BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Financial Statements and Required
Supplementary Information

June 30, 2013

(With Independent Auditors' Report Thereon)

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

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KPMG

KPMG LLP
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Independent Auditors' Report

The Board of Directors
Boston Redevelopment Authority:

Report on the Financial Statements

We have audited the accompanying statement of net position of the Boston Redevelopment Authority (the Authority), a component unit of the City of Boston, as of June 30, 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the schedule of funding progress on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013 on our consideration of the Authority'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 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 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 Authority's internal control over financial reporting and compliance.

KPMG LLP

November 19, 2013

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Statement of Net Position

June 30, 2013

Assets:		
Current assets:		
Cash and cash equivalents (note 3)	$	51,154,735
Accounts receivable:		
Rent, net of $395,916 allowance		239,813
Intergovernmental		2,639,470
Other accounts receivable		204,047
Prepaid assets		191,317
Notes receivable, net, current portion (note 4)		13,465,419
Disposition receivables – development sites, current portion (note 12)		1,678,972
Total current assets		69,573,773
Noncurrent assets:		
Notes receivable, net (note 4)		106,685,555
Notes receivable – Rowes Wharf, net (note 5)		728,733
Disposition receivables – development sites (note 12)		21,713,616
Capital assets (note 7):		
Nondepreciable		15,383,637
Depreciable		6,433,308
Less accumulated depreciation		(3,783,506)
Total capital assets, net		18,033,439
Total noncurrent assets		147,161,343
Total assets		216,735,116
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses		1,471,239
Vacation and sick leave, current portion (note 9)		312,443
Deferred revenue, current portion (note 12)		1,678,972
Total current liabilities		3,462,654
Noncurrent liabilities (note 9):		
Notes payable (note 6)		1,475,000
Deposits		7,166,056
Vacation and sick leave		1,092,738
Other postemployment benefits (note 13)		6,316,112
Due to designated projects (note 4)		83,377,017
Due to City of Boston (note 4)		77,215,934
Deferred revenue (note 12)		29,422,305
Other		2,318,394
Total noncurrent liabilities		208,383,556
Total liabilities		211,846,210
Net position:		
Net investment in capital assets		6,062,922
Unrestricted		(1,174,016)
Commitments and contingencies (note 10)		
Total net position	$	4,888,906

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2013

Operating revenues:		
Intergovernmental	$	3,247,438
Gain on sale of property		4,244,057
Rent and other property payments (note 8)		9,935,014
Notes receivable – interest income (note 5)		1,646,658
Gross profit recognized on installment sale (note 5)		596,781
Other		1,278,330
Total operating revenues		20,948,278
Operating expenses:		
Personnel		7,544,205
Fringe benefits		3,710,106
Other postemployment benefits		1,209,164
Supplies and services		2,259,805
Contractual services		4,246,800
Depreciation		376,737
Other		128,100
Total operating expenses		19,474,917
Operating income		1,473,361
Nonoperating revenues:		
Interest income		70,832
Total nonoperating revenues		70,832
Increase in net position		1,544,193
Net position, beginning of year		3,344,713
Net position, end of year	$	4,888,906

See accompanying notes to basic financial statements.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Statement of Cash Flows

Year ended June 30, 2013

Cash flows from operating activities:		
Cash received from customers and other governments	$	19,370,601
Cash paid to employees		(11,249,511)
Cash paid to suppliers and consultants		(6,320,970)
Net cash provided by operating activities		1,800,120
Cash flows from noncapital financing activities:		
Receipts from development projects		956,980
Program grant receipts and advances		695,351
Receipts from the City of Boston		142,828
Net cash provided by noncapital financing activities		1,795,159
Cash flows from capital and related financing activities:		
Purchase of capital assets		(597,936)
Net cash used in capital and related financing activities		(597,936)
Cash flows from investing activities:		
Loans issued		(436,995)
Collections of loan principal		6,957,184
Interest earnings on escrow deposits		70,832
Net cash provided by investing activities		6,591,021
Net increase in cash and cash equivalents		9,588,364
Cash and cash equivalents, beginning of year		41,566,371
Cash and cash equivalents, end of year	$	51,154,735
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,473,361
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		403,446
Changes in operating assets and liabilities:		
Other postemployment liability		1,209,164
Allowance for bad debts		(53,844)
Accounts receivable		(1,892,593)
Disposition receivables – development sites		2,954,380
Notes receivable – Rowes Wharf, net		29,607
Prepaid assets		(67,652)
Accounts payable and accrued expenses		381,387
Vacation and sick leave liability		4,800
Deferred revenue		(2,641,936)
Net cash provided by operating activities	$	1,800,120

See accompanying notes to basic financial statements.

(1) The Authority

The Boston Redevelopment Authority (the Authority) was established in 1957 pursuant to Chapter 121B, as amended, of the General Laws of Massachusetts, to administer community development projects and to function as the planning agency of the City of Boston (the City). The Authority is governed by a five-member board of directors, four of which are appointed by the Mayor of Boston, with City Council approval, and one who is appointed by the Governor of Massachusetts, all for terms of five years. The Authority is a component unit of the City.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as specified by the Governmental Accounting Standards Board's (GASB) requirements for a special-purpose government agency engaged solely in business type activities. Operating revenues and expenses result from the administering of community development projects within the City in the areas of planning, economic development and workforce development. All other revenues and expenses are reported as nonoperating revenues and expenses.

(b) Use of Estimates

The preparation of the 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.

(c) Revenue Recognition

The Authority earns revenue from a variety of different sources including, but not limited to, land sales, equity participation agreements, and long-term operating leases.

Sales revenue is generally recorded upon transfer of title or, in the case of installment sales, when certain milestones are met. Equity participation revenue is recognized when a sale takes place on a property where the Authority retains a legal right to a percentage of all future resale.

The Authority has long-term leases with certain tenants in the Historic Monument Area of the Charlestown Navy Yard; these leases are for approximately 80 years. The Authority also has a number of leases on other properties throughout the City that generate lease revenue.

The Authority also receives a significant amount of intergovernmental revenue, which is used solely for capital projects that are under the oversight of the Authority.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

(e) *Capital Assets*

Capital assets are carried at cost or at estimated historical cost if actual cost is not available. Cost includes not only purchase price or construction cost, but also ancillary charges necessary to place the asset in its intended location and condition for use.

(f) *Depreciation*

The Authority provides for depreciation using the straight-line method. Depreciation is intended to distribute the cost of depreciable assets over the following estimated average useful lives:

	Years
Buildings	30
Land improvements	30
Furniture and fixtures	10
Vehicles	5
Computers	3

(g) *Compensated Absences*

Employees may accumulate unused vacation and sick leave as earned. Upon retirement, termination, or death, employees are compensated for accumulated unused vacation up to a maximum of three times their annual accrual. Sick leave accumulates at the rate of 1¼ days for each calendar month of service with no maximum limit. Upon termination, employees with 20 or more years of service may receive in cash 32% of their accrued but unused sick leave.

(h) *Deposits*

Deposits are funds given to the Authority by developers for the development of specific projects within the City and are recorded as a liability until certain milestones are met.

(i) *Due to Designated Projects*

Due to designated projects represents funds that will be made available for housing projects within the City.

(j) *Due to City of Boston*

Amounts due to the City consist of loans funded by the City and federal grants passed through the City for urban development and housing development projects. The Authority loans these funds to various not-for-profit community developers with any repayments remitted to the City's neighborhood development fund.

(3) Cash and Cash Equivalents

The Authority follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which requires that entities disclose essential risk information about deposits and investments.

(a) Investment Policy

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits (including demand deposits, term deposits, and certificates of deposit) in any one financial institution may not exceed certain levels without collateralization by the financial institutions involved. Investments may also be made in securities issued by or unconditionally guaranteed by the U.S. government or its agencies that have a maturity of less than one year from the date of purchase and in repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

(b) Interest Rate Risk

As of June 30, 2013, the Authority's only cash equivalent investment was a fixed income money market fund. The fair value of the money market fund was $17,726,944 and its weighted average maturity was less than one year.

(c) Credit Risk

As of June 30, 2013, the Authority's money market fund was not rated.

(d) Restrictions

A significant portion of cash totaling $46,940,896 is restricted to Boston's Affordable Housing Program, Development Mitigation and other City of Boston obligations.

(4) Notes Receivable

Notes receivable as of June 30, 2013 consist of the following amounts:

		Amount
Notes receivable:		
Real estate	$	9,931,489
Development and housing		48,193,054
Passed through the City		62,026,431
Notes receivable, net	$	120,150,974

Notes receivable – real estate consists of loans made by the Authority for redevelopment projects.

Notes receivable – development and housing consists of loans provided by the Authority. Amounts collected are made available for new loans.

Notes receivable – passed through the City consists of loans funded by the City and federal government under loan programs such as urban development and housing development action grants. The Authority loaned these pass-through funds to various not-for-profit community developers to accomplish their development and housing initiatives. The Authority administers these loans, with any repayment remitted to the City's neighborhood development fund.

Any collections on those notes are paid to the City or designated projects and are recorded as due to the City or due to designated projects on the Authority's financial statements. Interest earned and collected on these notes is recorded as revenue in the Authority's financial statements.

A significant portion of Notes Receivable totaling $111,839,073 is restricted to Boston's Affordable Housing Program and other City of Boston obligations.

(5) Rowes Wharf

In July 2007, the Authority entered into an agreement with a developer that previously had a long-term ground lease and contingent interest agreement in a property located at Rowes Wharf in Boston, Massachusetts (the Property) with the Authority. Under the agreement, the developer exercised a land purchase option available under its ground lease and negotiated the settlement of the Authority's remaining interest in the Property.

The sale was consummated by the issuance of notes by the Authority to the developer in the amounts of $14,000,000 and $4,500,000. Both notes have terms of 20 years with interest rates of 6.8%. Aggregate amounts due to be received under the notes as of June 30, 2013 totals $15,384,656.

During the year ended June 30, 2013, principal payments of $625,191 and interest payments of $1,069,423 were received from the developer. The Authority will record and recognize the profit from the sale on the installment method, as follows:

		Amount
Gross sales proceeds	$	18,500,000
Cost of land		(876,134)
Gross profit on installment sale		17,623,866
Gross profit recognized through June 30, 2013		(2,971,173)
Gross profit not yet recognized	$	14,652,693

(6) China Trade Center

In 1993, the Authority purchased the China Trade Center (CTC) from an unrelated party for approximately $2,225,000, including past-due property taxes due to the City of approximately $750,000. Funding for the purchase was provided by the City. In connection with the transaction, the City received from the

Authority a noninterest-bearing mortgage note of $1,475,000 due upon the sale or refinancing of the property. The Authority rents the space to various unrelated parties. The CTC is included in the Authority's capital asset balance at June 30, 2013.

(7) Capital Assets

The following is a summary of activities by major categories of capital assets for the year ended June 30, 2013:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Land	$ 14,892,019	—	(26,709)	14,865,310
Construction in progress	88,720	578,366	(148,759)	518,327
Total capital assets not being depreciated	14,980,739	578,366	(175,468)	15,383,637
Other capital assets:				
Land improvements	471,384	—	—	471,384
Building	3,692,160	70,959	—	3,763,119
Furniture and fixtures	1,725,802	77,800	—	1,803,602
Computers	297,409	19,570	—	316,979
Vehicles	78,224	—	—	78,224
Total other capital assets at historical cost	6,264,979	168,329	—	6,433,308
Less accumulated depreciation for:				
Land improvements	70,707	15,712	—	86,419
Building	1,833,749	272,887	—	2,106,636
Furniture and fixtures	1,260,778	80,360	—	1,341,138
Computers	154,905	16,184	—	171,089
Vehicles	77,386	838	—	78,224
Total accumulated depreciation	3,397,525	385,981	—	3,783,506
Other capital assets, net	2,867,454	(217,652)	—	2,649,802
Capital assets, net	$ 17,848,193	360,714	(175,468)	18,033,439

(Continued)

(8) Operating Leases and Other Property Payments

The Authority is a lessor of property under operating leases expiring in various years through 2088.

Minimum future rentals to be received on all noncancelable operating leases as of June 30, 2013 for each of the next five years and thereafter are as follows:

		Amount
Year ending June 30:		
2014	$	2,029,255
2015		1,699,103
2016		1,683,986
2017		1,683,986
2018		1,386,986
Thereafter		69,045,116
	$	77,528,432

The Authority is also a lessor of property under operating leases with terms of less than one year. Total rental income under short-term operating leases was $1,375,640 for the year ended June 30, 2013.

The Authority receives a percentage of revenues from the sale and resale of real estate. The Authority received payments amounting to $1,614,833 for the year ended June 30, 2013.

(9) Long-Term Liabilities

The following is a summary of long-term liabilities by major category:

		Beginning balance	Additions	Reductions	Ending balance
Notes payable	$	1,475,000	—	—	1,475,000
Deposits		7,082,544	1,951,317	1,867,805	7,166,056
Vacation and sick leave		1,400,381	4,800	—	1,405,181
Other postemployment benefits		5,106,948	2,202,698	993,534	6,316,112
Due to designated projects		77,539,907	9,267,022	3,429,912	83,377,017
Due to the City of Boston		77,073,106	4,219,399	4,076,571	77,215,934
Deferred revenue		33,743,213	300,000	2,941,936	31,101,277
Other		1,526,270	2,453,201	1,661,077	2,318,394
	$	204,947,369	20,398,437	14,970,835	210,374,971

(10) Risk Management

The Authority is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, and employee health and life insurance claims.

Buildings are fully insured against fire, theft, and natural disaster to the extent that losses exceed appropriate deductible amounts per incident. The Authority provides for workers' compensation and health claims through premium-based plans. Settled claims resulting from the notes discussed above did not exceed the amount of insurance coverage in force during the year ended June 30, 2013.

The Authority is involved in lawsuits concerning routine contract matters and public liability tort actions, the majority of which are covered by contractors', homeowners', landlords', and tenants' liability insurance policies. In addition, the Authority is involved in other litigation including land damage cases resulting from the acquisition of properties as a result of exercising its powers of eminent domain. Management believes that there is no significant liability associated with these claims.

(11) Pension Plan

(a) Plan Description

All full-time Authority employees are required to participate in the State-Boston Retirement System (the System), a cost-sharing, multiple-employer defined benefit pension plan. The System provides for retirement allowance benefits up to a maximum of 80% of an employee's highest 3-year average annual rate of regular compensation. Benefit payments are based upon an employee's age, length of creditable service, level of compensation, and group classification. Employees become vested after 10 years of creditable service. A retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. The System issues a publicly available financial report that can be obtained from the Boston Retirement Board, Room 816, City Hall, Boston, Massachusetts 02201.

(b) Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of $30,000. The Authority is required to pay into the System its share of the remaining system-wide actuarially determined contribution plus administration costs that are apportioned among the employers based on active covered payroll. The Commonwealth of Massachusetts reimburses the System for a portion of benefit payments for cost-of-living increases granted prior to July 1, 1998. The contributions of plan members and the Authority are governed by Chapter 32 of the Massachusetts General Laws. The Authority's contributions to the System for the years ended June 30, 2013, 2012, and 2011 were $1,995,174, $1,974,852, and $1,678,188, respectively, which equaled its required contribution for those years.

(12) Disposition Receivables – Development Sites

Amounts due to the Authority related to certain land disposition transactions are recorded as deferred revenues until such time as the transactions progress to the point that the Authority has earned the revenue based upon due dates specified in the agreements or upon the achievement of certain milestones. At June 30, 2013, the Authority recorded $23,392,588 of disposition receivables, of which $166,000 will become due upon the achievement of certain milestones.

(Continued)

For the year ended June 30, 2013, the Authority recorded revenue of $2,222,964, which was previously recorded as deferred revenue.

(13) Other Postemployment Benefits

(a) Plan Description

In addition to providing the pension benefits described above, the Authority provides postemployment healthcare and life insurance benefits (OPEB) for retired employees through the Group Insurance Commission (GIC). The GIC is a quasi-independent state agency that administers an agent multi-employer defined benefit OPEB plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Authority and can be amended by the Authority. As of January 1, 2012, the actuarial valuation date, approximately 120 retirees and 102 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

(b) Benefits Provided

The Authority provides medical, prescription drug, mental health/substance abuse, and life insurance to retirees and their covered dependents. All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits.

(c) Funding Policy

Retirees who retired on or before July 1, 1994 contribute 10% of the cost of the health plans, as determined by the GIC. Those who retired after July 1, 1994 contribute 15% of the cost of the health plan, as determined by the GIC. The Authority contributes the remainder of the health plan costs on a pay-as-you-go basis.

(d) *Annual OPEB Costs and Net OPEB Obligation*

The Authority's fiscal year 2013 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The following table shows the components of the Authority's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan, and the change in the Authority's net OPEB obligation based on an actuarial valuation as of January 1, 2012:

		Amount
ARC	$	1,998,420
Adjustments to ARC:		
Interest on net OPEB obligation		204,278
Amortization on Net OPEB obligation		(177,041)
Annual OPEB cost		2,025,657
Contributions made		(816,493)
Change in net OPEB obligation		1,209,164
Net OPEB obligation – beginning of year		5,106,948
Net OPEB obligation – end of year	$	6,316,112

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal year ended		**Annual OPEB cost**	**Percentage of OPEB cost contributed**		**Net OPEB obligation**
2013	$	2,025,617	40%	$	6,316,112
2012		1,740,981	44		5,106,948
2011		1,722,079	40		4,135,485

(e) *Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2013, based on an actuarial valuation as of January 1, 2012, was as follows:

Actuarial accrued liability (AAL)	$	23,020,879
Actuarial value of plan assets		—
Unfunded actuarial accrued liability (UAAL)	$	23,020,879
Funded ratio (actuarial value of plan assets/AAL)		—%
Covered payroll (active plan members)	$	7,634,468
UAAL as a percentage of covered payroll		301.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

(f) *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the plan as understood by the Authority and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the Authority has not advance funded its obligation. The actuarial assumptions included a 4.0% investment rate of return and an initial annual healthcare cost trend rate of 8.0%, which decreases to a 5.0% long-term trend rate for all healthcare benefits after 6 years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.0%.

BOSTON REDEVELOPMENT AUTHORITY
(A Component Unit of the City of Boston)

Required Supplementary Information

Schedule of Funding Progress

June 30, 2013

Unaudited

OPEB

Valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	(Funded) unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
January 1, 2010	—	$ 19,551	$ 19,551	—	$ 8,307	235.4%
January 1, 2011	—	20,181	20,181	—	8,039	251.0
January 1, 2012	—	23,021	23,021	—	7,634	301.5

See accompanying independent auditors' report.