



# **GASB 74/75 INTERIM ACTUARIAL VALUATION**

## **Fiscal Year Ending June 30, 2022**

# **CITY OF DOVER**

### **CONTACT**

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**November 9, 2022**

**Lori Peddicord  
City of Dover  
5 E. Reed Street, Suite 300  
Dover, DE 19904**

This report summarizes the interim GASB actuarial valuation for the City of Dover 2021/22 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and GASB Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). This report may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.



Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Should you have any questions please do not hesitate to contact us.

A handwritten signature in black ink, appearing to read 'John Lee'.

John Lee, FSA, MAAA  
Actuary

A handwritten signature in black ink, appearing to read 'Cody Kocher'.

Cody Kocher, ASA, MAAA  
Actuary

# Executive Summary

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

### Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2022 compared to the prior fiscal year as shown in the City's Notes to Financial Statement.

	As of June 30, 2021		As of June 30, 2022	
<b>Total OPEB Liability</b>	\$	62,715,927	\$	58,701,844
<b>Actuarial Value of Assets</b>	\$	(56,171,225)	\$	(48,342,818)
<b>Net OPEB Liability</b>	\$	6,544,702	\$	10,359,026
<b>Funded Ratio</b>		89.6%		82.4%

	FY 2020/21		FY 2021/22	
<b>OPEB Expense</b>	\$	(5,013,357)	\$	(2,583,923)
<b>Annual Employer Contributions</b>	\$	3,503,888	\$	4,042,285
<b>Actuarially Determined Contribution</b>	\$	2,779,727	\$	1,711,508

	As of June 30, 2021		As of June 30, 2022	
<b>Discount Rate</b>		6.50%		7.00%
<b>Expected Return on Assets</b>		6.50%		7.00%

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

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

OPEB Liability	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19	FY 2017/18
<b>Total OPEB Liability</b>					
Total OPEB Liability - beginning of year	\$ 62,715,927	\$ 63,320,996	\$ 65,019,816	\$ 66,118,639	\$ 69,305,071
Service cost	1,118,361	1,089,006	1,120,494	1,201,696	1,221,869
Interest	4,056,371	4,094,951	4,210,980	4,287,917	4,497,757
Change of benefit terms	0	0	0	0	0
Changes in assumptions	(3,523,774)	2,447,804	483,313	1,311,796	0
Differences between expected and actual experience	(2,762,174)	(5,370,178)	(4,758,240)	(5,152,216)	(6,202,130)
Benefit payments	(2,902,867)	(2,866,652)	(2,755,367)	(2,748,016)	(2,703,928)
Net change in total OPEB liability	\$ (4,014,083)	\$ (605,069)	\$ (1,698,820)	\$ (1,098,823)	\$ (3,186,432)
Total OPEB Liability - end of year	\$ 58,701,844	\$ 62,715,927	\$ 63,320,996	\$ 65,019,816	\$ 66,118,639
<b>Plan Fiduciary Net Position</b>					
Plan fiduciary net position - beginning of year	\$ 56,171,225	\$ 42,672,534	\$ 39,240,131	\$ 34,359,162	\$ 29,053,846
Contributions - employer	4,042,285	3,503,888	4,326,130	5,447,428	5,721,795
Contributions - active employees	0	0	0	0	0
Net investment income	(8,960,325)	12,864,455	1,871,140	2,184,357	2,294,949
Benefit payments	(2,902,867)	(2,866,652)	(2,755,367)	(2,748,016)	(2,703,928)
Trust administrative expenses	(7,500)	(3,000)	(9,500)	(2,800)	(7,500)
Net change in plan fiduciary net position	\$ (7,828,407)	\$ 13,498,691	\$ 3,432,403	\$ 4,880,969	\$ 5,305,316
Plan fiduciary net position - end of year	\$ 48,342,818	\$ 56,171,225	\$ 42,672,534	\$ 39,240,131	\$ 34,359,162
<b>Net OPEB Liability - end of year</b>	<b>\$ 10,359,026</b>	<b>\$ 6,544,702</b>	<b>\$ 20,648,462</b>	<b>\$ 25,779,685</b>	<b>\$ 31,759,477</b>
Plan fiduciary net position as % of total OPEB liability	82.4%	89.6%	67.4%	60.4%	52.0%
Covered employee payroll	\$ 20,249,554	\$ 19,755,662	\$ 20,262,159	\$ 19,580,134	\$ 19,578,050
Net OPEB liability as % of covered payroll	51.2%	33.1%	101.9%	131.7%	162.2%

\* The FY 2021/22 covered employee payroll was projected with the payroll growth assumption of 2.50%

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)

OPEB Liability	FY 2016/17
<b>Total OPEB Liability</b>	
Total OPEB Liability - beginning of year	\$ 73,334,826
Service cost	1,553,911
Interest	4,782,591
Change of benefit terms	0
Changes in assumptions	(4,832,943)
Differences between expected and actual experience	(2,870,577)
Benefit payments	(2,662,737)
Net change in total OPEB liability	\$ (4,029,755)
Total OPEB Liability - end of year	\$ 69,305,071
<b>Plan Fiduciary Net Position</b>	
Plan fiduciary net position - beginning of year	\$ 24,043,162
Contributions - employer	4,602,728
Contributions - retired members	0
Net investment income	3,073,693
Benefit payments	(2,662,737)
Trust administrative expenses	(3,000)
Net change in plan fiduciary net position	\$ 5,010,684
Plan fiduciary net position - end of year	\$ 29,053,846
<b>Net OPEB Liability - end of year</b>	<b>\$ 40,251,225</b>
Plan fiduciary net position as % of total OPEB liability	41.9%
Covered employee payroll	\$ 19,100,537
Net OPEB liability as % of covered payroll	210.7%

\* The FY 2021/22 covered employee payroll was projected with the payroll growth assumption of 2.50%

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## OPEB Expense

OPEB Expense	FY 2021/22		FY 2020/21	
Discount Rate				
Beginning of year		6.50%		6.50%
End of year		7.00%		6.50%
Service cost	\$	1,118,361	\$	1,089,006
Interest		4,056,371		4,094,951
Change of benefit terms		0		0
Projected earnings on OPEB plan investments		(3,687,338)		(2,794,003)
Reduction for contributions from active employees		0		0
OPEB plan administrative expenses		7,500		3,000
Current period recognition of deferred outflows / (inflows) of resources				
Differences between expected and actual experience	\$	(4,848,988)	\$	(4,954,392)
Changes in assumptions		143,828		(258,965)
Net difference between projected and actual earnings on OPEB plan investments		626,343		(2,192,954)
Total current period recognition	\$	(4,078,817)	\$	(7,406,311)
Total OPEB expense	\$	(2,583,923)	\$	(5,013,357)



# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

Differences between expected and actual experience for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2017	\$ (2,870,577)	5	\$ 0	\$ 0
June 30, 2018	\$ (6,202,130)	5	\$ (1,240,426)	\$ 0
June 30, 2019	\$ (5,152,216)	5	\$ (1,030,443)	\$ (1,030,444)
June 30, 2020	\$ (4,758,240)	5	\$ (951,648)	\$ (1,903,296)
June 30, 2021	\$ (5,370,178)	5	\$ (1,074,036)	\$ (3,222,106)
June 30, 2022	\$ (2,762,174)	5	\$ (552,435)	\$ (2,209,739)

Changes in assumptions for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2017	\$ (4,832,943)	5	\$ 0	\$ 0
June 30, 2018	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	\$ 1,311,796	5	\$ 262,359	\$ 262,360
June 30, 2020	\$ 483,313	5	\$ 96,663	\$ 193,324
June 30, 2021	\$ 2,447,804	5	\$ 489,561	\$ 1,468,682
June 30, 2022	\$ (3,523,774)	5	\$ (704,755)	\$ (2,819,019)

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Deferred Outflows / (Inflows) of Resources (Continued)

Net Difference between projected and actual earnings in OPEB plan investments for FYE	Initial Balance	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2022
June 30, 2018	\$ (310,152)	5	\$ (62,032)	\$ 0
June 30, 2019	\$ 135,249	5	\$ 27,050	\$ 27,049
June 30, 2020	\$ 729,411	5	\$ 145,882	\$ 291,765
June 30, 2021	\$ (10,070,452)	5	\$ (2,014,090)	\$ (6,042,272)
June 30, 2022	\$ 12,647,663	5	\$ 2,529,533	\$ 10,118,130

As of fiscal year ending June 30, 2022	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 0	\$ (8,365,585)
Changes in assumptions	1,924,366	(2,819,019)
Net difference between projected and actual earnings in OPEB plan investments	4,394,672	0
<b>Total</b>	<b>\$ 6,319,038</b>	<b>\$ (11,184,604)</b>

## Annual Amortization of Deferred Outflows / (Inflows)

The balances as of June 30, 2022 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance
2023	\$ (2,776,360)
2024	\$ (2,035,326)
2025	\$ (1,326,223)
2026	\$ 1,272,343
2027	\$ 0
Thereafter	\$ 0

# GASB Disclosures

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

### Sensitivity Results

The following presents the Net OPEB Liability as of June 30, 2022, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 7.00%.
- The 1% decrease in discount rate would be 6.00%.
- The 1% increase in discount rate would be 8.00%.

As of June 30, 2022	Net OPEB Liability	
1% Decrease	\$	17,770,364
Current Discount Rate	\$	10,359,026
1% Increase	\$	4,236,784

The following presents the Net OPEB Liability as of June 30, 2022, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 7.50%, decreasing to an ultimate rate of 4.50%.
- The 1% decrease in health care trend rates would assume an initial rate of 6.50%, decreasing to an ultimate rate of 3.50%.
- The 1% increase in health care trend rates would assume an initial rate of 8.50%, decreasing to an ultimate rate of 5.50%.

As of June 30, 2022	Net OPEB Liability	
1% Decrease	\$	3,437,004
Current Trend Rates	\$	10,359,026
1% Increase	\$	18,813,995

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Asset Information

Asset Breakdown	FY 2020/21		FY 2021/22	
Assets				
Cash and deposits	\$	2,503,555	\$	3,162,308
Securities lending cash collateral		0		0
Total cash	\$	2,503,555	\$	3,162,308
Receivables				
Contributions	\$	0	\$	0
Accrued interest		0		0
Total receivables	\$	0	\$	0
Investments				
Fixed income	\$	0	\$	0
Equities		0		0
Mutual Funds		53,894,800		45,629,719
Total investments	\$	53,894,800	\$	45,629,719
Total Assets	\$	56,398,355	\$	48,792,027
Liabilities				
Payables				
Investment management fees	\$	0	\$	0
To the General Fund		227,130		449,209
Total liabilities	\$	227,130	\$	449,209
Net Position Restricted to OPEB	\$	56,171,225	\$	48,342,818

# GASB Disclosures

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Asset Information (Continued)

Asset Reconciliation	FY 2020/21	FY 2021/22
<b>Additions</b>		
Contributions Received		
Employer	\$ 3,503,888	\$ 4,042,285
Active employees	0	0
Total contributions	\$ 3,503,888	\$ 4,042,285
Investment Income		
Net increase in fair value of investments	\$ 11,977,389	\$ (9,960,108)
Interest and dividends	913,795	1,028,221
Investment expense, other than from securities lending	(26,729)	(28,438)
Securities lending income	0	0
Securities lending expense	0	0
Net investment income	\$ 12,864,455	\$ (8,960,325)
Total additions	\$ 16,368,343	\$ (4,918,040)
<b>Deductions</b>		
Benefit payments	\$ 2,866,652	\$ 2,902,867
Administrative expenses	3,000	7,500
Other	0	0
Total deductions	\$ 2,869,652	\$ 2,910,367
Net increase in net position	\$ 13,498,691	\$ (7,828,407)
<b>Net position restricted to OPEB</b>		
Beginning of year	\$ 42,672,534	\$ 56,171,225
End of year	\$ 56,171,225	\$ 48,342,818

# Actuarially Determined Contributions

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that the Plan Sponsor has the ability to contribute these amounts on an annual basis. The Plan Sponsor has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

FY 2022/23					
Discount rate	7.00%	7.00%	7.00%	7.00%	7.00%
Actuarial cost method	Entry age normal Level % of Salary	Entry age normal Level % of Salary	Entry age normal Level % of Salary	Entry age normal Level % of Salary	Entry age normal Level % of Salary
Amortization type	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Amortization period	26 years	26 years	26 years	26 years	26 years
Fund	<b>General (110)</b>	<b>Water (412)</b>	<b>Wastewater (412)</b>	<b>Electric (480)</b>	<b>Total</b>
Actuarial accrued liability (AAL) – beginning of year	\$ 46,018,917	\$ 2,710,825	\$ 992,708	\$ 8,979,394	\$ 58,701,844
Actuarial value of assets – beginning of year	(36,339,887)	(1,890,423)	(901,260)	(9,211,248)	(48,342,818)
Unfunded AAL – beginning of year	\$ 9,679,030	\$ 820,402	\$ 91,448	\$ (231,854)	\$ 10,359,026
Normal Cost	\$ 888,515	\$ 32,864	\$ 20,655	\$ 41,261	\$ 983,295
Amortization of UAAL	764,923	64,836	7,227	(18,323)	818,663
Total normal cost plus amortization	\$ 1,653,438	\$ 97,700	\$ 27,882	\$ 22,938	\$ 1,810,958
Interest to the end of year	115,740	6,839	1,952	1,606	126,137
<b>Actuarially Determined Contribution</b>	<b>\$ 1,769,178</b>	<b>\$ 104,539</b>	<b>\$ 29,834</b>	<b>\$ 24,544</b>	<b>\$ 1,928,095</b>

**Actuarially Determined Contribution (ADC)** is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

# Discussion of Discount Rates

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is 7.00%. More information about the long-term expected rate of return on OPEB plan investments is shown on the next page.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.
3. The City's funding policy is to make annual contributions to an OPEB trust fund equal to an Actuarially Determined Contribution (ADC) amount. The final equivalent single discount rate used for this year's valuation is 7.00% as of June 30, 2022.

	Bond Buyer Go 20- Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Bond Index Range
Yield as of July 1, 2021	2.16%	2.19%	1.94%	1.94% - 2.19%
Yield as of June 30, 2022	3.54%	4.09%	3.69%	3.54% - 4.09%

# Discussion of Discount Rates

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

The long-term expected rate of return of 7.00% on OPEB plan investments was confirmed by the City's investment advisor based on the target allocation on the OPEB Trust. The OPEB plan's target asset allocation as of June 30, 2022 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return
Money Market	3.00%	2.66%
Short-Term Bonds	6.00%	3.47%
Non-Traditional Bonds	4.50%	2.27%
Inflation Protected Bonds	4.00%	3.63%
Intermediate Term Bonds	4.50%	3.78%
High Yield Bonds	5.00%	6.37%
Long-Term Bonds	4.00%	4.42%
Large Cap Value	7.00%	7.29%
Large Cap Growth	11.00%	7.58%
Mid Cap	9.00%	7.50%
Small Cap	8.00%	8.49%
Real Estate Investment	5.00%	8.18%
Foreign Equity	18.00%	8.19%
Emerging Markets	11.00%	11.11%
<b>Total</b>	<b>100.00%</b>	<b>7.00%</b>



# Summary of Key Actuarial Assumptions

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

For a complete summary of actuarial methods and assumptions, refer to the GASB 74/75 actuarial valuation report for the fiscal year ending June 30, 2021.

Measurement Date	For fiscal year ending June 30, 2022, a June 30, 2022 measurement date was used.														
Actuarial Valuation Date	July 1, 2021 with liabilities projected to the June 30, 2022 measurement date on a “no loss / no gain” basis. Liabilities as of July 1, 2021 are based on an actuarial valuation date of July 1, 2021 with no adjustments.														
Discount Rate	6.50% as of July 1, 2021 and 7.00% as of June 30, 2022 for accounting disclosure purposes. 7.00% for funding disclosure purposes (in calculating the Actuarially Determined Contribution).  The discount rate was chosen by the County based on the information provided in the “Discussion of Discount Rates” section above.														
Payroll Growth	The rates used in the valuation (shown below) include an annual inflation rate of 2.5% and are based on the Delaware State Employees’ Pension valuation as of June 30, 2020. The assumptions from these state-wide valuations provide reasonable estimates of experience for municipal employers such as the City of Dover. <table><tr><th>YOS</th><th>Rates</th></tr><tr><td>0</td><td>11.50%</td></tr><tr><td>5</td><td>5.15%</td></tr><tr><td>10</td><td>3.80%</td></tr><tr><td>15</td><td>3.10%</td></tr><tr><td>20</td><td>2.60%</td></tr><tr><td>21+</td><td>2.50%</td></tr></table>	YOS	Rates	0	11.50%	5	5.15%	10	3.80%	15	3.10%	20	2.60%	21+	2.50%
YOS	Rates														
0	11.50%														
5	5.15%														
10	3.80%														
15	3.10%														
20	2.60%														
21+	2.50%														
Inflation Rate	2.50% per year included in payroll growth  The inflation rate is based on the current economic environment and future expectations.														

# Summary of Key Actuarial Assumptions

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

## Health Care Trend Rates

FYE	Pre-65	Post-65	Part B
2023	7.5%	7.5%	4.5%
2024	7.0%	7.0%	4.5%
2025	6.5%	6.5%	4.5%
2026	6.0%	6.0%	4.5%
2027	5.5%	5.5%	4.5%
2028	5.0%	5.0%	4.5%
2029+	4.5%	4.5%	4.5%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

## Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

## Models

### ProVal

Valuation software developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing postretirement medical valuations. We coded the plan provisions, assumptions, methods and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any weakness or limitations in the software and have determined it is appropriate for performing this valuation.

### HealthMAPS Manual

Rating manual developed by WTW. Aging factors are used to develop per capita costs by age for plans with limited credible exposure to develop plan-specific factors. We are not aware of any weakness or limitations in the factors and have determined they are appropriate for performing this valuation.

# Actuary's Notes

## City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

Interim year valuation results have been projected from the prior year's valuation with adjustments for actual premium rates effective July 1, 2022. Making this change resulted in a decrease in the City's liabilities.

Additionally, the discount rate has increased from 6.50% as of July 1, 2021, to 7.00% as of June 30, 2022. Making this change resulted in a decrease in the City's liabilities.

### Premium Rates

Same pre-65 benefit options are available to retirees as active employees. Medicfill coverage is available to Medicare retirees. The City participates in the state health plan where the premium rates are determined based on the statewide pool experience. Premium rates are self-insured and community-rated. Monthly premium rates by plan effective July 1, 2022 and July 1, 2022 are as shown below.

Health Plans	Eff. 7/1/2022		Eff. 7/1/2021	
	EE only	EE/Sp	EE only	EE/Sp
First State Basic Plan	\$ 796.12	\$ 1,644.30	\$ 732.84	\$ 1,513.32
Aetna HMO	\$ 831.02	\$ 1,749.14	\$ 764.94	\$ 1,609.82
Aetna CDH Gold	\$ 823.88	\$ 1,705.38	\$ 758.36	\$ 1,569.54
Comprehensive PPO	\$ 908.52	\$ 1,882.38	\$ 836.26	\$ 1,732.42
Medicfill including Rx	\$ 485.06	\$ 970.12	\$ 485.06	\$ 970.12

### Retiree Cost Sharing

Retirees are responsible for the portion of premium rates not covered by the City's explicit subsidy.

# Actuary's Notes

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### Explicit Subsidy

Police	The City shall pay 100% of the retiree and spousal premiums for those retired prior to July 1, 1991. The City shall pay 100% of the retiree's monthly premium and 75% of the retiree's dependent coverage for employees who retired on/after July 1, 1991 but before July 1, 2012. For those retiring on/after July 1, 2012 and hired prior to October 9, 2015, the City will pay 85% for both retiree and spousal premiums. For employees hired on/after October 9, 2015, the City will pay 80% for the retiree's monthly premium. All Police hired on/after October 9, 2015 will be responsible for the full cost of spousal coverage at retirement.
DOE	The City shall pay 100% of the retiree and spousal premiums for those retired prior to September 1, 1991. The City shall pay 100% of the retiree's monthly premium and 75% of the retiree's dependent coverage for employees who retired on/after September 1, 1991 but before June 1, 2013. For those retiring on/after June 1, 2013 and hired prior to December 22, 2015, the City will pay 85% for both retiree and spousal premiums. For those hired on or after December 22, 2015, the City will pay 80% for the retiree's monthly premium.
IBEW	The City shall pay 100% of the retiree's monthly premium and 75% of the retiree's dependent coverage for employees hired prior to July 1, 1986. The City shall pay 100% of the retiree's monthly premium for employees hired on/after July 1, 1986 but before July 1, 2014. For those hired on/after July 1, 2014, the City will pay 80% of the retiree's monthly premium. All IBEW employees hired on/after July 1, 1986 will be responsible for the full cost of spousal coverage at retirement.
AFSCME	The City shall pay 100% of the retiree and 75% of spousal premiums for those retired prior to July 1, 2015. The City shall pay 85% of the retiree and spousal monthly premium for employees hired prior to May 20, 2014 and retired on/after July 1, 2015. For those hired on/after May 20, 2014, the City will pay 80% of the retiree's monthly premium. All AFSCME employees hired on/after May 20, 2014 will be responsible for the full cost of spousal coverage at retirement.
Non-Union	The City shall pay 100% of the retiree and spousal premiums for those retired prior to July 1, 1991. The City shall pay 100% of the retiree's monthly premium and 75% of the retiree's dependent coverage for employees who retired on/after July 1, 1991 but before July 1, 2012. For those retiring on/after July 1, 2012, the City will pay 85% for both retiree and spousal premiums.
Medicare Part B Reimbursement	Grandfathered retirees, non-bargaining active employees hired prior to July 27, 2009, and grandfathered AFSCME employees receiving an explicit subsidy are reimbursed for the cost of the monthly Medicare Part B premium. Dependents are not eligible for this subsidy. The Medicare Part B monthly premium for 2022 was \$170.10.

# GASB Results by Group

City of Dover Interim GASB 74/75 Valuation for Fiscal Year Ending June 30, 2022

## GASB Results by Group

Below is the summary of the GASB results for fiscal year ending June 30, 2022 based on the Entry Age Normal Level % of Pay cost method with a discount rate of 7.00%.

Groups	Total OPEB Liability		Plan Fiduciary Net Position		Net OPEB Liability	
		As of June 30, 2022		As of June 30, 2022		As of June 30, 2022
General Fund (110)	\$	46,018,917	\$	(36,339,887)	\$	9,679,030
Water Fund (412)	\$	2,710,825	\$	(1,890,423)	\$	820,402
Wastewater Fund (412)	\$	992,708	\$	(901,260)	\$	91,448
Electric Fund (480)	\$	8,979,394	\$	(9,211,248)	\$	(231,854)
<b>Total</b>	<b>\$</b>	<b>58,701,844</b>	<b>\$</b>	<b>(48,342,818)</b>	<b>\$</b>	<b>10,359,026</b>

Groups	Unamortized Balance of Deferred Outflows		Unamortized Balance of Deferred Inflows		OPEB Expense	
		As of June 30, 2022		As of June 30, 2022		FY 2021/22
General Fund (110)	\$	9,341,505	\$	(12,855,976)	\$	(1,294,056)
Water Fund (412)	\$	496,946	\$	(880,411)	\$	(264,068)
Wastewater Fund (412)	\$	247,601	\$	(403,843)	\$	(123,153)
Electric Fund (480)	\$	2,294,258	\$	(3,105,646)	\$	(902,646)
<b>Total</b>	<b>\$</b>	<b>12,380,310</b>	<b>\$</b>	<b>(17,245,876)</b>	<b>\$</b>	<b>(2,583,923)</b>