



**CITY OF OXNARD**

**PARS RETIREMENT ENHANCEMENT PLAN**



**June 30, 2013 Funding Actuarial Valuation**

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Tak Frazita, Associate Actuary

**Bartel Associates, LLC**

December 23, 2014

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## BENEFIT SUMMARY

<p>■ <b>Effective Date</b></p>	<p>■ <b>January 1, 2003</b></p>
<p>■ <b>Eligibility</b></p>	<p>■ <b>Plan covers<sup>1</sup>:</b></p> <ul style="list-style-type: none"> <li>• City Council under City’s CalPERS Plan,</li> <li>• City Manager,</li> <li>• City Attorney,</li> <li>• Department Head,</li> <li>• Confidential Employees,</li> <li>• Management Employees,</li> <li>• SEIU Local 721 Employees,</li> <li>• IUOE Local 501 Employees,</li> <li>• Employees listed on Schedule A, or City’s CalPERS Employees employed on or after the effective date</li> </ul> <p>■ <b>Age 50 &amp; 5 years continuous City service (terminate City employment &amp; concurrently retire under CalPERS)</b></p> <p>■ <b>Plan closed to new hires after January 1, 2013</b></p>

<sup>1</sup> Covers full-time regular employees from all groups, plus part-time regular employees who are Department Heads, Confidential, Management, SEIU, and IUOE Employees



## BENEFIT SUMMARY

<p>■ <b>Retirement Benefit</b></p>	<p>■ <b>Product of:</b></p> <ul style="list-style-type: none"> <li>• most recent continuous City service<sup>2</sup></li> <li>• highest 1 year average compensation (includes 7% EPMC)</li> <li>• CalPERS <b>3%@60 less 2%@55</b> Age Factor:</li> </ul> <div style="text-align: center;"> <table border="1" style="margin: 10px auto;"> <caption>Retirement Benefit Components by Age</caption> <thead> <tr> <th>Age</th> <th>3%@60</th> <th>2%@55</th> <th>PARS Plan Factor</th> </tr> </thead> <tbody> <tr><td>50</td><td>2.0%</td><td>1.4%</td><td>0.6%</td></tr> <tr><td>51</td><td>2.1%</td><td>1.5%</td><td>0.6%</td></tr> <tr><td>52</td><td>2.2%</td><td>1.6%</td><td>0.6%</td></tr> <tr><td>53</td><td>2.3%</td><td>1.7%</td><td>0.5%</td></tr> <tr><td>54</td><td>2.4%</td><td>1.8%</td><td>0.5%</td></tr> <tr><td>55</td><td>2.5%</td><td>1.9%</td><td>0.5%</td></tr> <tr><td>56</td><td>2.6%</td><td>2.0%</td><td>0.5%</td></tr> <tr><td>57</td><td>2.7%</td><td>2.1%</td><td>0.6%</td></tr> <tr><td>58</td><td>2.8%</td><td>2.2%</td><td>0.6%</td></tr> <tr><td>59</td><td>2.9%</td><td>2.3%</td><td>0.7%</td></tr> <tr><td>60</td><td>3.0%</td><td>2.4%</td><td>0.7%</td></tr> <tr><td>61</td><td>3.0%</td><td>2.4%</td><td>0.7%</td></tr> <tr><td>62</td><td>3.0%</td><td>2.4%</td><td>0.6%</td></tr> <tr><td>63+</td><td>3.0%</td><td>2.4%</td><td>0.6%</td></tr> </tbody> </table> </div>	Age	3%@60	2%@55	PARS Plan Factor	50	2.0%	1.4%	0.6%	51	2.1%	1.5%	0.6%	52	2.2%	1.6%	0.6%	53	2.3%	1.7%	0.5%	54	2.4%	1.8%	0.5%	55	2.5%	1.9%	0.5%	56	2.6%	2.0%	0.5%	57	2.7%	2.1%	0.6%	58	2.8%	2.2%	0.6%	59	2.9%	2.3%	0.7%	60	3.0%	2.4%	0.7%	61	3.0%	2.4%	0.7%	62	3.0%	2.4%	0.6%	63+	3.0%	2.4%	0.6%
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<sup>2</sup> Service includes military service purchased through CalPERS prior to the effective date of the Plan or purchased through PARS after the effective date. Valuation data provided does not include this service.



## BENEFIT SUMMARY

<ul style="list-style-type: none"> <li>■ Cost of Living Increases</li> </ul>	<ul style="list-style-type: none"> <li>■ 2% per year after retirement</li> <li>■ Cannot exceed cumulative CPI increases</li> </ul>
<ul style="list-style-type: none"> <li>■ Benefit Form</li> </ul>	<ul style="list-style-type: none"> <li>■ Normal form: single life annuity</li> <li>■ Actuarially equivalent optional forms available</li> </ul>
<ul style="list-style-type: none"> <li>■ Termination Benefit</li> </ul>	<ul style="list-style-type: none"> <li>■ &lt; 5 years City service: automatic cash-out employee contributions with 5% interest</li> <li>■ ≥ 5 years City service: optional cash-out employee contributions with 5% interest or annuity at retirement</li> </ul>
<ul style="list-style-type: none"> <li>■ Pre-Retirement Disability Benefit</li> </ul>	<ul style="list-style-type: none"> <li>■ None</li> </ul>
<ul style="list-style-type: none"> <li>■ Pre-Retirement Death Benefit</li> </ul>	<ul style="list-style-type: none"> <li>■ Death occurs after attaining retirement age/service eligibility</li> <li>■ Benefit to spouse equals Retirement Benefit actuarially reduced as if employee retired on date of death &amp; elected 100% J&amp;S option</li> </ul>

## BENEFIT SUMMARY

<ul style="list-style-type: none"> <li>■ Employee Contributions</li> </ul>	<ul style="list-style-type: none"> <li>■ 8% of Employees' compensation</li> <li>■ Account Balance credited with 5% interest</li> <li>■ Partially picked-up by City</li> </ul> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Group</u></th> <th style="text-align: left;"><u>City</u></th> <th style="text-align: left;"><u>Employee</u></th> </tr> </thead> <tbody> <tr> <td>IUOE</td> <td>2.7%</td> <td>5.3%</td> </tr> <tr> <td>SEIU</td> <td>3.5%</td> <td>4.5%</td> </tr> <tr> <td>Mgmt &amp; Conf</td> <td>3.0%</td> <td>5.0%</td> </tr> </tbody> </table>	<u>Group</u>	<u>City</u>	<u>Employee</u>	IUOE	2.7%	5.3%	SEIU	3.5%	4.5%	Mgmt & Conf	3.0%	5.0%
<u>Group</u>	<u>City</u>	<u>Employee</u>											
IUOE	2.7%	5.3%											
SEIU	3.5%	4.5%											
Mgmt & Conf	3.0%	5.0%											
<ul style="list-style-type: none"> <li>■ Other</li> </ul>	<ul style="list-style-type: none"> <li>■ September 1, 2010 Early Retirement Window incentive benefit</li> <li>■ 7% of base annual salary as of June 18, 2010 (excludes differential pay, special duty pay, special assignment pay, educational incentive pay, and CalPERS Employer Paid Member Contributions)</li> <li>■ Not included in this valuation</li> </ul>												

## PARTICIPANT STATISTICS

### Actives and Retirees

	June 30, 2011	June 30, 2013
<b>■ Actives</b>		
• Count	681	669
• Average		
➢ Age	46.4	47.6
➢ City Service <sup>3</sup>	12.2	13.6
➢ Pay <sup>4</sup>	\$ 59,300	\$ 60,400
• Total Payroll (000's)	40,414	40,428
<b>■ Retirees</b>		
• Count	195	216
• Average		
➢ Age	64.0	60.1
➢ Retirement Age	60.3	57.0
➢ Monthly Benefit	\$ 796	\$ 808 <sup>5</sup>

<sup>3</sup> Does not include military service credit

<sup>4</sup> Includes 7% EPMC

<sup>5</sup> 3 retirees have two records with separate annuities; all are included.



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## PARTICIPANT STATISTICS

### Terminations

	June 30, 2011	June 30, 2013 <sup>6</sup>
<b>■ Terminated Vested</b>		
• Count	14	38
• Average		
➢ Age	52.5	45.2
➢ City Service <sup>7</sup>	17.8	n/a
➢ Account Balance	\$ 31,729	\$ 5,074
<b>■ Terminated Non-Vested</b>		
• Count	26	44
• Average		
➢ Age	39.3	45.2
➢ City Service <sup>7</sup>	1.4	n/a
➢ Refund Due	\$ 6,262	\$ 4,003

<sup>6</sup> Incomplete data for 25 of 38 terminated vested and 3 of 44 terminated non-vested; actual account balances provided for all participants, with immediate cash out assumed.

<sup>7</sup> Does not include military service credit



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**ASSETS**

**Market Value of Plan Assets**

(Amounts in 000's)

	2009/10	2010/11	2011/12	2012/13	2013/14
■ <b>MVA (Beginning of Year)</b>	\$20,333	\$25,249	\$33,161	\$36,130	\$ 42,714
• Contributions	4,840	4,059	4,323	4,336	4,361 <sup>8</sup>
• Benefit Payments	(1,511)	(2,021)	(2,007)	(2,387)	(2,599)
• Expenses	(62)	(62)	(64)	(66)	(69)
• Earnings	<u>1,649</u>	<u>5,936</u>	<u>716</u>	<u>4,701</u>	<u>6,809</u>
■ <b>MVA (End of Year)</b>	25,249	33,161	36,130	42,714	51,216
■ <b>Approx. Annual Return</b>	7.2%	22.4%	1.9%	12.6%	15.6%

<sup>8</sup> Includes approximate City reported \$645,000 contribution for 13/14 paid after 6/30/14.



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**ASSETS**

**Actuarial Value of Plan Assets**

(Amounts in 000's)

	2009/10	2010/11	2011/12	2012/13	2013/14
■ <b>AVA (Beginning of Year)</b>	\$24,236	\$28,600	\$32,859	\$37,119	\$ 41,765
• Contributions	4,840	4,059	4,323	4,336	4,361
• Benefit Payments	(1,511)	(2,021)	(2,007)	(2,387)	(2,599)
• Expected Earnings	<u>1,873</u>	<u>2,145</u>	<u>2,192</u>	<u>2,459</u>	<u>2,742</u>
■ <b>Exp. AVA (End of Year)</b>	29,438	32,783	37,366	41,527	46,269
■ <b>MVA (End of Year)</b>	25,249	33,161	36,130	42,714	51,216
■ <b>1/5 of (MVA - Exp. AVA)</b>	(838)	76	(247)	237	989
■ <b>Preliminary AVA</b>	28,600	32,859	37,119	41,765	47,258
• Min. AVA (80% of MVA)	20,199	26,529	28,904	34,171	40,973
• Max. AVA (120% of MVA)	30,299	39,794	43,356	51,257	61,460
■ <b>AVA (End of Year)</b>	28,600	32,859	37,119	41,765	47,258
■ <b>Approx. Annual Return</b>	4.0%	7.5%	5.8%	7.1%	8.8%



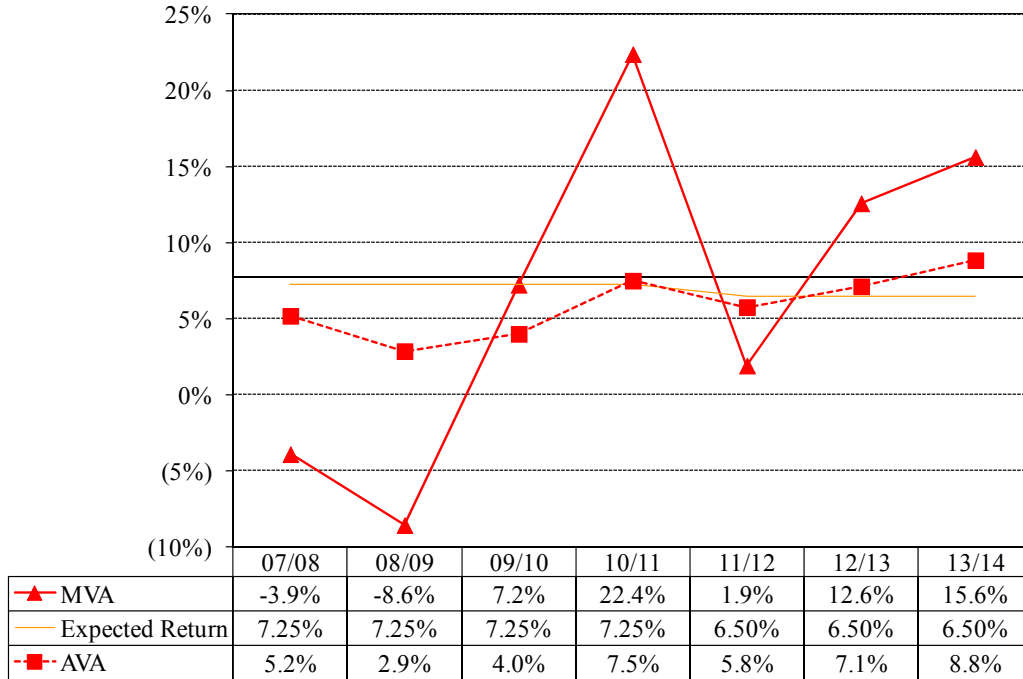
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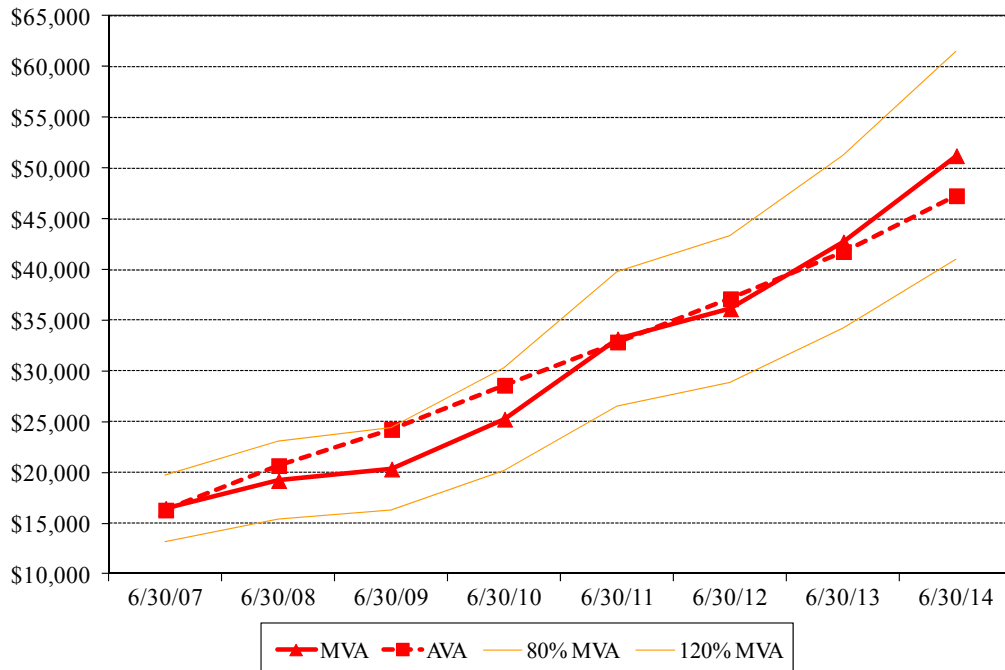
## ASSETS

### Historical Asset Returns



## ASSETS

### Historical Assets



**ASSETS**

**Asset Allocation**

(Amounts in 000's)

	<b>6/30/14</b>	<b>Target Allocation</b>	
	<b>Actual %</b>	<b>Target</b>	<b>Range</b>
■ Total Fixed Income (fixed + inflation linked)	33.6%	35%	25 – 45%
■ Cash	1.3%	5%	0 – 20%
■ Equities	65.1%	58%	50 – 70%
■ Total	100.0%	100%	



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**ASSETS**

**Discount Rate Development**

	<b>50% Confidence Limit</b>	<b>55% Confidence Limit</b>	<b>60% Confidence Limit</b>
■ Expected Return	7.18%	6.89%	6.61%
■ Investment Expenses	<u>(0.30%)</u>	<u>(0.30%)</u>	<u>(0.30%)</u>
■ Net Return	6.88%	6.59%	6.31%
■ Recommended Assumption	<b>6.50%</b>		



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**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>July 1, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>
■ Valuation Date	<ul style="list-style-type: none"> <li>• June 30, 2011</li> <li>• 2012/13 ARC (middle of year)</li> </ul>	<ul style="list-style-type: none"> <li>• June 30, 2013</li> <li>• 2014/15 ARC (middle of year)</li> </ul>
■ City funding policy	<ul style="list-style-type: none"> <li>• Annually contribute full Actuarially Determined Contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ Discount Rate	<ul style="list-style-type: none"> <li>• 6.50%</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ General Inflation	<ul style="list-style-type: none"> <li>• 3.0%</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ Cost of Living Adjustment	<ul style="list-style-type: none"> <li>• 2.0% compounded annually</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
■ Payroll Increases	<ul style="list-style-type: none"> <li>• Aggregate Increases – 3.25%</li> <li>• Merit Increases – CalPERS 1997-2007 Experience Study</li> </ul>	<ul style="list-style-type: none"> <li>• Aggregate Increases – Same</li> <li>• Merit Increases – CalPERS 1997-2011 Experience Study</li> </ul>
■ CalPERS Service	<ul style="list-style-type: none"> <li>• City service plus ½ service between age 30 and City hire date</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>July 1, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>
■ Service Retirement	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study (Service based)</li> <li>PERS Benefit      3.0%@60</li> <li>PERS Hire Age      31</li> <li>Exp Ret Age        58</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study (Service based)</li> <li>PERS Benefit      3.0%@60</li> <li>PERS Hire Age      31</li> <li>Exp Ret Age        58</li> </ul>
■ Mortality – Pre-Retirement	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> </ul>
■ Mortality – Post-Retirement	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> <li>• Fully generational scale AA applied</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Fully generational scale AA applied</li> </ul>
■ Disability	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> </ul>
■ Withdrawal	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> </ul>



## ACTUARIAL ASSUMPTIONS

Assumption	July 1, 2011 Valuation	June 30, 2013 Valuation
<ul style="list-style-type: none"> <li>■ Maximum Benefits and Salary</li> </ul>	<ul style="list-style-type: none"> <li>• Salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17).</li> <li>• The limit is assumed to increase 3% per annum</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Admin Expenses</li> </ul>	<ul style="list-style-type: none"> <li>• Included in 55% confidence level Discount Rate</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Form of Payment</li> </ul>	<ul style="list-style-type: none"> <li>• All current participants are assumed to elect a single life annuity</li> <li>• Employee contribution cash out for non-vested terminations</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> <li>• Employee contribution cash out for vested and non-vested terminations</li> </ul>
<ul style="list-style-type: none"> <li>■ Deferred Annuity</li> </ul>	<ul style="list-style-type: none"> <li>• The benefit commencement age for deferred annuity is assumed to be age 50</li> </ul>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>

## ACTUARIAL METHODS

Method	July 1, 2011 Valuation	June 30, 2013 Valuation
<ul style="list-style-type: none"> <li>■ Cost Method</li> </ul>	<ul style="list-style-type: none"> <li>• Entry Age Normal</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Actuarial Value of Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Investment gains and losses spread on 5-year rolling period</li> <li>• Not less than 80% nor more than 120% of market value</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Amortization Method</li> </ul>	<ul style="list-style-type: none"> <li>• Level percent of payroll</li> </ul>	<ul style="list-style-type: none"> <li>• Level dollar</li> </ul>
<ul style="list-style-type: none"> <li>■ Amortization Period</li> </ul>	<ul style="list-style-type: none"> <li>• UAAL from prior valuation: 20-year amortization from 1/1/2003 (10.5 years remaining on 6/30/12)</li> <li>• 15-year fixed (closed) amortization for gains and losses, plan amendments, assumption changes, and method changes</li> <li>• 12-year fresh start beginning 6/30/2012</li> </ul>	<ul style="list-style-type: none"> <li>• 12-year fresh start beginning 6/30/2012 (10 years remaining on 6/30/14)</li> <li>• 15-year fixed (closed) amortization for gains and losses, plan amendments, assumption changes, and method changes</li> </ul>

## RESULTS

### Actuarial Obligations

(Amounts in 000's)

	June 30, 2011	June 30, 2013
<b>■ Present Value of Benefits</b>		
• Actives	\$ 61,679	\$ 66,454
• Terminated Non-Vested	163	176
• Terminated Vested	1,143	193
• Retirees	<u>26,768</u>	<u>29,291</u>
• Total	89,753	96,114
<b>■ Actuarial Accrued Liability (AAL)</b>		
• Actives	43,314	49,546
• Terminated Non-Vested	163	176
• Terminated Vested	1,143	193
• Retirees	<u>26,768</u>	<u>29,291</u>
• Total	71,388	79,206
<b>■ Actuarial Value of Assets</b>	<u>32,859</u>	<u>41,765</u>
<b>■ Unfunded AAL</b>	38,529	37,441
<b>■ Total Normal Cost</b>	2,392	1,944



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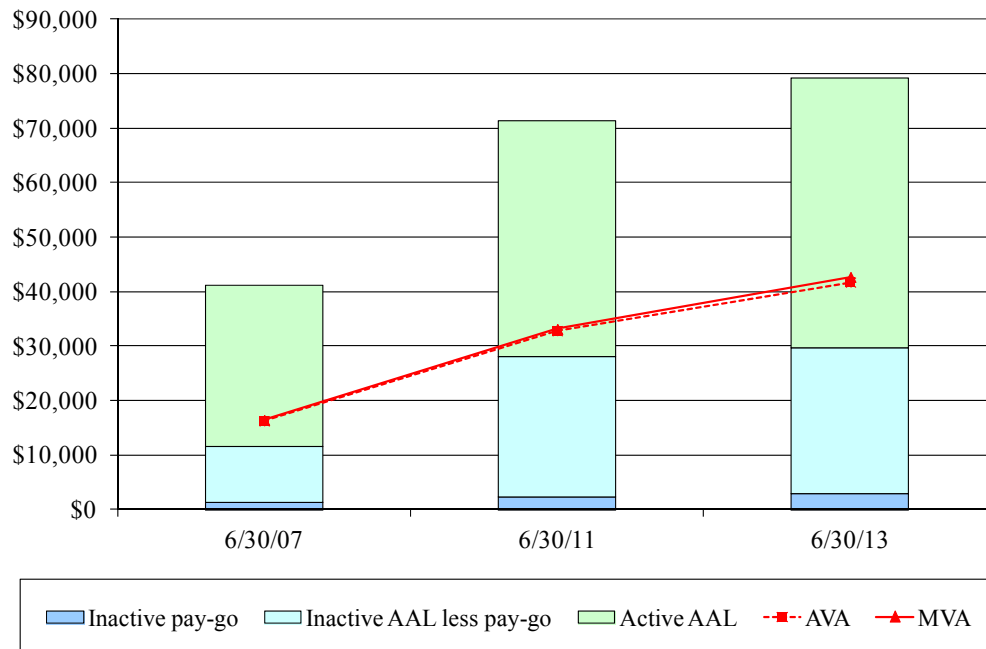
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## RESULTS

### Funded Status

(Amounts in 000's)



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**RESULTS**

**Funded Status**  
(Amounts in 000's)

	<b>June 30, 2011</b>	<b>June 30, 2013</b>
■ <b>Actuarial Accrued Liability</b>	\$ 71,388	\$ 79,206
■ <b>Actuarial Value of Assets</b>	32,859	41,765
■ <b>Unfunded AAL</b>		
• On Valuation Date	38,529	37,441
• Year After Valuation Date	39,153	36,735
■ <b>Funded Percentage</b>		
• Actuarial Value of Assets	46.0%	52.7%
• Market Value of Assets	46.5%	53.9%

**RESULTS**

**Estimated Actuarial Gains & Losses**  
(Amounts in 000's)

	<b>AAL</b>	<b>(AVA)</b>	<b>UAAL</b>
■ <b>6/30/12 Actual Projected</b>	\$ 76,143	\$ (36,990)	\$39,153
■ <b>6/30/14 Expected</b>	86,235	(50,420)	35,815
■ <b>Experience Losses (Gains):</b>			
• Demographic & other	(4,161)	-	(4,161)
• Contribution & Investment loss (gain)	-	3,162	3,162
■ <b>Assumption/Method Changes:</b>			
• CalPERS assumption changes	1,919	-	1,919
■ <b>Total Changes</b>	(2,242)	3,162	920
■ <b>6/30/14 Actual Projected</b>	83,993	(47,258)	36,735

**RESULTS**

**Actuarially Determined Contribution**

(Amounts in 000's)

	June 30, 2011 Valuation		June 30, 2013 Valuation	
	2012/13	2013/14	2014/15	2015/16
<b>■ Employer Contribution</b>				
• Normal Cost				
➤ Total	\$ 2,392	\$ 2,469	\$ 1,944	\$ 1,789
➤ EE Contributions	<u>(3,222)</u>	<u>(3,326)</u>	<u>(2,683)</u>	<u>(2,495)</u>
➤ Net Employer NC	(830)	(857)	(738)	(706)
• UAAL Amortization	<u>3,970</u>	<u>4,099</u>	<u>4,922</u>	<u>4,922</u>
• ADC	3,140	3,242	4,184	4,217
<b>■ Projected Payroll<sup>9</sup></b>	40,265	41,574	33,532	31,185

<sup>9</sup> Projected using 3.25% aggregate annual payroll increase assumption for 2012/13 & 2013/14. Closed-group payroll projection for 2014/15 & 2015/16. Valuation payroll excludes EPMC since contribution rates not applied to EPMC.



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**RESULTS**

**Actuarially Determined Contribution**

(Percentage of Projected Payroll)

	June 30, 2011 Valuation		June 30, 2013 Valuation	
	2012/13	2013/14	2014/15	2015/16
<b>■ Employer Contribution</b>				
• Normal Cost				
➤ Total	5.94%	5.94%	5.80%	5.74%
➤ EE Contributions	<u>(8.00%)</u>	<u>(8.00%)</u>	<u>(8.00%)</u>	<u>(8.00%)</u>
➤ Net Employer NC	(2.06%)	(2.06%)	(2.20%)	(2.26%)
• UAAL Amortization	<u>9.86%</u>	<u>9.86%</u>	<u>14.68%</u>	<u>15.78%</u>
• ADC <sup>10</sup>	7.80%	7.80%	12.48%	13.52%

<sup>10</sup> In addition, City pays portion of employee contribution: 2.7% IUOE, 3.5% SEIU, and 3.0% Management/Confidential.



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**RESULTS**

**Amortization Bases**

(Amounts in 000's)

	June 30, 2011 Valuation		June 30, 2013 Valuation	
	6/30/12	6/30/13	6/30/14	6/30/15
<b>■ Outstanding Balance</b> <ul style="list-style-type: none"> <li>• Initial UAAL</li> <li>• Assumption Changes, Method Changes &amp; Experience (Gain)/Loss                             <ul style="list-style-type: none"> <li>➢ 2011 Valuation</li> <li>➢ 2013 Valuation</li> </ul> </li> <li>• Total</li> </ul>	\$ 22,374	\$ 21,487	\$ 20,467	\$ 18,950
	16,779	16,114	15,348	14,210
	<u>-</u>	<u>-</u>	<u>920</u>	<u>882</u>
	39,153	37,601	36,735	34,043



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**RESULTS**

**Amortization Payments**

(Amounts in 000's)

	June 30, 2011 Valuation		June 30, 2013 Valuation	
	2012/13	2013/14	2014/15	2015/16
<b>■ Amortization Payment<sup>12</sup></b> <ul style="list-style-type: none"> <li>• Initial UAAL</li> <li>• Assumption Changes, Method Changes &amp; Experience (Gain)/Loss                             <ul style="list-style-type: none"> <li>➢ 2011 Valuation</li> <li>➢ 2013 Valuation<sup>13</sup></li> </ul> </li> <li>• Total</li> <li>• Approximate Period</li> </ul>	\$ 2,269	\$ 2,343	\$ 2,759	\$ 2,759
	1,701	1,756	2,069	2,069
	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
	3,970	4,099	4,922	4,922
	12.0	11.0	10.1	9.1

<sup>12</sup> Fresh start of all amortizations over 12 years beginning 2012/13. Move to level dollar amortization beginning 2014/15.

<sup>13</sup> Amortized over 15 years beginning 2014/15.



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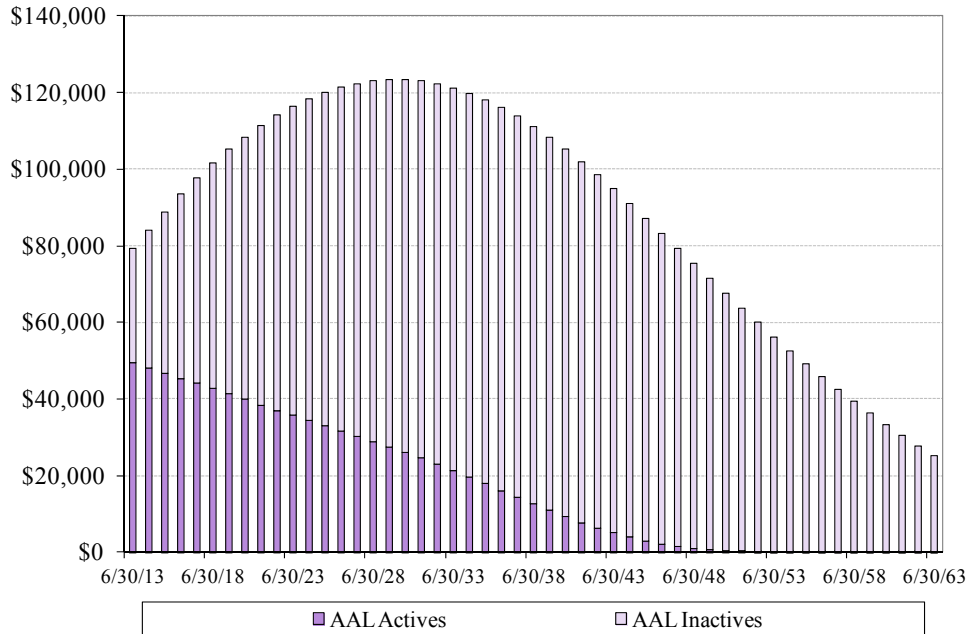
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**RESULTS**

**Actuarial Accrued Liability Projection**

(Amounts in 000's)



December 23, 2014



**RESULTS**

**Benefit Payment Projection**

(Amounts in 000's)

Fiscal Year	Benefit Payments
2013/14	\$ 2,778
2014/15	2,867
2015/16	3,313
2016/17	3,732
2017/18	4,148
2018/19	4,566
2019/20	4,976
2020/21	5,381
2020/21	5,772
2021/22	6,144



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**GASB Statement No. 68**<sup>14</sup>

- Pension accounting changes issued 6/25/12:
  - Effective for 2014/15 fiscal year
- Fundamental changes
  - Delinks contributions and accounting
  - Unfunded liability recognition drives expense
- Major issues:
  - Unfunded liability on balance sheet
  - Lower discount rate if projected assets do not cover projected benefit payments
  - Immediate recognition of:
    - Service & interest cost
    - Benefit changes
  - Deferred recognition of:
    - Gains/losses & assumption changes, over future working lifetime (average of active and inactive employees) closed period
    - Asset gains/losses over 5 years

<sup>14</sup> Information not provided in this report.



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**ACTUARIAL CERTIFICATION**

This report presents the City of Oxnard PARS Retirement Enhancement Plan ("Plan") June 30, 2013 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan's June 30, 2013 Funded Status, and
- Calculate the 2014/15 and 2015/16 Actuarially Determined Contributions.

The report provides information intended for plan funding, but may not be appropriate for other purposes. This report does not provide information for reporting under GASB 67 and 68. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of my knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA  
Vice President  
Bartel Associates, LLC  
December 23, 2014



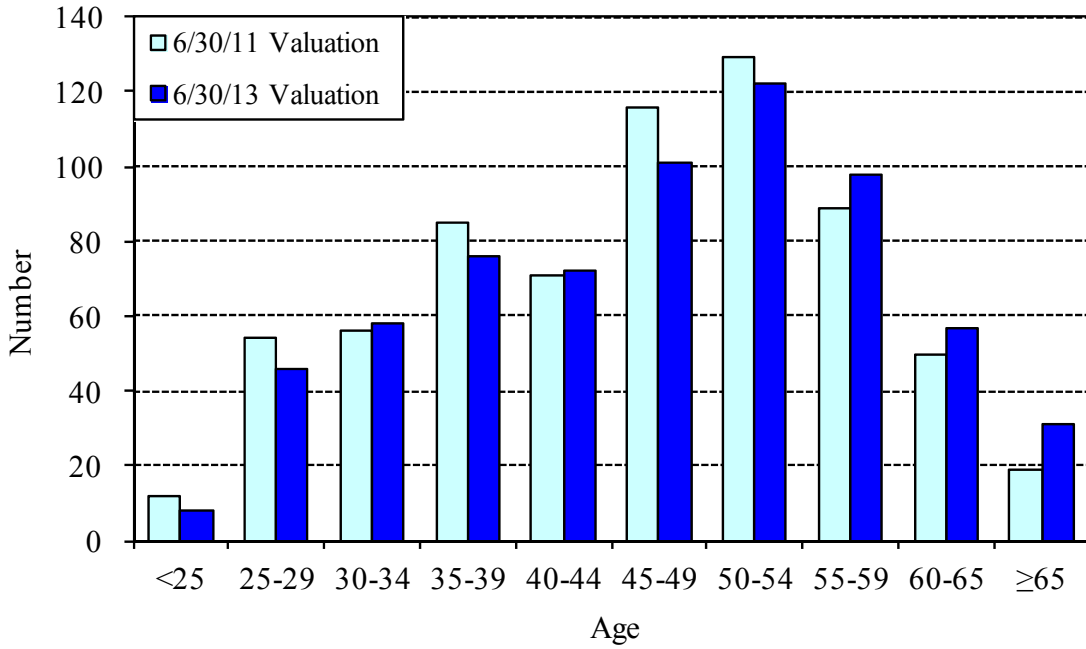
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DATA SUMMARY

**Active Age Distribution**



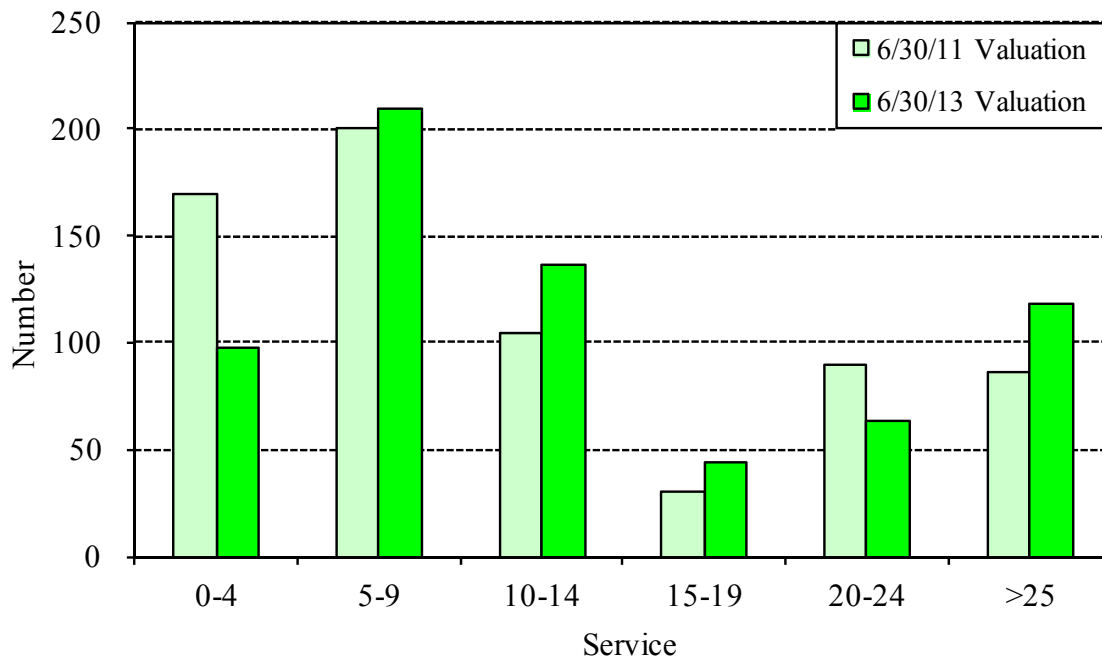
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E-1



DATA SUMMARY

**Active Service Distribution**



December 23, 2014

E-2





**DATA SUMMARY**

**Actives by Age and City Service**

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	8	-	-	-	-	-	8
25-29	2	24	20	-	-	-	-	46
30-34	1	12	33	10	2	-	-	58
35-39	2	17	30	21	6	-	-	76
40-44	1	7	26	21	8	7	2	72
45-49	1	8	31	24	9	14	14	101
50-54	-	7	21	24	6	20	44	122
55-59	1	4	30	15	5	8	35	98
60-64	-	2	14	13	4	10	14	57
65+	-	1	5	8	4	4	9	31
<b>Total</b>	<b>8</b>	<b>90</b>	<b>210</b>	<b>136</b>	<b>44</b>	<b>63</b>	<b>118</b>	<b>669</b>

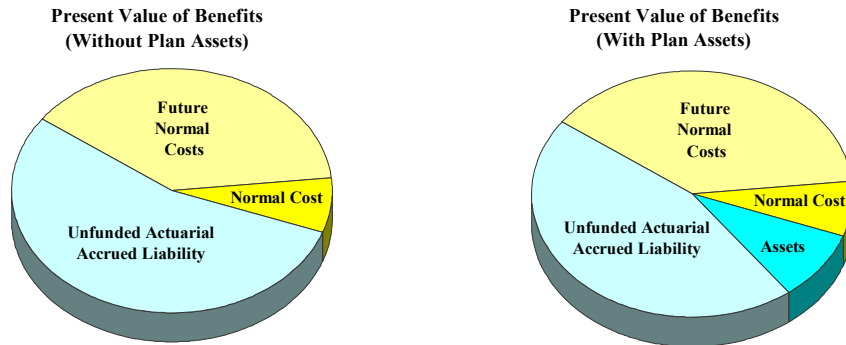
**DATA SUMMARY**

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## DEFINITIONS

### Present Value of Projected Benefits (PVPB)



#### ■ PVPB - Present Value of all Projected Benefits

- Discounted value, at measurement date (valuation date) of all future expected benefit payments.
- Expected benefit payments based on various actuarial assumptions

## DEFINITIONS

#### ■ AAL – Actuarial Accrued Liability / Actuarial Obligation

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVPB “earned” at measurement

#### ■ NC - Normal Cost

- Value of benefits “earned” during current year
- Portion of PVPB allocated to current year

#### ■ Actuarial Cost Method

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVPB
- Has significant effect on Actuarial Obligations and Normal Cost

#### ■ Pay-As-You-Go Cost (PayGo)

- Actual cash benefit payments to retirees
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the expense for benefits accrued by active employees during the year