PCA
Pacific Crest Actuaries

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November 22, 2019

Michele Rollins, Ed. D.
Assistant Superintendent, Business Services
Mill Valley School District
411 Sycamore Ave.
Mill Valley, CA 94941

Re: Mill Valley School District ("District") GASB 75 Valuation

Dear Dr. Rollins:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of June 30, 2019.

In June, 2015 the Governmental Accounting Standards Board (GASB) issued new accrual accounting standards for Other Postemployment Benefits (OPEB), GASB 74 and GASB 75. GASB 74/75 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their OPEB liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities. The District must obtain actuarial valuations of its retiree health insurance program under GASB 75 not less frequently than once every two years. The District implemented GASB 75 based on the results of an actuarial valuation performed by Milliman as of July 1, 2017.

The District has now selected Pacific Crest Actuaries (PCA) to perform the second actuarial valuation of the District's OPEB plan under GASB 75 as of June 30, 2019, for the fiscal years ending June 30, 2019 and 2020.

The report is organized as follows:

(1) Introduction and discussion; GASB 75 accounting and pro-forma disclosures.

(2) Information not relating to GASB 75 disclosures (begins on page 9).

(3) Plan provisions, valuation data, actuarial assumptions, and certification.

We are available at (818) 718-1266 to answer any questions the District may have concerning the report.

Introduction and Discussion

We have determined that the present value of District-paid retiree health benefits is $6,520,356 as of June 30, 2019. This represents the present value of all plan benefits expected to be paid by the District for its current and future retirees. If the District were to place this amount in a fund earning interest at the rate of 6.75% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits. This number is given for informational purposes only and is not required to be included in the District's financial statement. This includes benefits for 324 active employees who may become eligible to retire and receive benefits in the future, and 4 retirees receiving District-paid benefits as of the valuation date.

When we apportion the $6,520,356 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the past service liability (or "Total OPEB Liability") component is $4,628,504 as of June 30, 2019. This represents the present value of all benefits accrued through the valuation date assuming that each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The $4,628,504 is comprised of liabilities of $4,531,590 for active employees and $96,914 for retirees. The District has adopted an irrevocable trust (CERBT) for the pre-funding of retiree healthcare benefits. Trust assets have an actuarial value of $4,831,451 as of June 30, 2019, so the Unfunded Accrued Liability (also called the "Net OPEB Liability", equal to the AL less Actuarial Value of Assets) is a surplus of ($202,947).

Because of the surplus position of the plan, we suggest that the District consider suspending contributions to the Trust until the next actuarial valuation, at which time this decision should be reassessed.

Valuation results as of the most recent 3 fiscal year-ends are shown below:

	FYE 6/30/2019	**FYE 6/30/2018**	**FYE 6/30/2017**
Present Value of Benefits			
Active employees	$6,423,442		
Retirees	96,914		
Total Present Value of Benefits	**$6,520,356**		
Entry Age Accrued Liability			
Active employees	$4,531,590		
Retirees	96,914		
Total OPEB Liability	**$4,628,504**	**$5,813,910**	**$5,150,482**
Fiduciary Net Position (Trust Assets)	(4,831,451)	(4,042,038)	(3,080,451)
Net OPEB Liability/(Asset)	**($202,947)**	**$1,771,872**	**$2,070,031**
Service Cost (Following fiscal year)	**$209,931**	**$524,412**	**$491,253**
Discount Rate	**6.75%**	**6.75%**	**6.75%**

Summary of Results

The change in Mill Valley School District's Net OPEB Liability/(Asset), Deferred Inflows and Deferred Outflows, and the Net Impact on Statement of Net Position, together with the OPEB Expense, are shown in the following table:

	Measurement Date	
	6/30/2019	**6/30/2018**
Net OPEB Liability/(Asset)	($202,947)	$1,771,872
Deferred Inflows of Resources	1,854,580	0
Deferred Outflows of Resources	(0)	(0)
Net Impact on Statement of Net Position	**$1,651,633**	**$1,771,872**
OPEB Expense ($ Amount)	$477,238	
Covered Payroll	$24,962,673	
OPEB Expense (% of Payroll)	1.91%	

For the measurement period ending June 30, 2019, the annual OPEB Expense is $477,238, or 1.91% of covered payroll. This amount differs from the District's contribution of $597,477 in that it represents the change in the Net Impact on the Statement of Net Position plus employer contributions ($1,651,633 - $1,771,872 + $597,477). A breakdown of the components of the annual OPEB expense is shown on page 6 of the report.

This valuation should be used for the District's fiscal years ending June 30, 2019 and June 30, 2020. The June 30, 2020 disclosures should be based on a roll-forward of the results of this valuation. The roll-forward will involve actual, rather than expected, benefit payments, trust assets as of the statement date, and possibly a change in discount rate, if conditions change sufficiently in the interim. The disclosures for the June 30, 2020 fiscal year-end will be provided by PCA at the time the District prepares its financial statements.

The information given in pages 4 through 8 of this report follows the wording and format of the illustrations under GASB 75 for plans administered through a trust. Accordingly, the past tense is used in some cases where the period in question has not yet ended.

Because CERBT is an agent multiple-employer plan (trust), the District is subject to only limited reporting requirements under GASB 74. It is our understanding that actuarial liabilities are not required to be reported by the District under GASB 74 for this type of plan.

Actuarially Determined Contributions (ADC) are optional under GASB 75, and have not been included in this report. The method of determining the ADC historically used by the plan has resulted in a surplus as of the June 30, 2019 statement date. Please see the discussion on page 10 regarding a discussion of the District's ongoing funding of the plan.

Schedule of Changes in Net OPEB Liability/(Asset)
<u>For the Year Ended June 30, 2019</u>

The components of Mill Valley School District's Net OPEB Liability/(Asset) as of June 30, 2019 were as follows:

Total OPEB Liability (TOL)

Service cost at beginning of year	$524,412
Interest on TOL plus service cost, less 1/2 benefit payments	396,756
Changes of benefit terms	0
Difference between expected and actual experience	0
Changes of assumptions*	(2,025,349)
Benefit payments	(81,225)
Net change in Total OPEB Liability	($1,185,406)
Total OPEB Liability - beginning (6/30/18) (a)	5,813,910
Total OPEB Liability - ending (6/30/19) (b)	$4,628,504

*Due to change in actuarial firms, the experience gain/loss has been included in the change in assumptions.

Plan Fiduciary Net Position

Contributions - employer*	$597,477
Contributions - member	0
Expected investment income, net of investment expense	270,844
Difference between expected and actual investment income	4,412
Changes of assumptions	0
Benefit payments, including refunds of member contributions	(81,225)
Trustee fees	(0)
Administrative expense	(2,095)
Other	0
Net change in Plan Fiduciary Net Position	$789,413
Plan Fiduciary Net Position - beginning (6/30/18) (c)	4,042,038
Plan Fiduciary Net Position - ending (6/30/19) (d)	$4,831,451
District's Net OPEB Liability/(Asset) - beginning [(a)-(c)]	$1,771,872
District's Net OPEB Liability/(Asset) - ending [(b)-(d)]	($202,947)

*Includes $516,252 contributed to trust and $81,225 paid outside of trust.

Schedule of Collective Deferred Inflows and Deferred Outflows
For the Year Ended June 30, 2019

The current balances of collective deferred outflows and deferred inflows of resources as of June 30, 2019 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience*	$0	$0
Changes in assumptions*	0	1,851,050
Net difference between projected and actual earnings on OPEB plan investments	0	3,530
Total	**$0**	**$1,854,580**

*Due to change in actuarial firms, the experience gain/loss has been included in the change in assumptions for the year of change.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	$0	$175,181
2021	0	175,181
2022	0	175,181
2023	0	175,181
2024	0	174,299
2025	0	174,299
2026	0	174,299
2027	0	174,299
2028	0	174,299
2029	0	174,299
2030	0	108,062

The average of expected remaining active and inactive service lives was 11.62 as of the June 30, 2019 measurement date. This factor was used to recognize experience gains and losses and changes in assumptions. A factor of 5.0000 was used to recognize gains and losses on OPEB plan investments. The amount recognized in the year ended June 30, 2019 was a net inflow of $175,181, determined as follows:

$4,412 / 5 = $882 (2018-19 investment gain: inflow)
$2,025,349 / 11.62 = $174,299 (2018-19 change in assumptions: inflow)

= $175,181 net inflow

Annual OPEB Expense
For the Year Ended June 30, 2019

The annual OPEB Expense recognized by the Mill Valley School District can be calculated as the changes in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in Net OPEB Liability/(Asset) minus the changes in deferred outflows plus the changes in deferred inflows plus employer contributions.

The components of the annual OPEB Expense for the Mill Valley School District as of June 30, 2019 were as follows:

Net OPEB Liability/(Asset) as of June 30, 2018 (a)	$1,771,872
Net OPEB Liability/(Asset) as of June 30, 2019 (b)	(202,947)
Change in Net OPEB Liability/(Asset) [(b)-(a)]	($1,974,819)
Change in Deferred Outflows	0
Change in Deferred Inflows	1,854,580
Employer Contributions*	597,477
OPEB Expense	$477,238

*Pay-as-you-go contributions of $81,225 plus contributions to trust of $516,252. Implicit subsidy for FYE June 30, 2019 (approximately $30,000) included in deferred inflow of resources for the year as an expedient due to change in actuarial firms.

Net OPEB Liability/(Asset)

The District's Net OPEB Liability/(Asset) as of June 30, 2019 is ($202,947), based on an actuarial valuation date of June 30, 2019 and a measurement date of June 30, 2019. The results of the June 30, 2018 actuarial valuation were rolled forward using standard actuarial methods in order to determine the change in actuarial assumptions for the 2018-19 fiscal year.

Actuarial Assumptions. The Total OPEB Liability was determined using an actuarial valuation as of June 30, 2019, using the following actuarial assumptions:

Inflation	2.25%
Salary increases	3.0%, average, including inflation
Discount rate	6.75%, net of investment expense, including inflation
Healthcare cost trend rates	8.0% for 2019-20, decreasing to 5.0% for 2022-23 and after
Retirees' share of cost	Based on retirees' current cost-sharing provisions, assumed to remain in effect for all future years.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter. Turnover and retirement rates were based on District-specific experience and are described in more detail on page 16 of the actuarial report.

The long-term expected rate of return on OPEB plan investments of 7.59% for CERBT Strategy 1 was provided by CERBT using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The following table shows target allocation percentages for each major asset class and rates of return for Strategy 1 (net of investment expenses) as reported by CERBT:

Asset Class	Target Allocation	Target Rate of Return Years 1-10	Target Rate of Return Years 11-60
Global Equity	59%	6.80%	8.90%
Fixed income	25%	3.10%	5.54%
Global Real Estate	8%	5.50%	7.92%
Treasury Inflation Protected Securities	5%	2.25%	4.38%
Commodities	3%	3.50%	5.79%

The discount rate 6.75% was set equal to the long-term rate of return less an 84 basis point margin for adverse deviations, as permitted by CERBT.

Net OPEB Liability/(Asset) (continued)

All actuarial assumptions used in measuring the Net OPEB Liability are described beginning on page 16 of this report. The assumptions were based on plan experience through June 30, 2019. The actuarial cost method used for measuring the Total OPEB Liability for purposes of GASB 75 was Entry Age, Level Percent of Pay.

Sensitivity of the Net OPEB Liability/(Asset) to changes in the discount rate. The following presents the District's Net OPEB Liability/(Asset) as of June 30, 2019 calculated using the discount rate of 6.75%, as well as what the District's Net OPEB Liability/(Asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability/(Asset)	$197,536	($202,947)	($568,631)

Sensitivity of the Net OPEB Liability/(Asset) to changes in the healthcare trend rates. The following presents the District's Net OPEB Liability/(Asset) as of June 30, 2019, as well as what the District's Net OPEB Liability/(Asset) would be if it were calculated using healthcare trend rates that are 1 percentage point lower (7.0% grading down to 4.0%) or 1 percentage point higher (9.0% grading down to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Net OPEB Liability/(Asset)	($657,248)	($202,947)	$319,950

Differences from Prior Valuation

The most recent prior valuation (a rollforward) was completed as of June 30, 2018 by Milliman. The AL (Accrued Liability) as of that date was $5,813,910, compared to $4,628,504 as of June 30, 2019. In this section, we provide a reconciliation between the two numbers so that it is possible to trace the AL from one actuarial report to the next.

Several factors have caused the AL to change since 2018. The AL increases with the passage of time as employees accrue more service and get closer to receiving benefits. There are actuarial gains/losses from one valuation to the next, and changes in actuarial assumptions and methodology. A summary of the important changes is as follows:

1. We adopted an assumption that 10% of future retirees would waive District-paid benefits. This assumption was made in order to reflect the inclusion in the valuation of approximately 60 employees currently waiving health benefits, at least half of whom would likely continue to waive benefits upon retirement. This change decreased the AL by $503,510.
2. We used revised dates of hire as compared with the prior valuation for approximately 30 employees. This change decreased the AL by approximately $100,000.
3. There was an experience decrease in the AL of $1,421,839 from all other sources, including changes in actuarial assumptions and demographic experience different from previously assumed. We believe that most of the difference is from changes in demographic assumptions such as retirement rates and turnover, as well as significantly fewer retirements than previously assumed. However, because of the change in actuarial firms, it is impossible to separate the two components with any degree of precision; therefore, we have treated this decrease as entirely due to changes in assumptions for accounting purposes.

The estimated changes to the AL from June 30, 2018 to June 30, 2019 are as follows:

Changes to AL	AL
AL as of 6/30/18	**$5,813,910**
Passage of time	839,943
Adoption of percent waiving assumption	(503,510)
Use of revised dates of hire	(100,000)
All other (gains)/losses	(1,421,839)
AL as of 6/30/19	**$4,628,504**

This information is not required to be included in the District's GASB 75 disclosures. However, it provides backup information for the schedule of deferred inflows and outflows on page 5 of this report.

Funding Considerations

There are many ways to approach the pre-funding of retiree healthcare benefits. On page 6 we determined the accrual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

In the past, the District has been provided with an Actuarially Determined Contribution (ADC) equal to the service cost plus an amortization of the unfunded liability. This approach has the disadvantage of reflecting the implicit subsidy in contributions to be made to the trust. It is not necessary for the District to pre-fund for the full age-adjusted costs reflected in the GASB 75 liabilities shown in the first section of this report. If the implicit subsidy is pre-funded it would have to be paid back from the trust at some point, and to the extent the withdrawal from the trust is in excess of the District's pay-as-you-go cost in any future year, it would be paid back to the District and recharacterized by means of an accounting entry.

A second concern for plans close to full funding, as Mill Valley School District's plan now is, is that in the two-year period between actuarial valuations, the plan could become overfunded, and it might be difficult to retrieve excess funds from the trust if it ever entered into overfunded status.

Finally, the old method of determining the ADC is based on the underlying assumption that benefits are paid from the trust rather than the general fund, and this has not been the case. The ongoing use of an ADC in addition to paying benefits from the general fund is also a potential cause of eventual overfunding.

The District should consider the possibility of making benefit payments out of the trust, and suspending contributions to the trust until the next actuarial valuation, when the need for further contributions can be reassessed. This decision is up to the District, and will not affect the District's compliance with GASB 75 in any way.

Mill Valley School District

Projected Annual Benefit Payments (Closed Group)

Fiscal Year Beginning	Pay-as-you-go Explicit Benefits	Implicit Subsidy	Total Costs Adjusted for Implicit Subsidy
2019	$56,945	$24,217	$81,162
2020	112,860	42,612	155,472
2021	188,015	65,984	253,999
2022	248,082	80,446	328,528
2023	303,697	87,136	390,833
2024	351,879	87,678	439,557
2025	395,511	102,522	498,033
2026	398,800	111,742	510,542
2027	377,225	92,793	470,018
2028	407,064	105,135	512,199
2029	427,394	129,991	557,385
2030	419,228	155,478	574,706
2031	441,914	139,952	581,866
2032	499,783	157,484	657,267
2033	585,764	169,840	755,604
2034	578,427	168,937	747,364
2035	558,081	175,786	733,867
2036	564,331	177,132	741,463
2037	537,170	181,804	718,974
2038	604,926	184,498	789,424
2039	596,793	164,188	760,981
2040	624,145	154,065	778,210
2041	565,171	163,525	728,696
2042	487,741	164,415	652,156
2043	420,534	161,128	581,662
2044	432,610	153,554	586,164
2045	423,219	154,866	578,085
2046	422,900	148,376	571,276
2047	362,561	108,431	470,992
2048	330,277	102,708	432,985
2049	297,281	112,011	409,292
2050	210,788	76,810	287,598
2051	199,240	58,613	257,853
2052	208,091	59,091	267,182
2053	177,653	64,218	241,871
2054	112,501	44,783	157,284
2055	65,717	28,325	94,042
2060	380	0	380
2065	0	0	0

Actuarial Assumptions

In order to perform the valuation, the actuary must make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions we have used for similar valuations, modified as appropriate for the District. For example, turnover rates are taken from a standard actuarial table, T-5, without adjustment. This matches the District's historic turnover patterns. Retirement rates and percent of future retirees assumed to waive benefits were also based on recent District retirement patterns.

The discount rate of 6.75% is equal to the target long-term rate of return (7.59%) for CERBT Strategy 1 less 84 basis points as a margin for adverse deviation, a measure of conservatism. We have based the discount rate on the long-term rate of return because the District is expected to continue its policy of maintaining the plan at or near full funding based on its recent contribution history. The 6.75% is in accordance with the guidelines for the selection of this rate under GASB 75 for funded plans such as the District's. The healthcare trend rates are based on our analysis of recent District experience and our knowledge of the general healthcare environment.

In determining the cost of covering early retirees (those under the age of 65), we used an age-adjusted claims cost matrix fitted to the average single premium for active employees and early retirees, based on average plan selection of the current retiree group. A complete description of the actuarial assumptions used in the valuation is set forth in the "Actuarial Assumptions" section.

Breakdown by Employee/Retiree Group

Exhibit I, attached at the end of the report, shows a breakdown of the GASB 75 components (PVFB, AL, and Service Cost) by bargaining unit (or non-represented group) and separately by active employees (future retirees) and current retirees, as of June 30, 2019. This schedule is provided for the District's information and is not a required part of the GASB 75 disclosures.

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the "Actuarial Certification" section at the end of the report. We have enjoyed working with the District on this report, and are available to answer any questions you may have concerning any information contained herein.

Sincerely,
PACIFIC CREST ACTUARIES

T. Louis Filliger, FSA, EA, MAAA
Actuary

Benefit Plan Provisions

Medical, prescription drug, dental and vision benefits are offered to Certificated, Classified, Administration and Confidential employees and retirees of the District through the Self-Insured Schools of California (SISC). Dental and vision benefits are not District-paid for retirees.

Retiree Coverage

Certificated employees may retire with District-paid benefits between the ages of 55 and 62 with at least 20 years of full-time service under Medical Option II. The service requirement is 10 years for employees who were at least 50 years old on July 1, 2011, and 15 years for employees aged 45-49 on July 1, 2011. District-paid benefits continue until age 65.

Employees hired on or before June 30, 2007 may retire after 25 years of service and receive 3 years of medical benefits either before or after age 65. If benefits extend beyond age 65 the District will pay for Medicare Supplement coverage plus the Medicare Part B premium, subject to the caps described below. This benefit may be continued after Medical Option II benefits have expired, if applicable.

The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents, up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after July 1, 2016. Premiums in excess of the applicable cap must be paid for by the retiree.

Classified employees may retire with District-paid benefits after attaining age 55 and completing at least 20 years of employment, of which at least 10 years were full-time service. The District pays 100% of the medical and prescription drug premium for retiree, spouse and eligible dependents up to a dollar cap that varies by tier and date of hire. The cap is frozen in the year of retirement for retirements on or after June 30, 2018. Benefits continue for the lesser of 5 years or until age 65. After these benefits end, the District will pay the retiree $1,000 per year toward the cost of medical premiums until age 70.

Administration employees generally receive the same benefits as Certificated bargaining unit members except that 10 years of service are required regardless of year of birth.

Confidential employees generally receive the same benefits as Classified bargaining unit members.

In addition to the benefits described above, the District periodically offers special retirement incentives. Liabilities for such benefits have not been included in the valuation as there is no established pattern of incentives and the District is not obligated to make such offers in the future.

Benefit Plan Provisions

Health Insurance Premiums And District Caps

The following table shows selected monthly premiums for retirees under the age of 65 and District caps. The rates went into effect as of October 1, 2019:

Plan	Retiree Only	Retiree + One	Retiree + Family
Anthem Blue Cross 90-G $20, Rx 5-20	$909.00	$1,820.00	$2,362.00
Anthem Blue Cross 80-G $20, Rx 9-35	838.00	1,675.00	2,173.00
Blue Shield CaliforniaCare HMO	937.00	1,877.00	2,436.00
Kaiser $15 OV, $5-20(30) Rx	850.00	1,701.00	2,211.00
District caps:			
Certificated hired before July 1, 2012	786.00	1,571.00	1,902.27
Certificated hired on or after July 1, 2012	786.00	1,571.00	1,644.08
Classified hired before July 1, 2012	779.00	1,559.00	1,904.37
Classified hired on or after July 1, 2012	779.00	1,559.00	1,650.02

Valuation Data

Active and Retiree Census

Age distribution of retirees included in the valuation

Age	Count
50-54	0
55-59	0
60-64	3
65+	1
Total	4
Average Age	64.50

Self-paid retirees ages 65+ not included in the valuation.

Age/Years of service distribution of full-time active employees included in the valuation

Years→	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
Age									
<25	1								1
25-29	11	0							11
30-34	10	10	0						20
35-39	10	14	5	0					29
40-44	7	14	10	7	1				39
45-49	18	10	9	5	8	1			51
50-54	20	10	16	3	5	2	0		56
55-59	9	14	12	13	11	5	3	0	67
60-64	7	3	7	3	9	3	0	0	32
65-69	0	3	3	2	2	4	0	0	14
70+	0	1	0	2	1	0	0	0	4
All Ages	93	79	62	35	37	15	3	0	324

Average Age: 49.50
Average Service: 10.45

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date: June 30, 2019

Measurement Dates: June 30, 2019 (also to be used for June 30, 2020 roll-forward)

Actuarial Cost Method: Entry Age, Level Percent of Pay

Discount Rate: 6.75% per annum, net of investment expenses

Salary Increases: 3.0% per annum for all purposes

Pre-retirement Turnover: According to Crocker-Sarason Table T-5 less mortality, without adjustment. Sample rates are as follows:

Age	Turnover (%)
25	7.7%
30	7.2
35	6.3
40	5.2
45	4.0
50	2.6
55	0.9

Pre-retirement Mortality: RP-2014 Employee Mortality, projected. Sample base-year deaths per 1,000 employees are as follows:

Age	Males	Females
25	0.48	0.17
30	0.45	0.22
35	0.52	0.29
40	0.63	0.40
45	0.97	0.66
50	1.69	1.10
55	2.79	1.67
60	4.69	2.44

Post-retirement Mortality: RP-2014 Healthy Annuitant Mortality, projected. Sample base-year deaths per 1,000 retirees are as follows:

Age	Males	Females
55	5.74	3.60
60	7.78	5.19
65	11.01	8.05
70	16.77	12.87
75	26.83	20.94
80	44.72	34.84
85	77.50	60.50
90	135.91	107.13

Actuarial Assumptions (Continued)

Annual Claim Cost per Retiree or Covered Spouse, if any, before application of caps:

Age	Retiree Medical/Rx
50	$10,427
55	12,088
60	14,013
64	15,772
65	3,381
70	3,642
75	3,924
80	4,227
85+	4,554

Retirement Rates:

Age	Percent Retiring*
55	7.0%
56	8.0
57	9.0
58	10.0
59	12.0
60	15.0
61	18.0
62	20.0
63	22.0
64	24.0
65	26.0
66	28.0
67	30.0
68	32.0
69	35.0
70	100.0

*Of those having met the eligibility for retiree medical benefits. The percentage refers to the probability that an active employee reaching the stated age will retire within the following year.

Trend Rate: Healthcare costs were assumed to increase according to the following schedule:

FYB	Medical/Rx
2019	8.0%
2020	7.0
2021	6.0
2022+	5.0

Actuarial Assumptions (Continued)

Percent of Retirees with Spouses:	Future Retirees: 60%; females assumed three years younger than males. Current Retirees: Actual spousal ages used.
Percent Waiving Coverage:	10% of future retirees assumed to waive coverage. This is apart from the possibility of an employee remaining in active service beyond age 70, which is handled implicitly through setting of retirement rates.
Mortality Projection:	Generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.
"Cadillac Tax" under ACA:	Implementation assumed to be postponed indefinitely.
Retiree Contributions:	District caps assumed to increase at full health-care trend assumption for all future years, frozen in the year of retirement where called for by the plan provisions.
Medicare Part B Premiums:	$1,626 per year, increased by full health-care trend assumption for all future years.
Selection of discount rate:	Based on 100% of the expected long-term rate of return on trust assets, net of investment expense, as of the valuation date (7.59%) less an 84 basis point margin for adverse deviations. A crossover test shows that all benefits are funded.

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Mill Valley School District ("District") as of June 30, 2019.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District in November, 2019. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, and CERBT statements provided by CalPERS.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 75, and the Actuarial Standards of Practice for measuring post-retirement healthcare benefits. We have used a graded version of mortality improvement scale MP-2016, consistent with our belief that MP-2016 is overly optimistic in its long-term projection of mortality rate improvements.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:

T. Louis Filliger

T. Louis Filliger, FSA, EA, MAAA Date: 11/22/19
Actuary

Exhibit I

Mill Valley School District

GASB 75 Valuation Results By Employee Group

	6/30/2019 Valuation Results Certificated	6/30/2019 Valuation Results Classified	6/30/2019 Valuation Results Administration	6/30/2019 Valuation Results Confidential	6/30/2019 Valuation Results Total All Groups
Actuarial Present Value of Benefits:					
Actives	$ 5,021,262	$ 905,253	$ 460,934	$ 35,993	$ 6,423,442
Inactive employees (retirees)	28,143	68,771	-	-	96,914
Total PVFB:	$ 5,049,405	$ 974,024	$ 460,934	$ 35,993	$ 6,520,356
Actuarial Accrued Liability;					
Actives	$ 3,691,880	$ 590,304	$ 235,454	$ 13,952	$ 4,531,590
Inactive employees (retirees)	28,143	68,771	-	-	96,914
Total AL:	$ 3,720,023	$ 659,075	$ 235,454	$ 13,952	$ 4,628,504
Less: Trust Assets	(3,883,135)	(687,974)	(245,778)	(14,564)	(4,831,451)
Unfunded Accrued Liability ("UAL")/(Surplus)	**$ (163,112)**	**$ (28,899)**	**$ (10,324)**	**$ (612)**	**$ (202,947)**
Service Cost (for 2019-20)	**$ 147,188**	**$ 33,296**	**$ 27,307**	**$ 2,140**	**$ 209,931**

Amounts on this schedule are as of the valuation date. Amounts as of the measurement date(s), with appropriate accounting terminology, are shown in the body of the report.