

City of Boston

*Actuarial Valuation and Review of Other Postemployment
Benefits (OPEB) as of June 30, 2009
In accordance with GASB Statements Number 43 and 45*

SUPPLEMENTAL REPORT

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July 12, 2010

*Ms. Sally Glora, City Auditor
City of Boston
City Hall Room M-4
Boston, MA 02201*

Dear Sally:

We are pleased to submit this supplemental report to our Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2009 under Governmental Accounting Standards Board Statements 43 and 45 dated March 15, 2010. It reflects the revised results, funding schedules, and disclosure information due to the retiree plan changes and the adoption of M.G.L. Chapter 32B, Section 18A for future retirees effective July 1, 2010.

This report is based on information received from the City. The actuarial projections were based on the assumptions and methods described in Exhibit II and on the plan of benefits as summarized in Exhibit III of our March 15, 2010 report, except as noted below.

The following plan changes are reflected in this supplemental report:

- the Harvard Pilgrim HMO, Neighborhood Health Plan HMO, and BMC Advantage HMO retiree contributions increased from 10% to 15%, and*
- the Harvard Pilgrim POS retiree contributions increased from 15% to 20%.*

To reflect the adoption of Section 18A, the following assumption changes are reflected in this supplemental report:

- For all future retirees hired before 1986 and current retirees under age 65, 65% are assumed to enroll in the Blue Cross Master Medical Carveout Plan upon reaching age 65, 7.5% are assumed to enroll in one of the insured Medicare Supplement plans, 7.5% are assumed to enroll in one of the insured Medicare Advantage plans, 15% are assumed to remain enrolled in an insured non-Medicare HMO, and 5% are assumed to remain enrolled in the Blue Cross Master Medical (non-Medicare) plan, and*

- *For all future retirees hired after 1986, 80% are assumed to enroll in the Blue Cross Master Medical Carveout Plan upon reaching age 65, 10% are assumed to enroll in one of the insured Medicare Supplement plans, and 10% are assumed to enroll in one of the insured Medicare Advantage plans.*
- *Previously, for all future retirees and current retirees under age 65, 45% were assumed to enroll in the Blue Cross Master Medical Carveout Plan upon reaching age 65, 5% were assumed to enroll in one of the insured Medicare Supplement plans, 5% were assumed to enroll in one of the insured Medicare Advantage plans, 35% were assumed to remain enrolled in an insured non-Medicare HMO, and 10% were assumed to remain enrolled in the Blue Cross Master Medical (non-Medicare) plan.*

We look forward to discussing this material with you at your convenience.

Sincerely,

THE SEGAL COMPANY

By: 
Kathleen A. Riley, FSA, MAAA
Senior Vice President and Actuary

7296854v5/02797.016

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

SUMMARY OF VALUATION RESULTS

ALL DEPARTMENTS

The key results and significant assumptions for the current year are shown on a fully funded basis and a partially funded basis.

	8.00% interest rate	5.25% interest rate
Actuarial Accrued Liability by Participant Category		
1. Current retirees, beneficiaries and dependents	\$1,695,321,474	\$2,229,284,786
2. Current active members	<u>1,410,051,871</u>	<u>2,455,687,017</u>
3. Total as of July 1, 2009: (1) + (2)	\$3,105,373,345	\$4,684,971,803
Annual Required Contribution for Fiscal Year Ending June 30, 2010		
4. Normal cost as of July 1, 2009	\$40,142,086	\$84,536,323
5. Adjustment for timing	<u>1,574,793</u>	<u>2,190,693</u>
6. Normal cost adjusted for timing: (4) + (5)	\$41,716,879	\$86,727,016
Amortization Payments Increasing at 4.5%		
7. 30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2009	\$160,301,140	\$172,897,362
8. Adjustment for timing	<u>6,288,693</u>	<u>4,480,501</u>
9. Amortization payment adjusted for timing: (7) + (8)	\$166,589,833	\$177,377,863
10. Total Annual Required Contribution (ARC): (6) + (9)	\$208,306,712	\$264,104,879
11. Projected net benefit payments for fiscal year ending June 30, 2010	\$134,757,197	\$134,757,197

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

DEPARTMENT RESULTS

Actuarial Accrued Liability (AAL) and Annual Required Contribution – Fully funded (8.00%)

	Boston Public Schools (A)	All Other Departments (City) (B)	Total City (A) + (B)	Public Health Commission (C)	All Departments Total (A) + (B) + (C)
Actuarial Accrued Liability by Participant Category					
1. Current retirees, beneficiaries and dependents	\$754,081,552	\$923,145,508	\$1,677,227,060	\$18,094,414	\$1,695,321,474
2. Current active members	<u>572,854,861</u>	<u>777,222,898</u>	<u>1,350,077,759</u>	<u>59,974,112</u>	<u>1,410,051,871</u>
3. Total as of July 1, 2009: (1) + (2)	\$1,326,936,413	\$1,700,368,406	\$3,027,304,819	\$78,068,526	\$3,105,373,345
Annual Required Contribution for Fiscal Year Ending June 30, 2010					
4. Normal cost as of July 1, 2009	\$19,887,272	\$17,188,643	\$37,075,915	\$3,066,171	\$40,142,086
5. Adjustment for timing	<u>780,187</u>	<u>674,319</u>	<u>1,454,506</u>	<u>120,287</u>	<u>1,574,793</u>
6. Normal cost adjusted for timing: (4) + (5)	\$20,667,459	\$17,862,962	\$38,530,421	\$3,186,458	\$41,716,879
Amortization Payments Increasing at 4.5%					
7. 30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2009	\$68,497,213	\$87,773,985	\$156,271,198	\$4,029,942	\$160,301,140
8. Adjustment for timing	<u>2,687,180</u>	<u>3,443,416</u>	<u>6,130,596</u>	<u>158,097</u>	<u>6,288,693</u>
9. Amortization payment adjusted for timing: (7) + (8)	\$71,184,393	\$91,217,401	\$162,401,794	\$4,188,039	\$166,589,833
10. Total Annual Required Contribution (ARC): (6) + (9)	\$91,851,852	\$109,080,363	\$200,932,215	\$7,374,497	\$208,306,712
11. Projected net benefit payments for fiscal year ending June 30, 2010	\$59,147,603	\$74,286,325	\$133,433,928	\$1,323,269	\$134,757,197

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

DEPARTMENT RESULTS CONTINUED

Actuarial Accrued Liability (AAL) and Annual Required Contribution – Partially funded (5.25%)

	Boston Public Schools (A)	All Other Departments (City) (B)	Total City (A) + (B)	Public Health Commission (C)	All Departments Total (A) + (B) + (C)
Actuarial Accrued Liability by Participant Category					
1. Current retirees, beneficiaries and dependents	\$989,868,233	\$1,214,270,462	\$2,204,138,695	\$25,146,091	\$2,229,284,786
2. Current active members	<u>970,637,726</u>	<u>1,379,039,132</u>	<u>2,349,676,858</u>	<u>106,010,159</u>	<u>2,455,687,017</u>
3. Total as of July 1, 2009: (1) + (2)	\$1,960,505,959	\$2,593,309,594	\$4,553,815,553	\$131,156,250	\$4,684,971,803
Annual Required Contribution for Fiscal Year Ending June 30, 2010					
4. Normal cost as of July 1, 2009	\$40,479,356	\$37,765,861	\$78,245,217	\$6,291,106	\$84,536,323
5. Adjustment for timing	<u>1,048,991</u>	<u>978,673</u>	<u>2,027,664</u>	<u>163,029</u>	<u>2,190,693</u>
6. Normal cost adjusted for timing: (4) + (5)	\$41,528,347	\$38,744,534	\$80,272,881	\$6,454,135	\$86,727,016
Amortization Payments Increasing at 4.5%					
7. 30-year amortization of the unfunded actuarial accrued liability (UAAL) as of July 1, 2009	\$72,351,835	\$95,705,248	\$168,057,083	\$4,840,279	\$172,897,362
8. Adjustment for timing	<u>1,874,942</u>	<u>2,480,127</u>	<u>4,355,069</u>	<u>125,432</u>	<u>4,480,501</u>
9. Amortization payment adjusted for timing: (7) + (8)	\$74,226,777	\$98,185,375	\$172,412,152	\$4,965,711	\$177,377,863
10. Total Annual Required Contribution (ARC): (6) + (9)	\$115,755,124	\$136,929,909	\$252,685,033	\$11,419,846	\$264,104,879
11. Projected net benefit payments for fiscal year ending June 30, 2010	\$59,147,603	\$74,286,325	\$133,433,928	\$1,323,269	\$134,757,197

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

FUNDING SCHEDULES

30 Years Closed (8.00% discount rate)

Total City (Boston Public Schools and All Other City Departments)

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) Total Funding Requirement: (2) + (3)	(5) Additional Funding: (4) - (1)	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) - (6)
2010	\$133,433,928	\$38,530,421	\$162,401,794	\$200,932,215	\$67,498,287	\$70,146,278	\$3,170,862,587	\$3,100,716,309
2011	144,697,190	40,456,942	169,709,875	210,166,817	65,469,627	143,796,012	3,316,201,951	3,172,405,939
2012	159,907,788	42,479,789	177,346,819	219,826,608	59,918,820	217,569,157	3,459,463,350	3,241,894,193
2013	174,944,370	44,603,779	185,327,426	229,931,205	54,986,835	292,118,684	3,600,766,503	3,308,647,818
2014	189,986,341	46,833,968	193,667,160	240,501,128	50,514,787	367,984,685	3,740,059,512	3,372,074,827
2015	204,262,534	49,175,666	202,382,182	251,557,848	47,295,314	446,574,193	3,878,093,272	3,431,519,080
2016	217,883,576	51,634,449	211,489,381	263,123,830	45,240,254	529,315,179	4,015,569,573	3,486,254,395
2017	230,527,159	54,216,172	221,006,403	275,222,574	44,695,415	618,109,231	4,153,587,386	3,535,478,155
2018	242,535,561	56,926,980	230,951,691	287,878,671	45,343,110	714,679,912	4,292,984,282	3,578,304,370
2019	254,953,317	59,773,329	241,344,517	301,117,846	46,164,529	819,829,891	4,433,586,031	3,613,756,140
2020	267,046,649	62,761,996	252,205,020	314,967,016	47,920,367	935,216,588	4,575,974,075	3,640,757,486
2021	280,398,981	65,900,096	263,554,246	329,454,342	49,055,360	1,061,013,741	4,719,138,220	3,658,124,479
2022	294,418,931	69,195,100	275,414,187	344,609,287	50,190,357	1,198,054,189	4,862,609,807	3,664,555,618
2023	309,139,877	72,654,855	287,807,826	360,462,681	51,322,804	1,347,234,747	5,005,856,148	3,658,621,401
2024	324,596,871	76,287,598	300,759,178	377,046,776	52,449,905	1,509,521,066	5,148,274,074	3,638,753,007
2025	340,826,714	80,101,978	314,293,341	394,395,319	53,568,604	1,685,952,878	5,289,182,905	3,603,230,027
2026	357,868,050	84,107,077	328,436,541	412,543,618	54,675,568	1,877,649,625	5,427,816,789	3,550,167,164
2027	375,761,453	88,312,431	343,216,185	431,528,616	55,767,163	2,085,816,531	5,563,316,346	3,477,499,814
2028	394,549,525	92,728,052	358,660,914	451,388,966	56,839,441	2,311,751,133	5,694,719,578	3,382,968,444
2029	414,277,002	97,364,455	374,800,655	472,165,110	57,888,108	2,556,850,310	5,820,951,964	3,264,101,654
2030	434,990,852	102,232,678	391,666,684	493,899,362	58,908,510	2,822,617,855	5,940,815,683	3,118,197,828
2031	456,740,394	107,344,311	409,291,685	516,635,997	59,895,602	3,110,672,619	6,052,977,877	2,942,305,258
2032	479,577,414	112,711,527	427,709,811	540,421,338	60,843,924	3,422,757,289	6,155,957,894	2,733,200,605
2033	503,556,285	118,347,103	446,956,752	565,303,856	61,747,571	3,760,747,831	6,248,113,402	2,487,365,571
2034	528,734,099	124,264,459	467,069,806	591,334,265	62,600,166	4,126,663,658	6,327,625,293	2,200,961,636
2035	555,170,804	130,477,682	488,087,947	618,565,629	63,394,825	4,522,678,585	6,392,481,278	1,869,802,692
2036	582,929,344	137,001,566	510,051,905	647,053,471	64,124,127	4,951,132,619	6,440,458,039	1,489,325,419
2037	612,075,811	143,851,644	533,004,241	676,855,885	64,780,074	5,414,544,656	6,469,101,853	1,054,557,197
2038	642,679,602	151,044,226	556,989,432	708,033,658	65,354,056	5,915,626,156	6,475,707,532	560,081,376
2039	674,813,582	158,596,437	582,053,956	740,650,394	65,836,812	6,457,295,870	6,457,295,870	-

Notes: Adjustment for timing assumes payment in the middle of the fiscal year.

Amortization payments calculated to increase 4.5% per year.

Does not reflect approximately \$46 million in stabilization fund for OPEB.

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

FUNDING SCHEDULES CONTINUED

**30 Years Closed (8.00% discount rate)
Public Health Commission**

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) Total Funding Requirement: (2) + (3)	(5) Additional Funding: (4) - (1)	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) - (6)
2010	\$1,323,269	\$3,186,458	\$4,188,039	\$7,374,497	\$6,051,228	\$6,288,621	\$86,250,291	\$79,961,670
2011	1,610,172	3,345,781	4,376,501	7,722,282	6,112,110	13,143,601	94,954,012	81,810,411
2012	2,026,100	3,513,070	4,573,443	8,086,513	6,060,413	20,493,255	104,095,637	83,602,382
2013	2,482,328	3,688,723	4,779,248	8,467,972	5,985,644	28,353,179	113,677,011	85,323,832
2014	2,976,151	3,873,160	4,994,314	8,867,474	5,891,323	36,743,876	123,703,371	86,959,495
2015	3,481,793	4,066,818	5,219,059	9,285,876	5,804,083	45,715,166	134,207,616	88,492,450
2016	4,042,413	4,270,158	5,453,916	9,724,075	5,681,662	55,276,935	145,180,905	89,903,970
2017	4,671,882	4,483,666	5,699,342	10,183,009	5,511,127	65,426,421	156,599,778	91,173,357
2018	5,365,959	4,707,850	5,955,813	10,663,663	5,297,704	76,166,070	168,443,833	92,277,763
2019	6,068,703	4,943,242	6,223,824	11,167,067	5,098,364	87,557,730	180,749,727	93,191,996
2020	6,726,564	5,190,404	6,503,897	11,694,301	4,967,737	99,724,972	193,613,281	93,888,309
2021	7,062,892	5,449,925	6,796,572	12,246,496	5,183,604	113,089,929	207,426,098	94,336,169
2022	7,416,037	5,722,421	7,102,418	12,824,838	5,408,802	127,758,115	222,260,129	94,502,013
2023	7,786,839	6,008,542	7,422,026	13,430,568	5,643,730	143,843,900	238,192,879	94,348,978
2024	8,176,181	6,308,969	7,756,018	14,064,986	5,888,806	161,471,239	255,307,845	93,836,607
2025	8,584,990	6,624,417	8,105,038	14,729,456	6,144,466	180,774,454	273,694,987	92,920,532
2026	9,014,239	6,955,638	8,469,765	15,425,403	6,411,164	201,899,088	293,451,225	91,552,137
2027	9,464,951	7,303,420	8,850,905	16,154,325	6,689,374	225,002,816	314,680,994	89,678,178
2028	9,938,199	7,668,591	9,249,195	16,917,786	6,979,588	250,256,442	337,496,828	87,240,387
2029	10,435,109	8,052,021	9,665,409	17,717,430	7,282,321	277,844,967	362,019,997	84,175,030
2030	10,956,864	8,454,622	10,100,352	18,554,974	7,598,110	307,968,752	388,381,190	80,412,438
2031	11,504,707	8,877,353	10,554,868	19,432,221	7,927,514	340,844,766	416,721,259	75,876,492
2032	12,079,943	9,321,220	11,029,837	20,351,058	8,271,115	376,707,943	447,192,011	70,484,068
2033	12,683,940	9,787,281	11,526,180	21,313,461	8,629,522	415,812,640	479,957,077	64,144,436
2034	13,318,137	10,276,646	12,044,858	22,321,504	9,003,367	458,434,225	515,192,832	56,758,607
2035	13,984,043	10,790,478	12,586,877	23,377,355	9,393,311	504,870,778	553,089,408	48,218,630
2036	14,683,246	11,330,002	13,153,286	24,483,288	9,800,042	555,444,943	593,851,768	38,406,825
2037	15,417,408	11,896,502	13,745,184	25,641,686	10,224,278	610,505,920	637,700,876	27,194,956
2038	16,188,278	12,491,327	14,363,717	26,855,044	10,666,766	670,431,622	684,874,961	14,443,340
2039	16,997,692	13,115,893	15,010,085	28,125,978	11,128,286	735,631,005	735,631,005	-

Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Amortization payments calculated to increase 4.5% per year.

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

FUNDING SCHEDULES CONTINUED

**30 Years Closed (8.00% discount rate)
All Departments**

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) Total Funding Requirement: (2) + (3)	(5) Additional Funding: (4) - (1)	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) - (6)
2010	\$134,757,197	\$41,716,879	\$166,589,833	\$208,306,712	\$73,549,515	\$76,434,898	\$3,257,112,878	\$3,180,677,980
2011	146,307,362	43,802,723	174,086,375	217,889,098	71,581,736	156,939,613	3,411,155,962	3,254,216,350
2012	161,933,888	45,992,859	181,920,262	227,913,121	65,979,233	238,062,412	3,563,558,988	3,325,496,575
2013	177,426,698	48,292,502	190,106,674	238,399,176	60,972,478	320,471,863	3,714,443,514	3,393,971,650
2014	192,962,492	50,707,127	198,661,475	249,368,602	56,406,110	404,728,561	3,863,762,883	3,459,034,322
2015	207,744,327	53,242,484	207,601,241	260,843,724	53,099,397	492,289,359	4,012,300,888	3,520,011,529
2016	221,925,989	55,904,608	216,943,297	272,847,904	50,921,915	584,592,114	4,160,750,479	3,576,158,364
2017	235,199,041	58,699,838	226,705,745	285,405,583	50,206,542	683,535,652	4,310,187,165	3,626,651,512
2018	247,901,520	61,634,830	236,907,504	298,542,334	50,640,814	790,845,982	4,461,428,115	3,670,582,133
2019	261,022,020	64,716,571	247,568,341	312,284,913	51,262,893	907,387,621	4,614,335,758	3,706,948,137
2020	273,773,213	67,952,400	258,708,917	326,661,317	52,888,104	1,034,941,561	4,769,587,356	3,734,645,795
2021	287,461,874	71,350,020	270,350,818	341,700,838	54,238,964	1,174,103,671	4,926,564,318	3,752,460,647
2022	301,834,967	74,917,521	282,516,605	357,434,126	55,599,158	1,325,812,304	5,084,869,935	3,759,057,631
2023	316,926,716	78,663,397	295,229,852	373,893,249	56,966,533	1,491,078,647	5,244,049,026	3,752,970,379
2024	332,773,051	82,596,567	308,515,195	391,111,762	58,338,711	1,670,992,305	5,403,581,919	3,732,589,614
2025	349,411,704	86,726,395	322,398,379	409,124,774	59,713,070	1,866,727,332	5,562,877,892	3,696,150,559
2026	366,882,289	91,062,715	336,906,306	427,969,021	61,086,732	2,079,548,713	5,721,268,014	3,641,719,301
2027	385,226,404	95,615,851	352,067,090	447,682,941	62,456,537	2,310,819,347	5,877,997,340	3,567,177,992
2028	404,487,724	100,396,643	367,910,109	468,306,752	63,819,028	2,562,007,575	6,032,216,406	3,470,208,831
2029	424,712,110	105,416,476	384,466,064	489,882,539	65,170,429	2,834,695,277	6,182,971,961	3,348,276,684
2030	445,947,716	110,687,299	401,767,037	512,454,336	66,506,620	3,130,586,607	6,329,196,873	3,198,610,266
2031	468,245,101	116,221,664	419,846,553	536,068,218	67,823,116	3,451,517,385	6,469,699,136	3,018,181,750
2032	491,657,356	122,032,747	438,739,648	560,772,396	69,115,039	3,799,465,232	6,603,149,905	2,803,684,673
2033	516,240,224	128,134,385	458,482,932	586,617,317	70,377,093	4,176,560,471	6,728,070,478	2,551,510,007
2034	542,052,235	134,541,104	479,114,664	613,655,768	71,603,533	4,585,097,883	6,842,818,126	2,257,720,243
2035	569,154,847	141,268,159	500,674,824	641,942,984	72,788,136	5,027,549,364	6,945,570,686	1,918,021,322
2036	597,612,590	148,331,567	523,205,191	671,536,759	73,924,169	5,506,577,562	7,034,309,806	1,527,732,244
2037	627,493,219	155,748,146	546,749,425	702,497,571	75,004,351	6,025,050,576	7,106,802,729	1,081,752,153
2038	658,867,880	163,535,553	571,353,149	734,888,702	76,020,822	6,586,057,778	7,160,582,493	574,524,716
2039	691,811,274	171,712,331	597,064,041	768,776,371	76,965,097	7,192,926,875	7,192,926,875	-

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Amortization payments calculated to increase 4.5% per year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

PROJECTION OF ARC

30 Years Open (5.25% discount rate)

Total City (Boston Public Schools and All Other City Departments)

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) ARC: (2) + (3)	(5) Additional Funding	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) – (6)
2010	\$133,433,928	\$80,272,881	\$172,412,152	\$252,685,033	\$20,000,000	\$20,784,610	\$4,738,352,195	\$4,717,567,585
2011	144,697,190	84,286,525	178,611,973	262,898,498	20,000,000	43,231,988	4,925,139,525	4,881,907,537
2012	159,907,788	88,500,851	184,834,053	273,334,904	20,000,000	67,475,157	5,110,451,958	5,042,976,801
2013	174,944,370	92,925,894	190,932,301	283,858,195	20,000,000	93,657,779	5,294,606,764	5,200,948,985
2014	189,986,341	97,572,189	196,913,291	294,485,480	20,000,000	121,935,011	5,477,764,625	5,355,829,614
2015	204,262,534	102,450,798	202,777,231	305,228,029	20,000,000	152,474,422	5,660,897,160	5,508,422,738
2016	217,883,576	107,573,338	208,554,564	316,127,902	20,000,000	185,456,985	5,844,925,418	5,659,468,433
2017	230,527,159	112,952,005	214,273,310	327,225,315	20,000,000	221,078,154	6,031,161,979	5,810,083,825
2018	242,535,561	118,599,605	219,975,764	338,575,369	20,000,000	259,549,016	6,220,650,323	5,961,101,307
2019	254,953,317	124,529,585	225,693,442	350,223,027	20,000,000	301,097,547	6,413,430,903	6,112,333,356
2020	267,046,649	130,756,065	231,419,243	362,175,308	20,000,000	345,969,960	6,610,313,575	6,264,343,615
2021	280,398,981	137,293,868	237,174,508	374,468,376	20,000,000	394,432,167	6,810,541,466	6,416,109,300
2022	294,418,931	144,158,561	242,920,513	387,079,074	20,000,000	446,771,350	7,013,940,643	6,567,169,293
2023	309,139,877	151,366,489	248,639,800	400,006,289	20,000,000	503,297,667	7,220,310,563	6,717,012,896
2024	324,596,871	158,934,814	254,313,034	413,247,848	20,000,000	564,346,090	7,429,421,806	6,865,075,716
2025	340,826,714	166,881,554	259,918,845	426,800,399	20,000,000	630,278,387	7,641,013,637	7,010,735,250
2026	357,868,050	175,225,632	265,433,665	440,659,297	20,000,000	701,485,268	7,854,791,398	7,153,306,130
2027	375,761,453	183,986,914	270,831,545	454,818,459	20,000,000	778,388,699	8,070,423,718	7,292,035,019
2028	394,549,525	193,186,259	276,083,964	469,270,223	20,000,000	861,444,405	8,287,539,524	7,426,095,120
2029	414,277,002	202,845,572	281,159,618	484,005,190	20,000,000	951,144,567	8,505,724,838	7,554,580,272
2030	434,990,852	212,987,851	286,024,198	499,012,049	20,000,000	1,048,020,742	8,724,519,355	7,676,498,614
2031	456,740,394	223,637,243	290,640,152	514,277,395	20,000,000	1,152,647,011	8,943,412,783	7,790,765,772
2032	479,577,414	234,819,106	294,966,425	529,785,531	20,000,000	1,265,643,381	9,161,840,924	7,896,197,542
2033	503,556,285	246,560,061	298,958,180	545,518,241	20,000,000	1,387,679,461	9,379,181,490	7,991,502,029
2034	528,734,099	258,888,064	302,566,506	561,454,570	20,000,000	1,519,478,428	9,594,749,632	8,075,271,204
2035	555,170,804	271,832,467	305,738,094	577,570,561	20,000,000	1,661,821,312	9,807,793,157	8,145,971,845
2036	582,929,344	285,424,091	308,414,893	593,838,984	20,000,000	1,815,551,627	10,017,487,426	8,201,935,800
2037	612,075,811	299,695,295	310,533,746	610,229,041	20,000,000	1,981,580,366	10,222,929,901	8,241,349,534
2038	642,679,602	314,680,060	312,025,990	626,706,050	20,000,000	2,160,891,405	10,423,134,324	8,262,242,919
2039	674,813,582	330,414,063	312,817,036	643,231,099	20,000,000	2,354,547,328	10,617,024,510	8,262,477,182

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Amortization payments calculated to increase 4.5% per year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

PROJECTION OF ARC CONTINUED

**30 Years Open (5.25% discount rate)
Public Health Commission**

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) ARC: (2) + (3)	(5) Additional Funding	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) – (6)
2010	\$1,323,269	\$6,454,135	\$4,965,711	\$11,419,846	\$0	\$0	\$143,305,782	\$143,305,782
2011	1,610,172	6,776,842	5,425,705	12,202,547	1,500,000	1,558,846	156,129,895	154,571,049
2012	2,026,100	7,115,684	5,852,219	12,967,903	1,500,000	3,242,399	169,548,191	166,305,792
2013	2,482,328	7,471,468	6,296,509	13,767,977	1,500,000	5,060,637	183,567,901	178,507,264
2014	2,976,151	7,845,041	6,758,469	14,603,510	1,500,000	7,024,333	198,200,280	191,175,946
2015	3,481,793	8,237,294	7,238,118	15,475,412	1,500,000	9,145,126	213,484,530	204,339,404
2016	4,042,413	8,649,158	7,736,501	16,385,659	1,500,000	11,435,582	229,418,593	217,983,011
2017	4,671,882	9,081,616	8,253,062	17,334,678	1,500,000	13,909,274	245,987,078	232,077,804
2018	5,365,959	9,535,697	8,786,705	18,322,402	1,500,000	16,580,862	263,179,193	246,598,332
2019	6,068,703	10,012,482	9,336,467	19,348,949	1,500,000	19,466,176	281,042,080	261,575,903
2020	6,726,564	10,513,106	9,903,533	20,416,639	1,500,000	22,582,316	299,681,456	277,099,140
2021	7,062,892	11,038,761	10,491,259	21,530,020	1,500,000	25,947,747	319,493,633	293,545,886
2022	7,416,037	11,590,699	11,113,950	22,704,649	1,500,000	29,582,412	340,549,894	310,967,481
2023	7,786,839	12,170,234	11,773,549	23,943,783	1,500,000	33,507,851	362,925,751	329,417,900
2024	8,176,181	12,778,746	12,472,101	25,250,847	1,500,000	37,747,325	386,701,190	348,953,865
2025	8,584,990	13,417,683	13,211,753	26,629,436	1,500,000	42,325,957	411,960,932	369,634,975
2026	9,014,239	14,088,567	13,994,761	28,083,328	1,500,000	47,270,879	438,794,706	391,523,827
2027	9,464,951	14,792,996	14,823,496	29,616,492	1,500,000	52,611,395	467,297,545	414,686,150
2028	9,938,199	15,532,645	15,700,445	31,233,090	1,500,000	58,379,152	497,570,089	439,190,936
2029	10,435,109	16,309,278	16,628,222	32,937,500	1,500,000	64,608,330	529,718,912	465,110,582
2030	10,956,864	17,124,742	17,609,566	34,734,308	1,500,000	71,335,842	563,856,868	492,521,026
2031	11,504,707	17,980,979	18,647,354	36,628,333	1,500,000	78,601,556	600,103,453	521,501,897
2032	12,079,943	18,880,028	19,744,600	38,624,628	1,500,000	86,448,526	638,585,188	552,136,663
2033	12,683,940	19,824,029	20,904,463	40,728,492	1,500,000	94,923,254	679,436,030	584,512,776
2034	13,318,137	20,815,230	22,130,256	42,945,486	1,500,000	104,075,960	722,797,797	618,721,837
2035	13,984,043	21,855,992	23,425,447	45,281,439	1,500,000	113,960,882	768,820,625	654,859,743
2036	14,683,246	22,948,792	24,793,665	47,742,457	1,500,000	124,636,598	817,663,449	693,026,851
2037	15,417,408	24,096,231	26,238,711	50,334,942	1,500,000	136,166,372	869,494,508	733,328,136
2038	16,188,278	25,301,043	27,764,559	53,065,602	1,500,000	148,618,527	924,491,885	775,873,357
2039	16,997,692	26,566,095	29,375,365	55,941,460	1,500,000	162,066,855	982,844,069	820,777,213

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Amortization payments calculated to increase 4.5% per year.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

PROJECTION OF ARC CONTINUED

30 Years Open (5.25% discount rate)

All Departments

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) ARC: (2) + (3)	(5) Additional Funding	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year: (7) - (6)
2010	\$134,757,197	\$86,727,016	\$177,377,863	\$264,104,879	\$20,000,000	\$20,784,610	\$4,881,657,977	\$4,860,873,367
2011	146,307,362	91,063,367	184,037,678	275,101,045	21,500,000	44,790,834	5,081,269,420	5,036,478,586
2012	161,933,888	95,616,535	190,686,272	286,302,807	21,500,000	70,717,556	5,280,000,149	5,209,282,593
2013	177,426,698	100,397,362	197,228,810	297,626,172	21,500,000	98,718,416	5,478,174,665	5,379,456,249
2014	192,962,492	105,417,230	203,671,760	309,088,990	21,500,000	128,959,345	5,675,964,905	5,547,005,560
2015	207,744,327	110,688,091	210,015,349	320,703,440	21,500,000	161,619,548	5,874,381,690	5,712,762,142
2016	221,925,989	116,222,496	216,291,065	332,513,561	21,500,000	196,892,567	6,074,344,011	5,877,451,444
2017	235,199,041	122,033,621	222,526,372	344,559,993	21,500,000	234,987,428	6,277,149,057	6,042,161,630
2018	247,901,520	128,135,302	228,762,469	356,897,771	21,500,000	276,129,877	6,483,829,516	6,207,699,639
2019	261,022,020	134,542,067	235,029,909	369,571,976	21,500,000	320,563,723	6,694,472,982	6,373,909,259
2020	273,773,213	141,269,170	241,322,776	382,591,946	21,500,000	368,552,276	6,909,995,031	6,541,442,755
2021	287,461,874	148,332,629	247,665,767	395,998,396	21,500,000	420,379,914	7,130,035,099	6,709,655,185
2022	301,834,967	155,749,260	254,034,463	409,783,723	21,500,000	476,353,762	7,354,490,537	6,878,136,774
2023	316,926,716	163,536,723	260,413,349	423,950,072	21,500,000	536,805,518	7,583,236,314	7,046,430,796
2024	332,773,051	171,713,560	266,785,135	438,498,695	21,500,000	602,093,415	7,816,122,997	7,214,029,581
2025	349,411,704	180,299,237	273,130,598	453,429,835	21,500,000	672,604,344	8,052,974,569	7,380,370,225
2026	366,882,289	189,314,199	279,428,426	468,742,625	21,500,000	748,756,147	8,293,586,104	7,544,829,957
2027	385,226,404	198,779,909	285,655,041	484,434,950	21,500,000	831,000,094	8,537,721,263	7,706,721,169
2028	404,487,724	208,718,905	291,784,409	500,503,314	21,500,000	919,823,557	8,785,109,613	7,865,286,056
2029	424,712,110	219,154,850	297,787,840	516,942,690	21,500,000	1,015,752,897	9,035,443,750	8,019,690,853
2030	445,947,716	230,112,593	303,633,764	533,746,357	21,500,000	1,119,356,584	9,288,376,224	8,169,019,640
2031	468,245,101	241,618,222	309,287,506	550,905,728	21,500,000	1,231,248,566	9,543,516,236	8,312,267,670
2032	491,657,356	253,699,133	314,711,025	568,410,158	21,500,000	1,352,091,907	9,800,426,112	8,448,334,205
2033	516,240,224	266,384,090	319,862,643	586,246,733	21,500,000	1,482,602,715	10,058,617,520	8,576,014,805
2034	542,052,235	279,703,294	324,696,762	604,400,056	21,500,000	1,623,554,388	10,317,547,429	8,693,993,041
2035	569,154,847	293,688,459	329,163,541	622,852,000	21,500,000	1,775,782,194	10,576,613,782	8,800,831,588
2036	597,612,590	308,372,882	333,208,558	641,581,440	21,500,000	1,940,188,225	10,835,150,875	8,894,962,650
2037	627,493,219	323,791,526	336,772,457	660,563,983	21,500,000	2,117,746,738	11,092,424,409	8,974,677,670
2038	658,867,880	339,981,103	339,790,549	679,771,652	21,500,000	2,309,509,933	11,347,626,209	9,038,116,276
2039	691,811,274	356,980,158	342,192,401	699,172,559	21,500,000	2,516,614,183	11,599,868,579	9,083,254,396

*Notes: Adjustment for timing assumes payment in the middle of the fiscal year.
Amortization payments calculated to increase 4.5% per year.
Does not reflect approximately \$46 million in stabilization fund for OPEB.*

SECTION 2: Valuation Results for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

July 12, 2010

ACTUARIAL CERTIFICATION

This is to certify that The Segal Company has conducted an actuarial valuation of certain benefit obligations of the City of Boston other postemployment benefit programs as of June 30, 2009, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

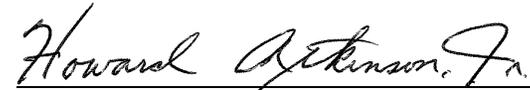
The actuarial valuation is based on the plan of benefits verified by the City and on participant, claims and expense data provided by the City or from vendors employed by the City.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein.



Kathleen A. Riley, FSA, MAAA
Senior Vice President and Actuary



Howard Atkinson, Jr., ASA, MAAA, FCA
Vice President and Health Actuary

SECTION 3: Valuation Details for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

**CHART 1
Required Supplementary Information – Schedule of Employer Contributions**

Total City (Boston Public Schools and All Other City Departments)

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed
2008	\$327,751,953	\$114,929,005	35.1%
2009	346,425,114	128,454,226	37.1%
2010	258,991,410	153,433,928	59.2%

*Notes: Does not reflect approximately \$46 million in stabilization fund for OPEB.
The fiscal year ended June 30, 2010 actual contribution amount includes an additional funding payment of \$20 million.*

Public Health Commission

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed
2008	\$16,559,975	\$990,398	6.0%
2009	17,877,834	1,268,223	7.1%
2010	11,890,916	1,323,269	11.1%

Notes: The fiscal year ended June 30, 2010 actual contribution amount does not include any additional funding payments.

SECTION 3: Valuation Details for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CHART 2
Required Supplementary Information – Schedule of Funding Progress**

Total City (Boston Public Schools and All Other City Departments)

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)
6/30/2007	\$0	\$5,490,836,471	\$5,490,836,471	0.0%	\$919,662,197	597.0%
6/30/2009	0	4,553,815,553	4,553,815,553	0.0%	1,008,003,640	451.8%

Note: Does not reflect approximately \$46 million in stabilization fund for OPEB.

Public Health Commission

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)
6/30/2007	\$0	\$163,981,208	\$163,981,208	0.0%	\$47,922,000	342.2%
6/30/2009	0	131,156,250	131,156,250	0.0%	52,914,849	247.9%

SECTION 3: Valuation Details for the City of Boston June 30, 2009 Measurement under GASB - Supplemental Report

CHART 3
Required Supplementary Information – Net OPEB Obligation (NOO)

Total City (Boston Public Schools and All Other City Departments)

Fiscal Year Ended June 30,	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of Following Date (g)
2008	\$327,751,953	\$0	\$0	\$327,751,953	\$114,929,005	\$212,822,948	\$212,822,948
2009	344,100,040	9,577,033	-7,251,959	346,425,114	128,454,226	217,970,888	430,793,836
2010	252,685,033	22,616,676	-16,310,299	258,991,410	153,433,928	105,557,482	536,351,318

*Notes: Does not reflect approximately \$46 million in stabilization fund for OPEB.
 The fiscal year ended June 30, 2010 actual contribution amount includes an additional funding payment of \$20 million.*

Public Health Commission

Fiscal Year Ended June 30,	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of Following Date (g)
2008	\$16,559,975	\$0	\$0	\$16,559,975	\$990,398	\$15,569,577	\$15,569,577
2009	17,707,738	700,631	-530,535	17,877,834	1,268,223	16,609,611	32,179,188
2010	11,419,846	1,689,407	-1,218,337	11,890,916	1,323,269	10,567,647	42,746,835

Note: The fiscal year ended June 30, 2010 actual contribution amount does not include any additional funding payments.