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December 10, 2012

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

Mill Valley School District –
GASB 45 Actuarial Valuation of Post Employment Benefits as of July 1, 2012

Dear Michele:

We are pleased to enclose the above titled actuarial report for the Mill Valley School District. If you have any questions, please give me a call at (415) 394-3740.

Sincerely,

John R. Botsford, FSA, MAAA

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Mill Valley School District

GASB 45 Actuarial Valuation of Post Employment Benefits
Other than Pensions as of July 1, 2012

Prepared by:

John R. Botsford
FSA, MAAA

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December 10, 2012

Mill Valley School District
411 Sycamore Avenue
Mill Valley, California 94941

Mill Valley School District –
GASB 45 Actuarial Valuation of Post Employment Benefits as of July 1, 2012

At the request of the Mill Valley School District, we have completed an actuarial valuation of post employment benefits as of July 1, 2012.

The purpose of this report is to determine the Annual Required Contribution and required financial disclosures under the Governmental Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). Our determinations reflect the procedures and methods prescribed in GASB 45.

In preparing our report, we relied on financial information, employee data, and plan provisions furnished to us by the Mill Valley School District. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

The actuarial cost method and assumptions upon which the valuation is based are set forth in the following report. In our opinion, all assumptions and methods used in this valuation are reasonable for this purpose. The values provided in this report are estimates only. They represent results if actual experience exactly matches the assumptions used. Actual experience will likely differ and continued monitoring of experience should be performed and adjustments made to the assumptions as necessary. The actuarial computations under GASB 45 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB 45. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

Milliman's work is prepared solely for the internal business use of the Mill Valley School District. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) Mill Valley School District may provide a copy of Milliman's work, in its entirety, to District's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Mill Valley School District.

(b) Mill Valley School District may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, the report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

John R. Botsford, FSA, MAAA
Principal and Consulting Actuary

JRB:dyu
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Introduction

Milliman, Inc. ("Milliman") has been retained by Mill Valley School District ("District") to provide a GASB 45 actuarial valuation of its post employment benefit (OPEB) plans. In our valuation we:

- Project expected payouts
- Calculate the present value of total benefits
- Calculate the actuarial accrued liability (present value of benefits attributable to past service)
- Determine the Annual Required Contribution (ARC) and annual OPEB expense under GASB Statement No. 45

Background

Retirees are eligible for retiree health benefits if they meet certain requirements relating to age and service. The retiree health benefits are described in the labor agreements between Mill Valley School District and California School Employees Association (CSEA) Chapter No. 360 effective July 1, 2011 through June 30, 2015, and the Mill Valley Teachers Association (MVTA) effective July 1, 2011 through June 30, 2013. In this valuation, we reflected the updates to the retirees' health benefits as prescribed in the new labor agreement between the District, CSEA, and MVTA.

Appendix A provides a detailed summary of benefits.

Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. The following assumptions should be reviewed for appropriateness.

Discount Rate. GASB 45 requires that the interest rate used to discount future benefit payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. At the time of this valuation, the District has not established a separate trust to fund its OPEB obligations. Therefore, we have used a discount rate of 3.75% for this valuation. This rate may be more indicative of a discount rate based on pay-as-you-go funding. However, a higher or lower discount rate may ultimately be more appropriate depending on the funding and investment policies the District ultimately establishes for its GASB 45 liabilities.

Health Cost Trend. We derived the health cost inflation trend assumption based on the "Getzen" model developed by the Society of Actuaries. The CalPERS minimum contribution is assumed to increase by 4.0% per year.

Retirement and Withdrawal Rates. For Certificated employees, we are using the same rates used by the California State Teachers Retirement System (STRS) in their actuarial valuations of retirement benefits. For Classified employees, we are using the same rates based on statistics taken from the California PERS under a 2% @ 55 formula for School District employees.

A complete summary of the actuarial assumptions is presented in Appendix B.

Results of Study

The valuation results are summarized in the following exhibit and use the following terms:
The **Present Value of Benefits** is the present value of projected benefits discounted at the valuation interest rate.

The **Actuarial Accrued Liability (AAL)** is the present value of benefits that are attributed to past service only. The portion attributed to future employee service is excluded. For retirees, this is equal to the present value of benefits. For active employees, this is equal to the present value of benefits prorated by service to date over service at the expected retirement age.

The **Normal Cost** is that portion of the District provided benefit attributable to employee service in the current year.

The **Annual Required Contribution (ARC)** is equal to the Normal Cost plus an amount to amortize the unfunded AAL over a period of 20 years from July 1, 2008 as a level percentage of projected payroll. The remaining amortization period on July 1, 2012 for the 2012-2013 fiscal year, was 16 years.

	July 1, 2012	January 1, 2011
Participants		
Active employees	282	287
Retirees	43	41
Total	325	328
Present Value of Benefits	$ 13,789,190	$ 3,783,927
Actuarial Accrued Liability	$ 5,884,496	$ 2,159,158
Assets	0	0
Unfunded Actuarial Accrued Liability	$ 5,884,496	$ 2,159,158
Normal Cost	$ 473,126	$ 129,653
Annual Required Contribution (ARC)	$ 893,554	$ 291,427
Annual benefit payments	$ 126,425	$ 112,647

Changes from the Prior Valuation

The Actuarial Accrued Liability (AAL) increased by approximately $3.7 million since the last valuation. Exhibit 7 shows a detailed breakdown of the changes.

Variability of Results

The results contained in this report represent our best estimates. However, variation from these or any other estimates of future retiree medical costs is not only possible but probable. Actual future costs may vary significantly from estimates in this report.

Exhibit 1. Projected Benefit Payments

The table below illustrates the projected pay-as-you-go District costs of providing retiree health benefits. The projections only consider the closed group of existing employees and retirees and is based on the current labor agreements.

Year	Year ending June 30	Current Retirees	Future Retirees	Total
1	2013	$ 101,549	$ 24,876	$ 126,425
2	2014	101,548	53,693	155,241
3	2015	108,502	85,973	194,475
4	2016	90,362	105,211	195,573
5	2017	73,600	125,708	199,308
6	2018	57,539	145,681	203,220
7	2019	40,160	181,856	222,016
8	2020	43,389	225,189	268,578
9	2021	46,484	268,477	314,961
10	2022	49,401	316,974	366,375
11	2023	52,252	410,915	463,167
12	2024	54,980	478,903	533,883
13	2025	55,958	517,309	573,267
14	2026	55,235	568,269	623,504
15	2027	54,334	561,666	616,000
16	2028	53,157	533,417	586,574
17	2029	51,685	580,489	632,174
18	2030	49,904	636,693	686,597
19	2031	47,809	686,217	734,026
20	2032	45,414	778,014	823,428

Exhibit 2. Liabilities and Normal Cost

The **Present Value of Benefits** is the actuarial present value of benefits expected to be paid for all retirees and covered employees.

The **Actuarial Accrued Liability (AAL)** is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement.

The **Normal Cost** is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero.

	July 1, 2012	January 1, 2011
Present Value of Benefits		
Active employees	$ 12,730,687	$ 3,099,606
Retirees	1,058,503	684,321
Total	$ 13,789,190	$ 3,783,927
Actuarial Accrued Liability		
Active employees	$ 4,825,993	$ 1,474,837
Retirees	1,058,503	684,321
Total	$ 5,884,496	$ 2,159,158
Normal Cost	$ 473,126	$ 129,653

Exhibit 3. Unfunded Actuarial Accrued Liability

The **Unfunded Actuarial Accrued Liability (UAAL)** is the actuarial accrued liability offset by any assets set aside to provide retiree health benefits. This is equal to the value of the retiree health benefits accrued to date that has not been funded. The UAAL is amortized as a level percentage of expected payroll over 20 years on a closed basis starting July 1, 2008. The remaining amortization period on July 1, 2012 for the 2012-2013 fiscal year, was 16 years. This means the amortization amount would be expected to increase at the same rate as projected payroll increases each year, and the amortization period would decline with each successive valuation year until the unfunded liability is fully amortized in 2028. We have assumed the District's payroll will increase 3.00% per year for this purpose.

	July 1, 2012	January 1, 2011
Unfunded Actuarial Liability (UAAL)		
Actuarial Accrued Liability	$ 5,884,496	$ 2,159,158
Assets	0	0
Unfunded Actuarial Accrued Liability	$ 5,884,496	$ 2,159,158
Funded percentage	0.00%	0.00%
Amortization of UAAL for ARC		
UAAL	$ 5,884,496	$ 2,159,158
Amortization Period	16 years	18 years
Level % of Payroll Amortization Factor	15.1611	14.1226
Amortization Amount – Beginning of Year	$ 388,131	$ 152,887
Interest to End of Year	$ 14,555	$ 4,809
Amortization Amount – End of Year	$ 402,686	$ 157,696

Exhibit 4. Required Financial Statement Disclosures

The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation.

	For The Fiscal Year Ending [1] June 30, 2013	June 30, 2012
Determination of Annual Required Contribution		
Normal Cost at fiscal year end	$ 490,868	$ 385,334
Amortization of UAAL	402,686	283,547
Annual Required Contribution (ARC)	$ 893,554	$ 668,881
Determination of Net OPEB Obligation		
Annual Required Contribution	$ 893,554	$ 668,881
Interest on prior year Net OPEB Obligation	TBD	37,088
Adjustment to ARC	TBD	(53,288)
Annual OPEB Cost	$ TBD	$ 652,681
District Contributions made	TBD	TBD
Increase in Net OPEB Obligation	$ TBD	$ TBD
Net OPEB Obligation – beginning of year	$ TBD	$ 824,177
Net OPEB Obligation – end of year	$ TBD	$ TBD

[1] End of year OPEB Obligation will be determined once the District contributions are known.

The following table shows the annual OPEB cost and net OPEB obligation.

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
06/30/2012	652,681	TBD	TBD

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $5.9 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability of $5.9 million.

Exhibit 5. Required Supplementary Information

The following table shows a schedule of Funding Progress required under GASB 45.

Actuarial Valuation Date	Actuarial Value of Assets	AAL	UAAL	Funded Ratio
01/01/2009	$ 0	$ 2,964,079 [1]	$ 2,964,079	0.0%
01/01/2011	$ 0	$ 2,159,158 [2]	$ 2,159,158	0.0%
07/01/2012	$ 0	$ 5,884,496 [2]	$ 5,884,496	0.0%

[1] AAL shown here is based on Entry Age Normal actuarial cost method.

[2] AAL shown here is based on Projected Unit Credit actuarial cost method

Exhibit 6. Breakdown of Valuation Results by Employee Classification

The following table shows the valuation results by employee classification. They are based upon a 3.75% discount rate.

	Certificated	Classified	Total
Counts			
Actives	182	100	282
Retirees	35	8	43
Total	217	108	325
Actuarial Accrued Liability			
Actives	$ 4,189,752	$ 636,241	$ 4,825,993
Retirees	949,072	109,431	1,058,503
Total	$ 5,138,824	$ 745,672	$ 5,884,496
ARC	$ 768,273	$ 125,281	$ 893,554
Annual Benefit Payments	$ 118,223	$ 8,202	$ 126,425

Exhibit 7. Valuation Results – Changes from Prior Valuation

The following exhibit shows changes of Actuarial Accrued Liability (AAL) from the prior valuation:

		In Millions
Actuarial Accrued Liability (AAL) as of January 1, 2011	$	2.2
Increase due to benefit accrued from January 2011 to June 30, 2012	$	0.2
Decrease due to expected benefit payments made from January 2011 to June 30, 2012		(0.2)
Increase due to decrease in the discount period from January 2011 to June 30, 2012		0.2
Increase due to expected future annual increases to the maximum District contribution		1.3
Increase due to change in long term discount rate from 6.39% to 3.75%		1.8
Increase due to demographic changes		0.4
Total change in Actuarial Accrued Liability	$	3.7
Actuarial Accrued Liability (AAL) as of July 1, 2012	$	5.9

Appendix A. Summary of Benefits

The following description of retiree health benefits is intended to be only a brief summary. For details, reference should be made to Summary Plan Descriptions, Plan Documents, labor agreements, and employee booklets.

Eligibility

Employees are eligible for retiree health benefits if they satisfy the following requirements:

Classified

Retirees who are at least age 55, with at least 20 years of employment with the District, of which at least 10 years were full-time service, and currently employed by the District at the time of retirement.

Certificated

Employees who are between 55 and 62 years old and have at least 20 full-time years of service with the District may elect to retire under Medical Option II. Employees who were employed by the District before June 30, 2007, and have at least 25 years of District service at retirement are also eligible to receive a District paid medical benefit.

In lieu of 20 years, Certificated employees who are at least age 50 on July 1, 2011 need at least 10 full-time years of service with the District at retirement or are between age 45 and age 49 on July 1, 2011 need at least 15 full-time years of service with the District at retirement to retire under Medical Option II.

District Benefits

Classified

The District pays for Classified retirees and their dependents, the cost of CalPERS medical premiums up to a fixed dollar cap based on the elected coverage. The capped amounts for 2012 and 2013 calendar years are shown in the table below. In years prior to 2012, the fixed dollar caps have been negotiated such that the caps have increased annually at the same rate as the Kaiser premiums.

		2012			2013	
	Single	**Two Party**	**Family**	**Single**	**Two Party**	**Family**
Hired before July 1, 2012	$610.44	$1,220.88	$1,527.57	$668.63	$1,337.26	$1,634.43
Hired on or after July 1, 2012	$610.44	$1,220.88	$1,345.53	$668.63	$1,337.26	$1,479.25

The District will pay the above amounts for up to 5 years after retirement or until age 65, whichever comes first. Thereafter, the District will pay the retiree $1,000 per year toward the cost of medical premiums until age 70. However, for any eligible retiree who elects continuation of CalPERS Health Plan coverage, the District will pay at least the minimum monthly premium amount specified by CalPERS under the “unequal method”, and the retiree will pay the remaining premium amount. The minimum is $44.80 per month for 2012.

Certificated

For Certificated retirees who elect Medical Option II upon early retirement, the District pays for retirees and their dependents, the cost of CalPERS medical premiums up to a fixed dollar cap based on the elected coverage. The capped amounts for 2012 and 2013 calendar years are shown in the table below. In years prior to 2012, the fixed dollar caps have been negotiated such that the caps have increased annually at the same rate as the Kaiser premiums.

		2012			2013	
	Single	Two Party	Family	Single	Two Party	Family
Hired before July 1, 2012	$610.44	$1,220.88	$1,527.57	$668.63	$1,337.26	$1,634.43
Hired on or after July 1, 2012	$610.44	$1,220.88	$1,345.53	$668.63	$1,337.26	$1,479.25

For Certificated employees hired before June 30, 2007, and who retiree with at least 25 years of service, but do not elect the Medical Option II, the District pays for retirees and their dependents, the cost of CalPERS medical premiums up to the fixed dollar cap described above for a 3 year period. If during the 3 year period, the retiree reaches age 65, the District will pay the Medicare Supplement premium plus the Medicare Part B premium, subject to the fixed dollar District cap. After the 3 year period (or age 65 for Medical Option II retirees), retirees may elect continuation of CalPERS Health Plan coverage, in which case the District will pay the minimum monthly premium amount specified by CalPERS under the “unequal method” (i.e. $44.80 per month for 2012) and the retiree will pay the balance.

Employee Contributions for Prefunding Medical Benefits

Classified

Beginning in July 1, 2011, active full time employees will pay $150 per year into an irrevocable trust fund for the sole purpose of prefunding the retiree medical benefit. If the employee terminates employment from the District after 5 years of service but prior to retirement, the accumulated contributions (without interest) will be refunded to the employee.

Certificated

Beginning in February 1, 2011, active full time employees will pay $350 per year into an irrevocable trust fund for the sole purpose of prefunding the retiree medical benefit. If the employee terminates employment from the District after 5 years of service but prior to retirement, the accumulated contributions (without interest) will be refunded to the employee.

Minimum Monthly Premium Amount Specified by CalPERS under the "Unequal Method"

Assembly Bill 2544 (AB 2544) defines the scheduled increases in the District's contribution for retirees enrolled in the CalPERS health benefit program (PEMHCA). The District is contributing under the "Unequal" method as described in the California Government Code section 22892(c). The computation formula takes into account the District's years of participation in PEMHCA as follows:

- (# of years with PEMHCA) x (5%) x (District minimum contribution amount for actives)
- The annual adjustment to the minimum monthly District contribution cannot exceed $100.00 per retiree per month.

Below is an illustrative schedule of District contributions under AB 2544 assuming the District's Certificated and Classified group joined PEMHCA in 2004.

Years in PEMHCA	Calendar Year	Monthly Basic District Contribution for Actives*	District Contribution for Retirees under "Unequal" Method
8	2012	$ 112.00	$ 44.80
9	2013	115.00	51.75
10	2014	120.00	60.00
11	2015	125.00	68.75
12	2016	130.00	78.00
13	2017	135.00	87.75
14	2018	140.00	98.00
15	2019	146.00	109.50
16	2020	152.00	121.60
17	2021	158.00	134.30
18	2022	164.00	147.60
19	2023	171.00	162.45
20	2024	178.00	178.00
21	2025	185.00	185.00
22	2026	192.00	192.00

* Minimum District contributions for actives in 2014 and later are estimated to increase by 4.00% per year and rounded to the nearest dollar. Actual increases will be based on Medical CPI.

Dental and Vision Benefits

Retirees and their spouses may continue dental and vision coverage upon retirement. The entire cost of the premiums is paid for by retirees.

Spouse/Survivor Benefits

Upon the death of a District retiree in pay status, the District continues to pay premiums for surviving spouses at the same rate that was provided to them prior to the death of the retiree. Surviving spouses of employees who die prior to retirement may continue medical coverage at their own expense; and the District will not pay for any portion of the surviving spouse's medical premiums.

Health Plan Premiums

The following tables show monthly retiree health insurance premiums for the 2012 and 2013 premium yeara for coverage under the CalPERS Health Plan for Bay Area:

	Monthly Premium Rates – 2012					
		Under 65			Over 65	
Plan	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	$ 711.10	$1,422.20	$1,848.86	$ 337.99	$ 675.98	$1,013.97
Blue Shield NetValue	611.59	1,223.18	1,590.13	337.99	675.98	1,013.97
Kaiser	610.44	1,220.88	1,587.14	277.81	555.62	833.43
PERSCare	1,029.23	2,058.46	2,676.00	432.43	864.86	1,297.29
PERS Choice	574.15	1,148.30	1,492.79	383.44	766.88	1,150.32
PERS Select	487.39	974.78	1,267.21	383.44	766.88	1,150.32

	Monthly Premium Rates – 2013					
		Under 65			Over 65	
Plan	Single	2-Party	Family	Single	2-Party	Family
Blue Shield	$ 784.63	$ 1,569.26	$ 2,040.04	$ 261.32	$ 522.64	$ 783.96
Blue Shield NetValue	670.21	1,340.42	1,742.55	261.32	522.64	786.96
Kaiser	668.63	1,337.26	1,738.44	288.37	576.74	865.11
PERSCare	1,083.11	2,166.22	2,816.09	370.43	740.86	1,111.29
PERS Choice	667.03	1,334.06	1,734.28	325.74	651.48	977.22
PERS Select	487.20	974.40	1,266.72	325.74	651.48	977.22

Since the CalPERS Health Plan is a community rated health plan, we have not included in our valuation the value of any implicit rate subsidy for retirees whose premium rates are the same as active employees.

The Medicare Part B premium for 2012 is $99.40 and 2013 is $104.90 per month for an individual with a modified adjusted gross income (MAGI) of $85,000 or less, and married couples with a MAGI of $170,000 or less.

Appendix B. Actuarial Cost Method and Assumptions

The actuarial cost method described below is one of several acceptable costs methods described in GASB 45, and the assumptions represent our best estimate of anticipated future experience based on information provided to us.

Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data described this report. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement.

The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level percentage of expected payroll over 20 years on a "closed" basis starting on July 1, 2008. The remaining amortization period on July 1, 2012 for the 2012-2013 fiscal year, was 16 years.

The actuarial assumptions are summarized below.

Valuation Date

July 1, 2012

Economic Assumptions

Discount Rate (liabilities)	Unfunded – 3.75%
Projected Payroll Increases (for Amortization of UAAL)	3.00% per year

Demographic Assumptions

For certificated employees, the demographic assumptions are based upon the assumptions used in the California State Teachers' Retirement System (CalSTRS) pension valuation. For classified employees, the demographic assumptions are based upon the California Public Employees' Retirement System (CalPERS) pension valuation under a 2% @ 55 formula for School District employees.

Below is a summary of the assumed rates for service retirement, disability and termination.

Retirement

For classified employees, retirement assumptions vary by both age and service, based upon CalPERS assumptions. Sample rates of retirement within the next year for a classified employee with 15 years of service are shown below:

	Certificated				*Classified*
	10-30 Years of Service		30+ Years of Service		15 Years of Service
Age	Male	Female	Male	Female	Males/Females
50	–	–	1.50%	2.50%	1.30%
51	–	–	1.50%	2.50%	1.40%
52	–	–	1.50%	2.50%	1.70%
53	–	–	2.00%	2.50%	1.90%
54	–	–	2.00%	3.00%	3.30%
55	2.70%	4.50%	8.00%	9.00%	6.70%
56	1.80%	3.15%	8.00%	9.00%	5.50%
57	1.80%	3.15%	10.00%	11.00%	5.90%
58	2.70%	4.05%	14.00%	16.00%	7.00%
59	4.50%	5.40%	18.00%	19.00%	8.00%
60	6.30%	9.00%	27.00%	31.00%	10.20%
61	6.30%	9.00%	43.00%	40.00%	12.60%
62	10.80%	10.80%	38.00%	37.00%	21.20%
63	11.70%	16.20%	30.00%	35.00%	19.10%
64	10.80%	13.50%	30.00%	32.00%	18.50%
65	13.50%	14.40%	30.00%	32.00%	25.10%
66	10.80%	13.50%	30.00%	32.00%	20.00%
67	10.80%	13.50%	30.00%	32.00%	18.50%
68	10.80%	13.50%	30.00%	32.00%	16.50%
69	10.80%	13.50%	30.00%	32.00%	18.70%
70	100.00%	100.00%	100.00%	100.00%	18.30%
71	100.00%	100.00%	100.00%	100.00%	14.30%
72	100.00%	100.00%	100.00%	100.00%	12.60%
73	100.00%	100.00%	100.00%	100.00%	12.20%
74	100.00%	100.00%	100.00%	100.00%	15.30%
75	100.00%	100.00%	100.00%	100.00%	15.10%
80	100.00%	100.00%	100.00%	100.00%	100.00%

Disability

	Certificated		Classified	
Age	Males	Females	Males	Females
25	0.012%	0.021%	0.010%	0.010%
35	0.036%	0.042%	0.064%	0.038%
45	0.123%	0.126%	0.283%	0.171%
55	0.252%	0.318%	0.489%	0.335%
65	0.144%	0.168%	0.378%	0.146%

Demographic Assumptions (continued)

Termination

	Certificated	
Years of Service	Male	Female
0	15.30%	15.30%
1	12.50%	11.00%
2	7.70%	8.50%
3	6.00%	7.00%
4	4.80%	6.00%
5	3.60%	5.25%
10	2.00%	1.80%
20	0.60%	0.50%
30+	0.25%	0.40%

Sample rates of terminating within one year for a classified employee *with five years of service* are shown below for selected ages:

Entry Age	Classified
30	8.557%
35	7.471%
40	6.381%
45	1.350%
50	1.070%

We have assumed that there will be no retiree medical benefits for those who terminate employment prior to age 55 or prior to completion of ten years of service.

Mortality

Certificated — Rates used for the CalSTRS valuation.

Classified — Rates used for the CalPERS valuation.

Enrollment Election Upon Retirement

We have assumed that all retirees who are eligible to retire early with a District paid benefit will elect coverage until age 65. All Certificated employees who retire after age 62 with at least 25 years of service are assumed to elect coverage for 3 years and receive the District paid benefit. After the District paid benefit stops, we have assumed that 60% of retirees will continue CalPERS Health coverage and receive the minimum CalPERS reimbursement amount from the District ($44.80 per month for 2012).

Probability of Marriage / Dependent Coverage

We have assumed that 70% of active employees will be married at retirement and elect coverage for their spouses, and that males are three years older than females. We have also assumed that retirees will not have any covered dependent children.

Medical Inflation

We have assumed that the maximum District contribution will increase at the same rate as medical inflation for years after 2013. The following tables show the trend rates used in this valuation.

Calendar Year	Pre-65 % Inflation
2013	7.50%
2014	6.75%
2015	6.25%
2016 – 2018	6.50%
2019	7.00%
2020 – 2021	7.50%
2022 – 2025	7.25%
2026 – 2029	7.00%
2030 – 2033	6.75%
2034 – 2035	6.50%
2036 – 2038	6.25%
2039 – 2043	6.00%
2044 – 2050	5.75%
2051 – 2061	5.50%
2062 – 2074	5.25%
2075 – 2078	5.00%
2079 and beyond	4.75%

Calendar Year	Post-65 % Inflation
2013	7.50%
2014	6.75%
2015 – 2023	6.25%
2024 – 2034	6.00%
2035 – 2037	5.75%
2038 – 2042	5.50%
2043	5.75%
2044	6.00%
2045 – 2054	5.75%
2055 – 2059	6.00%
2060 – 2067	5.75%
2068 – 2074	5.50%
2075 – 2078	5.25%
2079 – 2083	5.00%
2084 and beyond	4.75%

Calendar Year	Medicare Part B % Inflation
2013	6.50%
2014	5.75%
2015 – 2023	5.25%
2024 – 2034	5.00%
2035 – 2037	4.75%
2038 – 2046	4.50%
2047 – 2063	4.25%
2064 – 2076	4.00%
2077 – 2081	3.75%
2082 and beyond	3.50%

The CalPERS Minimum contribution rate is assumed to increase 4.00% per year.

Appendix C. Summary of Participant Data

The following census of participants was used in the actuarial valuation and provided by the Mill Valley School District. The data was collected as of July 2012.

Covered Active Employees

	Certificated			Classified		
Age	**Males**	**Females**	**Total**	**Males**	**Females**	**Total**
Under 25	0	0	0	0	0	0
25 – 29	0	3	3	1	4	5
30 – 34	2	17	19	3	1	4
35 – 39	4	31	35	4	2	6
40 – 44	7	23	30	0	8	8
45 – 49	2	23	25	4	9	13
50 – 54	7	28	35	6	18	24
55 – 59	2	12	14	2	13	15
60 – 64	2	14	16	3	12	15
65 & Over	0	5	5	1	9	10
Total	26	156	182	24	76	100

	Total		
Age	**Males**	**Females**	**Total**
Under 25	0	0	0
25 – 29	1	7	8
30 – 34	5	18	23
35 – 39	8	33	41
40 – 44	7	31	38
45 – 49	6	32	38
50 – 54	13	46	59
55 – 59	4	25	29
60 – 64	5	26	31
65 & Over	1	14	15
Total	50	232	282

Average Age at Valuation Date: 47.77
Average Service at Valuation Date: 9.24

Current Retirees

Age	Certificated			Classified		
	Males	Females	Total	Males	Females	Total
Under 55	0	0	0	0	0	0
55 – 59	0	1	1	0	0	0
60 – 64	1	3	4	0	0	0
65 – 69	4	11	15	1	3	4
70 – 74	0	9	9	1	3	4
75 – 79	1	1	2	0	0	0
80 – 84	2	1	3	0	0	0
85 & Over	0	1	1	0	0	0
Total	8	27	35	2	6	8

Age	Total		
	Males	Females	Total
Under 55	0	0	0
55 – 59	0	1	1
60 – 64	1	3	4
65 – 69	5	14	19
70 – 74	1	12	13
75 – 79	1	1	2
80 – 84	2	1	3
85 & Over	0	1	1
Total	10	33	43

Average Age at Valuation Date: 69.98