



# **TOWN OF SALEM, NEW HAMPSHIRE**

## **OTHER POSTEMPLOYMENT BENEFITS PROGRAM**

### **FINANCIAL REPORTING AND DISCLOSURES Governmental Accounting Standards Board Statement 75**

**Disclosures as of  
December 31, 2019**

KMS Actuaries, LLC  
52 Hunt Road  
Kingston, NH 03848

April, 2020



April 15, 2020

Ms. Nicole McGee  
Finance Director  
Town of Salem, New Hampshire  
33 Geremonty Drive  
Salem, NH 03079

Dear Nicole:

We are pleased to present the enclosed report of the January 1, 2019 actuarial valuation of the retiree health care benefits for the Town of Salem, New Hampshire. The valuation was prepared in accordance with and for the purpose of financial reporting and disclosures as of December 31, 2019 under the following Government Accounting Standards Board (GASB) Statement:

- ◆ GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)

The Principal Valuation Results, including assets, liabilities and the development of future contributions, are provided in Section 1. The Notes to the Financial Statements and the Required Supplementary Information are provided in Sections 2 and 3, respectively. Employer Reporting Amounts under GASB 75 are provided in Section 4. The Summary of Plan Provisions and Actuarial Assumptions and Methods are shown in Sections 5 and 6, respectively. Section 7 summarizes the demographic profile of active members and retired members, covered spouses and survivors. Finally, a Glossary of Terms is provided in Section 8.

Our calculations are based on member census data and other information provided by the Town of Salem, New Hampshire as well as health plan rates provided by the Town as of January 1, 2020. Although we did not audit the data used in the valuation and disclosure calculations, we believe that the information is complete and reliable.

Liabilities presented in this report are based on a discount rate of 2.74%, the rate that reflects a tax-exempt, high quality municipal bond rate. The municipal bond rate of 2.74% is based on the Bond Buyer 20-Bond GO Index published on December 27, 2019.

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K M S   A C T U A R I E S

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This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Code of Professional Conduct of the American Academy of Actuaries. The actuarial assumptions other than those explicitly applicable to the postemployment benefit plans are consistent with those used by the New Hampshire Retirement System's actuaries for the Retirement System pension valuations.

Future actuarial valuation results may differ significantly from the current results presented in this report. Examples of potential sources of volatility include plan experience differing from that anticipated by the economic or demographic assumptions, the effect of new entrants, changes in economic or demographic assumptions, the effect of law changes and the delayed effect of smoothing techniques.

Our valuation follows generally accepted actuarial methods and we perform such tests as we consider necessary to assure the accuracy of the results. The amounts presented in this report have been appropriately determined according to the actuarial assumptions and methods stated herein.

This report is intended for the sole use of the Town of Salem, New Hampshire and is intended to provide information to comply with the stated purpose of the report. It may not be appropriate for other purposes.

The expected claims, cost trend rates, and analysis of regulatory changes have been developed based on the expertise of the undersigned health and welfare actuary, Christopher E. Bean, ASA, MAAA. The undersigned credentialed actuaries are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein. They are available to answer any questions with regard to this report.

Respectfully submitted,



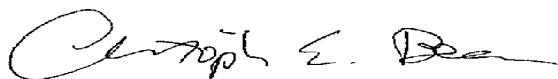
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## EXECUTIVE SUMMARY

This report presents the results of the actuarial valuation of the Town of Salem, New Hampshire's retiree health care benefits as of January 1, 2019. The valuation was prepared in accordance with and for the purpose of financial reporting and disclosures as of December 31, 2019 under the following Government Accounting Standards Board (GASB) Statement:

- ◆ GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)

The results as of the measurement date are based on a roll forward of the liabilities developed in the most recent actuarial valuation.

### New Accounting Standards

In June 2015, the GASB approved two related Statements that significantly changed the way other postemployment benefits (OPEB) plans and governments account and report OPEB liabilities. Effective for plans with fiscal years beginning after June 15, 2016, GASB Statement No. 74 (GASB 74), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaced the requirements of Statement No. 43 and effective for employers with fiscal years beginning after June 15, 2017, GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaced the requirements of Statement No. 45.

GASB 74 requires OPEB plans to present a statement of fiduciary net position (OPEB plan assets) and a statement of changes in fiduciary net position. Further, the statement requires that notes to financial statements include descriptive information such as the types of benefits provided, the classes of plan members covered and the authority under which benefit terms are established or may be amended. Finally, GASB 74 requires OPEB plans to present in required supplementary information the sources of the changes in the net OPEB liability and information about the actuarially determined contributions compared with the actual contributions made to the plan and related ratios.

GASB 74 and GASB 75 require projected benefit payments be discounted to their actuarial present value using the single rate that reflects:

- (1) a long-term expected rate of return on OPEB plan investments *to the extent that the OPEB plan's assets are sufficient to pay benefits and OPEB plan assets are expected to be invested using a strategy to achieve that return and*
- (2) a tax-exempt, high-quality municipal bond rate *to the extent that the conditions for use of the long-term expected rate of return are not met.*

GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and OPEB expense by state and local governments.

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## EXECUTIVE SUMMARY

### Town of Salem, New Hampshire Other Postemployment Benefits Program

The effective date for GASB 75 is for fiscal years beginning after June 15, 2017, which is the fiscal year ending December 31, 2018 for the Town of Salem, New Hampshire.

### Summary of Results

A summary of principal results from the current and prior measurement dates follows:

Measurement Date	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>Increase/ (Decrease)</u>
Valuation Date	January 1, 2019	January 1, 2017	
<b>Membership Data</b>			
Active Plan Members	248	241	2.9%
Inactive Plan Members	73	79	(7.6%)
Total Plan Members	321	320	0.3%
 Covered Payroll	 \$20,168,260	 \$18,879,190	 6.8%
<b>Valuation Results (GASB 75)</b>			
Total OPEB Liability	\$32,369,229	\$31,346,357	3.3%
Discount rate	2.74%	4.10%	
 OPEB Expense	 (\$5,719,250)	 \$1,307,387	 (537.5%)
Deferred Outflows	\$6,747,357	\$0	
Deferred Inflows	\$2,969,823	\$3,597,692	

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## EXECUTIVE SUMMARY

### Experience Gain and Loss

In developing the Total OPEB Liability, various assumptions are made regarding future premium rates, mortality, retirement, disability and turnover rates. A comparison of the results of the current and prior measurements is made to determine how closely actual experience relates to expected. For the current measurement period, the difference between expected and actual experience resulted in an actuarial loss of approximately \$1,768,000. The loss is mainly attributable to earlier than expected retirements.

### Changes of Assumptions

The discount rate changed from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. Additionally, the healthcare cost trend rates and participation rates were updated since the previous measurement date. All other assumptions were the same as those used in the previous measurement. All of the assumptions used in this valuation are shown in Section 6, Actuarial Assumptions and Methods.

### Changes of Benefit Terms

The Patient Protection and Affordable Care Act (PPACA) previously applied a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December 2019. Additionally, the Town switched Medicare plans and carriers from Cigna to New American in 2018. Both changes resulted in a decrease in the Total OPEB Liability of approximately \$8,100,000. A summary of the principal plan provisions is provided in Section 5, Summary of Plan Provisions.

### Total OPEB Liability

The Total OPEB Liability as of the current measurement date, December 31, 2019, is \$32,369,229. The Total OPEB Liability as of the prior measurement date, December 31, 2018, was \$31,346,357. The development of the Total OPEB Liability for the current and prior measurement dates is shown in Section 1, Exhibit 1.1.

### Employer Future Period Contributions

No employer contributions are assumed to be made since an OPEB trust has not been established.

### Discount Rate

The discount rate used to measure the total OPEB liability was 2.74%. As of the December 31, 2019 measurement date, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.74% municipal bond rate was applied to all periods to determine the total OPEB liability.

### OPEB Expense (Income)

The OPEB Income as of the current measurement date, December 31, 2019, is \$5,719,250. Benefit changes are recognized immediately and experience and assumption changes developed in this valuation are recognized over 7.36 years. The OPEB Expense for the prior measurement period was \$1,307,387. The development of the OPEB expense for the current measurement date is shown in Section 4, Exhibit 4.2.

## SECTION 1 - PRINCIPAL VALUATION RESULTS

### Exhibit 1.1 - Total OPEB Liability

The Total OPEB Liability, developed using the Entry Age Normal funding method, is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service. The total OPEB liability as of the December 31, 2019 measurement date was developed from an actuarial valuation as of January 1, 2019 and rolled forward to the OPEB plan's fiscal year-end.

The Service Cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. Only active employees who have not reached the age at which the probability of retirement is 100% incur a service cost.

Actuarial gains and losses arise from the difference between estimates and actual experience, excluding amounts related to benefit changes and changes in assumptions or other inputs.

The development of the Total OPEB Liability from the beginning of the measurement period, December 31, 2018 to the end of the measurement period, December 31, 2019 is shown below:

<u>Measurement Date</u>		<u>December 31, 2019</u>
1. Total OPEB Liability, beginning of year:		
a. Actives	\$ 8,057,451	
b. Retirees, Covered Spouses and Survivors	23,288,906	
c. Total OPEB Liability at 4.1% (a. + b.)		\$ 31,346,357
2. Service Cost		\$ 654,736
3. Expected Benefit Payments		
a. Current retirees	\$ (603,938)	
b. Future retirees	(29,166)	
c. Total (a. + b.)		\$ (633,104)
4. Interest [4.1% x (1.c. + 2. + .5 x 3.c)]		\$ 1,299,066
5. Changes of benefit terms		\$ (8,106,088)
6. Differences between expected and actual experience		\$ 1,767,666
7. Changes of assumptions or other inputs		\$ 6,040,596
8. Total OPEB Liability, end of year (1.c. + 2. + 3.c. + 4. + 5. + 6. + 7.)		
a. Actives	\$ 6,604,628	
b. Retirees, Covered Spouses and Survivors	25,764,601	
c. Total OPEB Liability at 2.74% (a. + b.)		\$ 32,369,229



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## SECTION 1 - PRINCIPAL VALUATION RESULTS

### Exhibit 1.2 - Development of Actuarially Determined Contributions

No employer contributions are assumed to be made since an OPEB trust has not been established.

The Actuarially Determined Employer Contribution (ADEC) of the employer equals the Normal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. We have assumed level dollar amortization over an amortization period of 30 years.

Fiscal Year Ending	December 31, 2019
Discount Rate	4.10%
1. Normal Cost	\$654,736
2. Unfunded Actuarial Accrued Liability	
a. Actuarial Accrued Liability	\$31,346,357
b. Actuarial Value of Plan Assets	\$0
c. Unfunded Actuarial Accrued Liability	\$31,346,357
3. Amortization of Unfunded Actuarial Accrued Liability	
a. Unfunded Actuarial Accrued Liability	\$31,346,357
b. Amortization Period in years	30
c. Payroll Growth Rate	0.0%
d. Amortization Factor	17.78
e. Amortization Amount (3.a. / 3.d.)	\$1,763,012
4. Interest on 1. and 3.e.	\$99,128
5. Actuarially Determined Employer Contribution (1. + 3.e. + 4.)	\$2,516,876
7. Expected Benefit Payments	\$633,104

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## SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

### Exhibit 2.1 - Plan Description

*Plan administration:*

The Town of Salem, New Hampshire administers the retiree health care benefits program - a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees.

*Plan membership:*

At December 31, 2019, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	73
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	248
	<u>321</u>

<sup>1</sup>Per paragraph 34a of GASB 74 and further clarified by Question 4.67 of the 2017-2 GASB 74 Implementation Guide, the total shown for inactive plan members or beneficiaries currently receiving benefit payments does not include covered spouses or other dependents.

*Benefits provided:*

The Town provides health care benefits for retirees and their dependents. Benefits are provided through the Town, and the full cost of benefits is paid by retirees, except for Group II employees who retire under a job-related accidental disability retirement for which the Town pays 100% of the premium for both retiree and spouse.

*Contributions:*

No employer contributions are assumed to be made since an OPEB trust has not been established.

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## SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

### Exhibit 2.2 - Total OPEB Liability

#### *Actuarial assumptions:*

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Discount rate	2.74%, net of investment expenses, including inflation
Healthcare cost trend rate	8 percent for 2019, decreasing 0.5 percent per year to 5.5 percent, then grading down to an ultimate trend rate of 3.9 percent, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Pre-Retirement Mortality - General and Public Safety employees:	RP-2014 Employees Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.
Post-Retirement Mortality - General and Public Safety employees:	RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.

#### *Discount rate:*

The discount rate used to measure the total OPEB liability was 2.74%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 2.74% municipal bond rate was applied to all periods to determine the total OPEB liability.

## SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

### Exhibit 2.2 - Total OPEB Liability

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability calculated using the current discount rate of 2.74 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (1.74 percent) or 1-percentage point higher (3.74 percent) than the current rate:

	<u>1% Decrease 1.74%</u>	<u>Discount Rate 2.74%</u>	<u>1% Increase 3.74%</u>
Total OPEB Liability	\$ 39,793,789	\$ 32,369,229	\$ 26,923,317

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:*

The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7% year 1 decreasing to 2.9%) or 1-percentage point higher (9% year 1 decreasing to 4.9%) than the current healthcare cost trend rates:

	<u>1% Decrease 7% Year 1 Decreasing to 2.9%</u>	<u>Healthcare Cost Trend Rates 8% Year 1 Decreasing to 3.9%</u>	<u>1% Increase 9% Year 1 Decreasing to 4.9%</u>
Total OPEB Liability	\$ 26,098,151	\$ 32,369,229	\$ 40,754,585

## SECTION 3 - REQUIRED SUPPLEMENTARY INFORMATION

### Exhibit 3.1 - Changes in Total OPEB Liability and Related Ratios

Fiscal Year Ended December 31	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 654,736	\$ 738,885	
Interest	1,299,066	1,196,371	
Changes of benefit terms	(8,106,088)	-	
Differences between expected and actual experience	1,767,666	-	
Changes of assumptions	6,040,596	(4,225,561)	
Benefit payments	(633,104)	(805,378)	
<b>Net change in total OPEB liability</b>	<u>\$ 1,022,872</u>	<u>\$ (3,095,683)</u>	
<b>Total OPEB liability—beginning</b>	<u>\$ 31,346,357</u>	<u>\$ 34,442,040</u>	
<b>Total OPEB liability—ending (a)</b>	<u><u>\$ 32,369,229</u></u>	<u><u>\$ 31,346,357</u></u>	<u>\$ 34,442,040</u>
 Covered payroll	 \$ 20,168,260	 \$ 18,879,190	
 Total OPEB liability as a percentage of covered payroll	 160.50%	 166.04%	

#### Notes to Schedule:

<i>Discount rate:</i>	2.74%	4.10%	3.44%
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#### *Changes of benefit terms:*

The Patient Protection and Affordable Care Act (PPACA) previously applied a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. This tax was repealed in December 2019. Additionally, the Town switched Medicare plans and carriers from Cigna to New American in 2018. Both changes resulted in a decrease in the Total OPEB Liability of approximately \$8,100,000. A summary of the principal plan provisions is provided in Section 5, Summary of Plan Provisions.

#### *Changes of assumptions:*

The discount rate changed from 4.1% as of December 31, 2018 to 2.74% as of December 31, 2019. Additionally, the healthcare cost trend rates and participation rates were updated since the previous measurement date.

## SECTION 3 - REQUIRED SUPPLEMENTARY INFORMATION

### Exhibit 3.2 - Schedule of Employer Contributions

Fiscal Year Ended December 31	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,516,876	\$ 2,622,772
Contributions in relation to the actuarially determined contribution	<u>\$ 633,104</u>	<u>\$ 805,378</u>
Contribution deficiency (excess)	<u>\$ 1,883,772</u>	<u>\$ 1,817,394</u>
Covered payroll	\$ 20,168,260	\$ 18,879,190
Contributions as a percentage of covered payroll	3.14%	4.27%
Discount rate	4.10%	3.44%
Inflation	2.60%	2.60%

#### Notes to Schedule

##### *Valuation date:*

Actuarially determined contributions are determined as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

##### *Methods and assumptions used in calculations of actuarially determined contributions:*

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount over 30 years on an open amortization period
Amortization period	30 years
Asset valuation method	Market value
Healthcare cost trend rates	8 percent for 2019, decreasing 0.5 percent per year to 5.5 percent, then grading down to an ultimate trend rate of 3.9 percent, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.

## SECTION 4 - EMPLOYER REPORTING AMOUNTS UNDER GASB 75

### Exhibit 4.1 - Deferred Outflows and Deferred Inflows of Resources

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between expected and actual experience are recognized in OPEB Expense over the average expected remaining service life of all active and inactive participants.

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense through December 31, 2019 (c)	Balances at December 31, 2019	
				Deferred Outflows of Resources	Deferred Inflows of Resources
				(a) - (c)	(b) - (c)
2018	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ 1,767,666	\$ -	\$ 240,172	\$ 1,527,494	\$ -
Total				<u>\$ 1,527,494</u>	<u>\$ -</u>

Deferred Outflows of Resources and Deferred Inflows of Resources arising from changes of assumptions are recognized in OPEB Expense over the average expected remaining service life of all active and inactive participants.

Year	Increases in the Total OPEB Liability (a)	Decreases in the Total OPEB Liability (b)	Amounts Recognized in OPEB Expense through December 31, 2019 (c)	Balances at December 31, 2019	
				Deferred Outflows of Resources	Deferred Inflows of Resources
				(a) - (c)	(b) - (c)
2018	\$ -	\$ 4,225,561	\$ (1,255,738)	\$ -	\$ 2,969,823
2019	\$ 6,040,596	\$ -	\$ 820,733	\$ 5,219,863	\$ -
Total				<u>\$ 5,219,863</u>	<u>\$ 2,969,823</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources will be recognized in OPEB expense as follows:

Year ended December 31		
2020	\$	433,036
2021	\$	433,036
2022	\$	433,036
2023	\$	433,036
2024	\$	602,558
Thereafter		1,442,832

## SECTION 4 - EMPLOYER REPORTING AMOUNTS UNDER GASB 75

### Exhibit 4.2 - OPEB Expense

The OPEB Expense and deferred outflows and inflows of resources primarily result from changes in the components of the total OPEB liability (TOL). Most changes in the TOL are included in the OPEB Expense in the period of the change, including service cost, interest on total OPEB liability and changes in benefit terms. Other changes in the total OPEB liability are included in OPEB Expense over the current and future periods. These include the effects on the total OPEB liability of changes of economic and demographic assumptions and differences between expected and actual experience. The OPEB Expense for the reporting period ending December 31, 2019 is presented below:

Fiscal Year Ended December 31		2019
Measurement date		12/31/2019
1. Service cost		\$ 654,736
2. Interest on the total OPEB liability		
a. Total OPEB liability, beginning of year	31,346,357	
b. Service cost, beginning of year	654,736	
c. Benefit payments	<u>(633,104)</u>	
d. Interest on total OPEB liability = 4.1% times (a. + b. + .5 times c.)		1,299,066
3. Differences between expected and actual experience		240,172
4. Changes of benefit terms		(8,106,088)
5. Changes of assumptions		192,864
6. Total OPEB Expense (Income)		<u>\$ (5,719,250)</u>



## SECTION 5 - SUMMARY OF PLAN PROVISIONS

**Eligibility for Postemployment Benefits:** Employees of the Town and their dependents are eligible for postemployment medical insurance based on the eligibility requirements under the New Hampshire Retirement System.

**Retirement Eligibility:**

Group I Employees hired before July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service

Group I Employees hired on or after July 1, 2011: retire after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service

Group II employees vested as of January 1, 2012: retire after (1) attaining age 60 or (2) attaining age 45 with 20 or more years of service

Group II employees hired prior to July 1, 2011 and not vested as of January 1, 2012: retire after (1) attaining age 46 with 21 years of service

Group II employees hired on or after July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 52.5 with 25 years of service

Group II Disabled Retirees: Any age retiring under a job-related accidental disability retirement.

**Ordinary Disability Eligibility:** Any member who is unable to perform his or her duties due to a non-occupational disability and has ten or more years of creditable service.

**Accidental Disability Eligibility:** Any member who is unable to perform his or her duties due to a job-related disability.

**Medical Premium Rates:** The total monthly cost by plan are shown below:

<u>Non-Medicare Plans - January 1, 2020</u>	<u>Individual</u>	<u>2-Person</u>
CIGNA HSA	\$970.68	\$1,952.42
CIGNA HMO	\$1,297.03	\$2,608.99
<u>Medicare Plans - January 1, 2020</u>		
United American Medicare Supp	\$201.00	
United American Medicare + Part D	\$454.00	

**Participant Contributions:** Retired employees contribute 100% of the total premium cost. The Town pays 100% of the premium for Group II employees who retire under a job-related accidental disability retirement.

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## SECTION 5 - SUMMARY OF PLAN PROVISIONS

<b>New Hampshire Retirement System Medical Subsidy:</b>	New Hampshire Retirement System provides a monthly medical subsidy of \$375.56 for eligible non-Medicare retirees and spouses and \$236.84 for eligible Medicare retirees and spouses.
<b>Continuation of Coverage to Spouse After Death of Retiree:</b>	Surviving spouse may continue coverage for lifetime by paying the required medical premium rates. Surviving spouse of a Group II employee retired under a job-related accidental disability may continue coverage for lifetime. The Town contributes 100% of the disabled retiree's spouse premium.
<b>Dental Coverage:</b>	Retirees in receipt of a New Hampshire Retirement System benefit are eligible for dental insurance, at their own expense.
<b>Life Insurance Coverage:</b>	Life insurance coverage is not offered to retirees.
<b>PPACA Excise Tax:</b>	<p>The Patient Protection and Affordable Care Act (PPACA) applies a 40% excise tax, commonly referred to as the "Cadillac Tax", to the cost of plan benefits in excess of statutory thresholds beginning in 2022. The 2018 thresholds are assumed to be \$10,200 for individual and \$27,500 for family coverage, increasing by chained CPI plus one percentage point in 2019 and by chained CPI thereafter. The annual limits are increased by \$1,650 for individual and \$3,450 for family coverage for retirees not eligible for Medicare benefits.</p>

The PPACA excise tax was repealed in December, 2019.

## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

<b>Valuation Date:</b>	January 1, 2019
<b>Disclosure Date:</b>	December 31, 2019
<b>GASB 75 Reporting Date:</b>	December 31, 2019
<b>Municipal Bond Rate:</b>	2.74%, based on the Bond Buyer 20-Bond GO Index published on December 27, 2019.
<b>Discount Rate (GASB):</b>	2.74%, compounded annually, for the measurement as of December 31, 2019. 4.1%, compounded annually, for the measurement as of December 31, 2018.  Based on a tax-exempt, high-quality municipal bond rate.
<b>Discount Rate (ADEC):</b>	4.1%, compounded annually, for development of the Actuarially Determined Contribution (ADEC) as of December 31, 2019.
<b>Amortization Method:</b>	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.

### Health Care Cost Trend Rates:

<u>Year</u>	<u>Trend</u>
1	8.00%
2	7.50%
3	7.00%
4	6.50%
5	6.00%
6	5.50%
Ultimate	3.90%

Trend rates after year 6 grade down to the ultimate rate utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate trend rate is reached in 2075.

Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

**New Hampshire Retirement System Medical Subsidy Increases:** No future increases are assumed.

Town of Salem, New Hampshire Postemployment Benefits Other Than Pensions  
Financial Reporting and Disclosures Under GASB 75 as of December 31, 2019

## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

<b>Inflation:</b>	2.6% per year, based on the 2019 Social Security Trustees Report.
<b>Participation Rates:</b>	<p>Medical - 50% of eligible retired employees will elect to participate.</p> <p>Medical - 100% of eligible employees retiring as a result of an accidental disability will elect to participate.</p> <p>Dental - None assumed since retirees may elect coverage at their own expense.</p> <p>Life - Not offered to retired employees.</p> <p>Medicare - all retired employees are assumed to enroll in Medicare at age 65.</p>
<b>Dependent Status:</b>	<p>Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee.</p> <p>90% of employees are assumed to retire with a covered spouse.</p> <p>For current retired employees, the actual census information is used.</p>
<b>Medical Per Capita Costs:</b>	<p>The following annual per capita costs are for the fiscal year beginning January 1, 2019 and are applicable to retirees, survivors and spouses. Annual costs for current and future retirees are based on the blended curve shown below, developed using the plan coverages elected by current retirees and survivors and premium rates currently in effect. Future years' costs are based on the first year cost adjusted with trend.</p>

Age	<u>Non-Disabled</u>		<u>Disabled</u>	
	Male	Female	Male	Female
Under 20	\$4,468	\$5,245	\$4,566	\$5,361
20-24	3,521	5,585	3,598	5,708
25-29	3,664	8,239	3,744	8,420
30-34	4,602	10,410	4,703	10,639
35-39	5,772	10,723	5,899	10,959
40-44	7,193	10,982	7,351	11,224
45-49	9,079	12,054	9,278	12,319
50-54	11,965	14,181	12,228	14,493
55-59	15,548	16,397	15,890	16,758
60-64	19,953	19,515	20,392	19,945
65-69	-	-	4,279	4,168
70-74	-	-	5,129	4,916
75-79	-	-	6,056	5,704
80-84	-	-	6,961	6,542
85-89	-	-	7,754	7,313
90-94	-	-	8,441	7,805
95+	-	-	8,972	7,548

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## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

**Retiree Contributions:** Annual per capita participant contributions for the fiscal year beginning January 1, 2019 are as follows:

<u>Plan</u>	<u>Contribution</u>
Non-Medicare	\$10,871
Medicare	5,044

Group II employees who retire under a job-related accidental disability do not contribute toward the premium.

**Actuarial Cost Method:** Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.

**Employee Data:** Employee and retiree data were submitted by the Town. We made reasonable adjustments for missing or invalid data.

**Mortality Rates:** Pre-Retirement: RP-2014 Employees Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.

Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with generational mortality improvement using scale MP-2015.

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## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

### Turnover Rates:

Illustrative turnover rates for General Employees are shown below:

Age	Years of Service	Male	Female
	0	23.00%	30.00%
	1	20.00%	22.00%
	2	15.00%	16.00%
	3	12.00%	12.00%
	4	10.00%	8.00%
25	5+	7.20%	7.20%
30		7.20%	7.20%
35		5.04%	5.04%
40		5.04%	5.04%
45		5.04%	5.04%
50		3.96%	3.96%
55		3.60%	3.60%
60		3.60%	3.60%

### Disability Rates:

Illustrative disability rates for General Employees are shown below:

Age	Male	Female
20	0.03%	0.00%
25	0.03%	0.02%
30	0.03%	0.02%
35	0.03%	0.03%
40	0.08%	0.06%
45	0.16%	0.11%
50	0.27%	0.23%
55	0.47%	0.42%

60% of disabilities are assumed to be ordinary disability and 40% are assumed to be accidental disability.

## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

**Retirement Rates:** Illustrative retirement rates for General Employees hired prior to July 1, 2011 are shown below:

Age	Male			Female		
	Normal	Early	Early Rule	Normal	Early	Early Rule
45			1.00%			1.00%
46			1.00%			1.00%
47			1.00%			1.25%
48			1.00%			1.25%
49			1.00%			1.00%
50		0.75%	1.75%		0.75%	2.20%
51		0.75%	2.50%		0.75%	2.50%
52		0.75%	3.10%		0.75%	2.50%
53		0.75%	3.50%		0.75%	3.50%
54		0.75%	3.75%		1.25%	4.00%
55		1.50%	6.00%		1.75%	8.00%
56		2.20%	9.00%		2.75%	6.00%
57		2.20%	11.00%		2.50%	12.00%
58		3.00%	11.50%		3.25%	12.00%
59		4.50%	18.00%		5.00%	13.00%
60	11.00%			11.00%		
61	11.00%			11.00%		
62	16.00%			15.00%		
63	16.00%			14.00%		
64	14.00%			14.00%		
65	16.00%			20.00%		
66	25.00%			22.00%		
67	23.00%			22.00%		
68	21.00%			18.00%		
69	20.00%			19.00%		
70	100.00%			100.00%		

Illustrative retirement rates for General Employees hired on or after July 1, 2011 are shown below:

Age	Male		Female	
	Normal	Early	Normal	Early
60		11.0%		11.0%
61		11.0%		11.0%
62		16.0%		15.0%
63		16.0%		14.0%
64		14.0%		14.0%
65	45.0%		44.0%	
66	45.0%		44.0%	
67	23.0%		22.0%	
68	21.0%		18.0%	
69	20.0%		19.0%	
70	100.0%		100.0%	

## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

### Turnover Rates:

Illustrative turnover rates for Police are shown below:

Age	Years of Service	Male	Female
	0	25.00%	30.00%
	1	15.00%	20.00%
	2	10.00%	13.00%
	3	7.00%	11.50%
	4	5.00%	10.00%
25	5+	5.88%	5.88%
30		4.93%	4.93%
35		4.13%	4.13%
40		3.45%	3.45%
45		2.83%	2.83%
50		2.40%	2.40%
55		1.98%	1.98%
60		1.60%	1.60%

### Disability Rates:

Illustrative disability rates for Police are shown below:

Age	Ordinary	Accidental
20	0.03%	0.03%
25	0.03%	0.03%
30	0.03%	0.03%
35	0.07%	0.07%
40	0.16%	0.16%
45	0.28%	0.28%
50	0.45%	0.45%
55	0.67%	0.67%



## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

### Retirement Rates:

Illustrative retirement rates for Police are shown below:

		Members Hired on or After July 1, 2011				
		Service				
Age	Members Hired Prior to July 1, 2011	21	22	23	24	25
45	22%					
46	22%	27%				
47	22%	27%	31%			
48	22%	25%	31%	34%		
49	22%	25%	31%	34%	38%	
50	22%	25%	27%	34%	38%	40%
51	22%	22%	27%	31%	38%	40%
52	22%	22%	22%	31%	33%	40%
53	22%	22%	22%	22%	33%	38%
54	22%	22%	22%	22%	22%	38%
55	22%	22%	22%	22%	22%	22%
56	22%	22%	22%	22%	22%	22%
57	22%	22%	22%	22%	22%	22%
58	22%	22%	22%	22%	22%	22%
59	22%	22%	22%	22%	22%	22%
60	22%	22%	22%	22%	22%	22%
61	20%	20%	20%	20%	20%	20%
62	22%	22%	22%	22%	22%	22%
63	22%	22%	22%	22%	22%	22%
64	20%	20%	20%	20%	20%	20%
65	25%	25%	25%	25%	25%	25%
66	50%	50%	50%	50%	50%	50%
67	50%	50%	50%	50%	50%	50%
68	50%	50%	50%	50%	50%	50%
69	50%	50%	50%	50%	50%	50%
70	100%	100%	100%	100%	100%	100%

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## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

### Turnover Rates:

Illustrative turnover rates for Fire are shown below:

Age	Years of Service	Male	Female
	0	7.75%	7.75%
	1	4.50%	4.50%
	2	3.00%	3.00%
	3	2.75%	2.75%
	4	2.25%	2.25%
25	5+	1.25%	1.25%
30		1.25%	1.25%
35		1.25%	1.25%
40		1.25%	1.25%
45		1.25%	1.25%
50		1.25%	1.25%
55		1.25%	1.25%
60		1.25%	1.25%

### Disability Rates:

Illustrative disability rates for Fire are shown below:

Age	Ordinary	Accidental
20	0.04%	0.04%
25	0.06%	0.06%
30	0.07%	0.07%
35	0.09%	0.09%
40	0.12%	0.12%
45	0.18%	0.18%
50	0.27%	0.27%
55	0.40%	0.40%

## SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

### Retirement Rates:

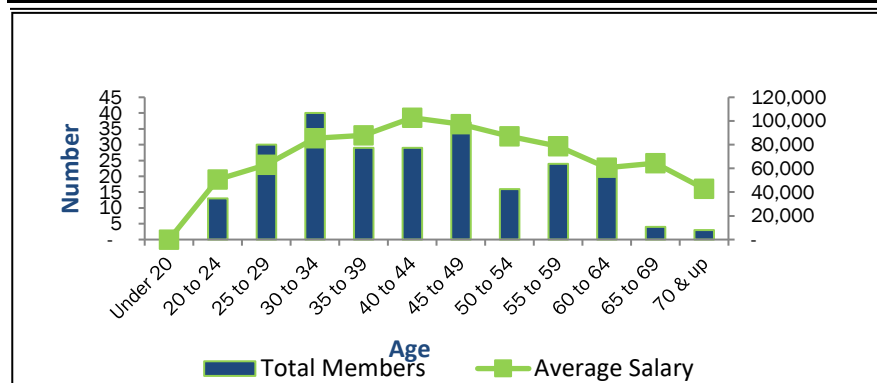
Illustrative retirement rates for Fire are shown below:

Members Hired Prior to July 1, 2011		Members Hired on or After July 1, 2011				
Age		Service				
		21	22	23	24	25
45	12%					
46	12%	15%				
47	12%	15%	18%			
48	12%	15%	18%	22%		
49	12%	15%	18%	22%	26%	
50	17%	15%	18%	21%	26%	30%
51	17%	17%	18%	21%	26%	30%
52	17%	17%	17%	21%	21%	30%
53	17%	17%	17%	17%	21%	22%
54	17%	17%	17%	17%	17%	22%
55	22%	22%	22%	22%	22%	22%
56	22%	22%	22%	22%	22%	22%
57	22%	22%	22%	22%	22%	22%
58	22%	22%	22%	22%	22%	22%
59	22%	22%	22%	22%	22%	22%
60	28%	28%	28%	28%	28%	28%
61	28%	28%	28%	28%	28%	28%
62	28%	28%	28%	28%	28%	28%
63	28%	28%	28%	28%	28%	28%
64	28%	28%	28%	28%	28%	28%
65	28%	28%	28%	28%	28%	28%
66	28%	28%	28%	28%	28%	28%
67	28%	28%	28%	28%	28%	28%
68	28%	28%	28%	28%	28%	28%
69	28%	28%	28%	28%	28%	28%
70	100%	100%	100%	100%	100%	100%

## SECTION 7 - PLAN MEMBER INFORMATION

**EXHIBIT 7.1 - ACTIVE MEMBERS BY AGE and YEARS OF SERVICE AS OF JANUARY 1, 2019**

Age	Years of Service										Total	Total Salary	Average Salary
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up				
Under 20	-	-	-	-	-	-	-	-	-	-	-	-	-
20 to 24	13	-	-	-	-	-	-	-	-	-	13	659,157	50,704
25 to 29	27	3	-	-	-	-	-	-	-	-	30	1,895,397	63,180
30 to 34	20	12	8	-	-	-	-	-	-	-	40	3,417,580	85,439
35 to 39	9	7	10	3	-	-	-	-	-	-	29	2,545,448	87,774
40 to 44	4	6	16	3	-	-	-	-	-	-	29	2,980,165	102,764
45 to 49	9	1	10	13	4	-	-	-	-	-	37	3,603,749	97,399
50 to 54	1	3	6	3	1	-	2	-	-	-	16	1,395,363	87,210
55 to 59	2	3	4	6	3	1	4	-	1	-	24	1,891,585	78,816
60 to 64	5	1	4	4	1	3	3	2	-	-	23	1,393,455	60,585
65 to 69	-	1	2	-	1	-	-	-	-	-	4	257,834	64,459
70 & up	-	-	1	-	1	-	-	1	-	-	3	128,525	42,842
Total	90	37	61	32	11	4	9	3	1	-	248	20,168,260	81,324
Total Salary	5,444,915	3,579,552	5,830,528	3,219,348	952,468	229,913	646,852	204,616	60,068	-	-	-	-
Average Salary	60,499	96,745	95,582	100,605	86,588	57,478	71,872	68,205	60,068	-	-	-	-
Average Age:							42.7	Average Service:		10.0			



## SECTION 7 - PLAN MEMBER INFORMATION

### EXHIBIT 7.2 - RETIRED MEMBERS, COVERED SPOUSES and SURVIVORS AS OF JANUARY 1, 2019

Non-Medicare Plans			Medicare Plans		
Age	CIGNA HSA	CIGNA HMO	United American Medicare Supp	United American Medicare + Part D	Total
Under 40	4	0	0	0	4
40 to 44	2	0	0	0	2
45 to 49	8	0	0	0	8
50 to 54	10	0	0	1	11
55 to 59	10	0	0	0	10
60 to 64	11	0	0	1	12
65 to 69	1	0	0	5	6
70 to 74	0	0	0	1	1
75 to 79	0	0	0	5	5
80 to 84	0	0	0	3	3
85 to 89	0	0	0	0	0
90+	0	0	0	0	0
Total	46	0	0	16	62
Covered Spouses	45	1	0	9	55
Average Age:			58.5		

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## SECTION 8 - GLOSSARY OF TERMS

**Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, disability and retirement; changes in compensation and OPEB benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

**Actuarial Cost Method (or Funding Method)** – A procedure for allocating the Actuarial Present Value of projected benefit payments to the current year (Service Cost) and the past (Total OPEB Liability).

**Actuarial Gain or Loss (or Experience Gain or Loss)** – A measure of the difference between actual experience and that expected based upon the set of Actuarial Assumptions during the period between the valuation date and the most recent immediately preceding valuation date.

**Actuarial Present Value of Projected Benefit Payments** – The dollar value on the valuation date of all benefits expected to be paid to current members based upon the Actuarial Assumptions and the terms of the Plan.

**Actuarially Determined Contribution** – A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**Actuarial Valuation Date** – The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

**Deferred Inflow of Resources** – Acquisition of resources by a governmental entity that is applicable to future reporting periods. Under GASB 75, deferred inflows of resources are made up of experience gains, assumption changes reducing the Total OPEB Liability and investment gains that are recognized in future reporting periods.

**Deferred Outflow of Resources** – Consumption of resources by a governmental entity that is applicable to future reporting periods. Under GASB 75, deferred outflows of resources are made up of experience losses, assumption changes increasing the Total OPEB Liability and investment losses that are recognized in future reporting periods.

**Discount Rate** – Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

- (1) a long-term expected rate of return on OPEB plan investments *to the extent that the OPEB plan's assets are sufficient to pay benefits and OPEB plan assets are expected to be invested using a strategy to achieve that return and*
- (2) a tax-exempt, high-quality municipal bond rate *to the extent that the conditions for use of the long-term expected rate of return are not met.*

**Entry Age Normal Actuarial Cost Method** – A method under which the actuarial present value of the projected benefits of each individual in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.

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## SECTION 8 - GLOSSARY OF TERMS

**Explicit Subsidy** – The difference between (a) the blended rates based on combined active and retired member experience and (b) actual cash contributions made by the employer.

**Fiduciary Net Position** – The fair market value of assets as of the measurement date.

**Funded Ratio** – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

**GASB** – Governmental Accounting Standards Board.

**Health Cost Trend Rate** – The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

**Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group and (b) the blended rates based on combined active and retired member experience.

**Long-Term Expected Rate of Return** – Long-term expected rate of return on OPEB plan investments expected to be used to finance the payment of benefits, net of investment expenses.

**Measurement Date** – The date as of which the Total OPEB Liability and Fiduciary Net Position are measured.

**Municipal Bond Rate** – Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Net OPEB Liability** – The liability of the employer for benefits provided through an OPEB plan. It is calculated as the Total OPEB Liability less the Fiduciary Net Position.

**OPEB** – Other Postemployment Benefits including medical, dental, vision, hearing and life insurance benefits.

**Pay-As-You-Go** – A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

**Present Value of Future Benefits** – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

**Reporting Date** – The last day of the Plan or employer's fiscal year.

**Service Cost** – The portion of the actuarial present value of projected benefit amounts that is attributed to a valuation year.

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## SECTION 8 - GLOSSARY OF TERMS

**Substantive Plan** – The terms of an OPEB plan as understood by the employer and plan members.

**Total OPEB Liability** – The portion of the actuarial present value of projected benefit amounts that is attributed to past periods of employee service.

**Unfunded Actuarial Accrued Liability** – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.



## SECTION 9 - BREAKOUT OF RESULTS BY DEPARTMENT

Department	Town	Water	Sewer	Total
<b>Summary of Member Data Used in Valuation</b>				
Active Members	236	9	3	248
Average Age	42.5	51.8	35.8	42.7
Average Service	10.0	13.0	0.9	10.0
Retired Members and Survivors	62	0	0	62
Average Age	58.5	0.0	0.0	58.5
Covered Spouses	55	0	0	55
Expected Benefit Payments	630,657	2,447	0	633,104
OPEB Trust contributions	0	0	0	0
Total Employer Contributions	630,657	2,447	0	633,104
<b>Beginning Total OPEB Liability - December 31, 2018</b>	31,090,093	203,098	53,166	31,346,357
<b>Ending Total OPEB Liability - December 31, 2019</b>	32,211,682	155,610	1,937	32,369,229
<b>Total Deferred Outflows of Resources</b>				
Differences between Expected and Actual Experience	1,515,006	9,897	2,591	1,527,494
Changes in Assumptions	5,177,189	33,820	8,853	5,219,863
<b>Total Deferred Outflows of Resources</b>	6,692,196	43,717	11,444	6,747,357
<b>Total Deferred Inflows of Resources</b>				
Differences between Expected and Actual Experience	0	0	0	0
Changes in Assumptions	2,945,544	19,242	5,037	2,969,823
<b>Total Deferred Inflows of Resources</b>	2,945,544	19,242	5,037	2,969,823
<b>Total OPEB Expense (Income)</b>	<b>(5,566,387)</b>	<b>(89,816)</b>	<b>(63,047)</b>	<b>(5,719,250)</b>
<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>				
Current Discount Rate: 2.74%	32,211,682	155,610	1,937	32,369,229
1% Decrease in the Discount Rate: 1.74%	39,600,105	191,302	2,381	39,793,789
1% Increase in the Discount Rate: 3.74%	26,792,276	129,430	1,611	26,923,317
<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>				
Current Trend Rates	32,211,682	155,610	1,937	32,369,229
1% Decrease in Trend Rates	25,971,126	125,463	1,562	26,098,151
1% Increase in Trend Rates	40,556,225	195,921	2,439	40,754,585

## SECTION 9 - BREAKOUT OF RESULTS BY DEPARTMENT

Department		Town	Water	Sewer	Total
<b>Deferred Outflows of Resources and Deferred Inflows of Resources recognized in OPEB Expense</b>					
	2020	429,496	2,806	734	433,036
	2021	429,496	2,806	734	433,036
	2022	429,496	2,806	734	433,036
	2023	429,496	2,806	734	433,036
	2024	597,632	3,904	1,022	602,558
	Thereafter	1,431,037	9,348	2,447	1,442,832
<b>Ending Total OPEB Liability - December 31, 2019</b>					
Total OPEB Liability, beginning of year		31,090,093	203,098	53,166	31,346,357
Service cost		644,492	8,967	1,277	654,736
Interest		1,288,189	8,645	2,232	1,299,066
Changes of benefit terms		(8,044,898)	(60,575)	(615)	(8,106,088)
Differences between expected and actual experience		1,782,667	39,060	(54,061)	1,767,666
Changes of assumptions		6,081,796	(41,138)	(62)	6,040,596
Benefit payments		(630,657)	(2,447)	0	(633,104)
<b>Net change in total OPEB liability</b>		<b>1,121,589</b>	<b>(47,488)</b>	<b>(51,229)</b>	<b>1,022,872</b>
 Total OPEB Liability, end of year		 32,211,682	 155,610	 1,937	 32,369,229

## APPENDIX A - SCHEDULE OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Year	Differences between Expected and Actual Experience	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2018	\$ -		-	-	-	-	-	-	-	-	-	-
2019	\$ 1,767,666	7.36	-	240,172	240,172	240,172	240,172	240,172	240,172	240,172	86,462	-
Net Increase (Decrease) in OPEB Expense			-	240,172	240,172	240,172	240,172	240,172	240,172	240,172	86,462	-

Year	Changes of Assumptions	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2018	\$ (4,225,561)	6.73	(627,869)	(627,869)	(627,869)	(627,869)	(627,869)	(627,869)	(458,347)	-	-	-
2019	\$ 6,040,596	7.36	-	820,733	820,733	820,733	820,733	820,733	820,733	820,733	295,465	-
Net Increase (Decrease) in OPEB Expense			(627,869)	192,864	192,864	192,864	192,864	192,864	362,386	820,733	295,465	-