



GASB Statement No. 75
Supplemental Schedules
for Tamalpais Union High School District

Reporting Period: July 1, 2018 to June 30, 2019
Measurement Period: July 1, 2017 to June 30, 2018
Valuation Date: June 30, 2017

September 9, 2019

**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

**Notes to the Financial Statements
For the Year Ended June 30, 2019**

Plan Description

Plan administration. The District provides medical, dental and vision benefits to retirees and their covered eligible dependents. The District pays a portion of the medical costs for eligible retirees only. Retirees must pay the entire cost for dental, vision, and dependent medical benefits. All active employees who retire directly from the District and meet the eligibility criteria may participate.

Benefits provided. Classified employees who have attained age 50 and completed 15 years of District service by June 30, 2016 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing at least 10 years of District service. Classified employees who do not meet those requirements are eligible to retire and receive District-paid health benefits after attaining age 60 and completing at least 10 years of District service. The District pays 100% of the medical, dental and vision premiums for an eligible retiree and dependents until age 65, subject to an annual cap of the composite rates for Kaiser HMO, dental and vision coverages. The retiree may purchase coverage in excess of the cap by self-paying the extra premium. Retired employees with full-time equivalency (FTE) of at least 50% but less than 60% may receive 50% of the cap, and those with an FTE of at least 60% but less than 72.5% may receive 75% of the cap. Retired employees with FTE less than 50% are not eligible.

Certificated employees retiring after the 2011-12 school year who have attained age 60 and completed 10 years of District service (5 years if hired prior to January 18, 2000), and who have met the eligibility requirements to retire under CalPERS or CalSTRS, as applicable, are eligible to retire and receive District-paid health benefits. The District pays 100% of the medical, dental and vision premiums for an eligible retiree and dependents until age 65, subject to an annual cap of the composite rates for Kaiser HMO, dental and vision coverages. The retiree may purchase coverage in excess of the cap by self-paying the extra premium. Retired employees with full-time equivalency (FTE) of at least 60% may receive 100% of the cap. Those with an FTE of less than 60% are subject to a pro-rated cap.

Plan membership. At June 30, 2017, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	34
Active plan members	446

Contributions. The contribution requirements of Plan members and the Tamalpais Union High School District are established and may be amended by the Tamalpais Union High School District and the Teachers' Association and the local California Service Employees Association. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The CERBT is included in the CalPERS CAFR.



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Net OPEB Liability

The District's Net OPEB Liability was measured as of June 30, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	7.25 percent, net of OPEB plan investment expense
Healthcare cost trend rate	6.00 percent for 2017; 5.00 percent for 2018 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2017 valuation were based on a review of plan experience during the period June 30, 2015 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	60%	5.5%
U.S. Fixed	25%	1.5%
TIPS	5%	1.2%
Real Estate	7%	3.7%
Commodities	3%	0.6%

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20-Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	7.25%	3.13%	7.25%
June 30, 2019	June 30, 2018	7.25%	3.62%	7.25%



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

The components of the net OPEB liability were as follows:

Total OPEB liability	7,028,867
Plan fiduciary net position	4,291,277
Net OPEB liability	\$2,737,590
Measurement date	June 30, 2018
Reporting date	June 30, 2019
Covered payroll	\$45,525,874
Net OPEB liability (asset) as a percentage of covered payroll	6.01%
Plan fiduciary net position as a percentage of the total OPEB liability	61.05%

Schedule of Changes in Net OPEB Liability (July 1, 2017 to June 30, 2018)

Total OPEB Liability	
Service Cost	364,064
Interest	476,321
Changes of benefit terms	0
Difference between expected and actual experience	0
Changes of assumptions	0
Benefit payments ¹	(749,820)
Net change in total OPEB liability	90,565
Total OPEB liability – July 1, 2017 (a)	\$6,938,302
Total OPEB liability – June 30, 2018 (b)	\$7,028,867
Plan fiduciary net position	
Contributions – employer ¹	790,258
Net investment income	318,981
Benefit payments ¹	(749,820)
Trustee fees	(5,215)
Administrative expense	(2,144)
Net change in plan fiduciary net position	352,060
Plan fiduciary net position – July 1, 2017 (c)	\$3,939,217
Plan fiduciary net position – June 30, 2018 (d)	\$4,291,277
Net OPEB liability – July 1, 2017 (c) – (a)	\$2,999,085
Net OPEB liability – June 30, 2018 (d) – (b)	\$2,737,590

¹ Amount includes implicit subsidy associated with benefits paid.



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current discount rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability (asset)	3,125,593	2,737,590	2,378,428

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing To 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB liability (asset)	2,187,101	2,737,590	3,361,213

**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Statement of Fiduciary Net Position

Assets	
Cash, deposits, and cash equivalents	0
Receivables:	
Accrued Income	0
Total receivables	0
Investments:	
Managed account	4,291,277
Total Investments	4,291,277
Total Assets	4,291,277
Liabilities	
Payables	0
Total Liabilities	0
Net position restricted for postemployment benefits other than pensions	\$4,291,277
Measurement date	June 30, 2018
Reporting date	June 30, 2019

Statement of Changes in Fiduciary Net Position

Additions	
Employer contributions ²	790,258
Investment income:	
Net increase in fair value of investments	318,981
Total additions	1,109,239
Deductions	
Trustee fees	5,215
Administrative expense	2,144
Benefit payments ²	749,820
Total deductions	757,179
Net increase in net position	352,060
Net position restricted for postemployment benefits other than pensions	
Beginning of year – July 1, 2017	\$3,939,217
End of year – June 30, 2018	\$4,291,277

² Includes \$88,608 of pay-as-you-go contributions made from sources outside of trust, plus an implicit subsidy amounts of \$18,058 on benefit payments from sources outside of trust, and an implicit subsidy of \$108,884 on benefit disbursements from the trust.



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Investments

Investment policy. The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The District participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The District has adopted the CERBT Strategy 1 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board.

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Target Range</i>	<i>Benchmark</i>
Global Equity	57%	± 2%	MSCI All Country World Index IMI (net)
Fixed Income	27%	± 2%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities	5%	± 2%	Bloomberg Barclays Barclays US TIPS Index
Real Estate Investment Trusts	8%	± 2%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3%	± 2%	S&P GSCI Total Return Index
Cash	-	+2%	91 Day Treasury Bill

Rate of return. For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 8.01 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Annual money-weighted rate of return, net of investment expense	8.01%
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**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience ^{3,4}	0	0
Changes in assumptions or other inputs ^{3,4}	0	0
Differences between projected and actual return investments ^{3,4}	0	108,304
Total	\$0⁵	\$108,304

³ Measured at June 30, 2018;

⁴ See Schedule of Deferred Outflows and Inflows of Resources for additional information;

⁵ Does not include District contributions after the measurement date, which will be recognized as a reduction of the Net OPEB Liability in the year ending June 30, 2020.

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

Fiscal Year ending June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	0	(34,055)
2021	0	(34,055)
2022	0	(34,054)
2023	0	(6,140)
2024	0	0

**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Schedule of Deferred Outflows and Inflows of Resources

Year	Type	Category	Initial Base	Amortization Period	Current Balance
2017	Deferred Outflow	Difference between expected and actual experience	0	0.0	0
2017	Deferred Outflow	Changes in assumptions	0	0.0	0
2017	Deferred Outflow	Net difference between projected and actual earnings on plan investments	0	0.0	0
2018	Deferred Outflow	Difference between expected and actual experience	0	0.0	0
2018	Deferred Outflow	Changes in assumptions	0	0.0	0
2018	Deferred Outflow	Net difference between projected and actual earnings on plan investments	0	0.0	0
2019	Deferred Outflow	Difference between expected and actual experience	0	7.4	0
2019	Deferred Outflow	Changes in assumptions	0	7.4	0
2019	Deferred Outflow	Net difference between projected and actual earnings on plan investments	0	5.0	0
Total					0

Year	Type	Category	Initial Base	Amortization Period	Current Balance
2017	Deferred Inflow	Difference between expected and actual experience	0	0.0	0
2017	Deferred Inflow	Changes in assumptions	0	0.0	0
2017	Deferred Inflow	Net difference between projected and actual earnings on plan investments	0	0.0	0
2018	Deferred Inflow	Difference between expected and actual experience	0	0.0	0
2018	Deferred Inflow	Changes in assumptions	0	0.0	0
2018	Deferred Inflow	Net difference between projected and actual earnings on plan investments	139,584	5.0	83,750
2019	Deferred Inflow	Difference between expected and actual experience	0	7.4	0
2019	Deferred Inflow	Changes in assumptions	0	7.4	0
2019	Deferred Inflow	Net difference between projected and actual earnings on plan investments	30,692	5.0	24,554
Total					108,304



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Net OPEB Expense

The District's Net OPEB expense was \$525,400.

Net OPEB Liability – beginning (a)	\$2,999,085
Net OPEB Liability – ending (b)	\$2,737,590
Change in Net OPEB Liability [(b)-(a)]	(261,495)
Change in Deferred Outflows	0
Change in Deferred Inflows	(3,363)
Employer Contributions	790,258
Net OPEB Expense – July 1, 2017 to June 30, 2018	\$525,400

Service Cost	364,064
Interest Cost	476,321
Expected Return on Assets	(280,930)
Changes of benefit terms	0
Recognition of Deferred Outflows and Inflows	
Differences between expected and actual experience	0
Changes of assumptions	0
Differences between projected and actual investments	(34,055)
Total	(34,055)
Net OPEB Expense – July 1, 2017 to June 30, 2018	\$525,400

Actuarially Determined Contribution

The following shows the actuarial determined contribution for year ending June 30, 2019:

Service Cost	364,064
Net OPEB Liability Amortization Payment (30-year)	181,388
Total	\$545,452

Valuation Date	June 30, 2017
Discount Rate	7.25%
Salary Increases	3.00%



**Tamalpais Union High School District
Post-Employment Medical Benefits Plan**

GASB 75 Disclosure Information

Actuarial Certification

The results set forth in this supplement are based on our actuarial valuation of the health and welfare benefit plans of the Tamalpais Union High School District as of June 30, 2017.

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. 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 (when applicable) trust statements prepared by the trustee and provided to us by the District.

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 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

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

Certified by:



Carlos Diaz, ASA, EA, MAAA
Actuary

Corbett Elsen
Chief Financial Officer
Tamalpais Union High School District
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