 2025. The NHT funding contributed to the construction or renovation of 19,055 housing units of which 18,060 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, the construction of new housing, and the preservation of affordable units. Projects have included rental developments of family-sized units, single room occupancy units, units set aside for homeless or formerly homeless households, elderly housing units, and units exclusively for other special needs populations. In addition, 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 2024, the NJT disbursed approximately \$4.2 million to job training and education programs. Among the NJT-funded programs were 23 job training programs chosen through an open request for proposals process. From January 2024 through the end of 2025, these grantees trained more than 374 adults for industry sectors such as life sciences, culinary arts, healthcare, human services, clean energy, media arts, water management, and information technology. Many of these adults faced at least one of the following barriers to employment: prior criminal record, low-income, or housing insecurity.

In addition, NJT funded special projects through such organizations as SkillWorks, English for New Bostonians, and Tech Goes Home. 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 2,068 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.

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PROPOSED FORM OF LEGAL OPINION

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



troutman.com

(Date of Delivery)

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

City of Boston, Massachusetts
 General Obligation Bonds
 2026 Series A

City of Boston, Massachusetts
 General Obligation Refunding Bonds
 2026 Series B

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 (together, the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

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

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

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

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

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

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

TROUTMAN PEPPER LOCKE LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Boston, Massachusetts (the “Issuer”) in connection with the issuance of its \$_____ General Obligation Bonds, 2026 Series A and its \$_____ General Obligation Refunding Bonds, 2026 Series B, each dated _____, 2026 (together, the “Bonds”). The Issuer covenants and agrees as follows:

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

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

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

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

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

“Obligated Person” shall mean the Issuer.

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

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

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

SECTION 3. Provision of Annual Reports.

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

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

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

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated May __, 2026 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

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

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

Date: _____, 2026

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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