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November 15, 2016

PRIVATE

Mr. Steve Dickinson
Assistant Superintendent of Administrative Services
Oxnard Union High School District
309 South K Street
Oxnard, CA 93030

Re: Oxnard Union High School District Actuarial Valuation

Dear Mr. Dickinson:

We are presenting our report of the July 1, 2015 actuarial valuation conducted on behalf of the Oxnard Union High School District (the "District") for its retiree health program.

The purpose of the valuation is to measure the District's liability for retiree health benefits and to determine the District's accounting requirements under the Government Accounting Standard Board Statements No. 43 & 45 (GASB 43 & 45) in regard to unfunded liabilities for retiree health benefits. The objective of GASB 45 is to improve the information in the financial reports of government entities regarding their post-employment benefits (OPEB) including retiree health benefits. The objective of GASB 43 is to establish uniform reporting for OPEB Plans.

The Nyhart Company is an employee owned actuarial, benefits and compensation consulting firm specializing in group health and retiree health and qualified pension plan valuations. We have set forth the results of our study in this report.

We have enjoyed working on this assignment and are available to answer any questions.

Sincerely,
NYHART

Marilyn K Jones, ASA, MAAA, EA, FCA
Consulting Actuary

MKJ:rl

Enclosure

Oxnard Union High School District
Actuarial Valuation
Retiree Health Program
As of July 1, 2015

October 2016

Prepared By:
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Oxnard Union High School District
Retiree Health Benefits Program
GASB Actuarial Valuation
As of July 1, 2015

Table of Contents

SECTION I. EXECUTIVE SUMMARY

Background

The Oxnard Union High School District (the "District") selected Nyhart to perform an updated actuarial valuation of its retiree health program. The purpose of the actuarial valuation is to measure the District's liability for retiree health benefits and to determine the District's accounting requirements for other post-employment benefits (OPEB) under Governmental Accounting Standards Board Statements No. 43 & 45 (GASB 43 and GASB 45). GASB 45 requires accrual accounting for the expensing of OPEB. The expense is generally accrued over the working career of employees. GASB 43 requires additional financial disclosure requirements for funded OPEB Plans.

The District currently provides continuation of health coverage to approximately 600 retirees. In addition, there are approximately 581 active employees earning service credit towards eligibility for future retiree health benefits. The postretirement health benefits provided to retirees are basically a continuation of the plans for active employees. All employees hired prior to July 1, 2004 (May 15, 1990 for Para-educators) are eligible for the retiree health benefits program. Eligibility requires retirement on or after age 55 with at least 15 years of service. Eligible retirees except pre-1991 retirees are required to pay a monthly contribution ($150 per month for the PPO plan and $52 per month for HMO plans). Section IV of the report details the plan provisions that were included in the valuation and the current premium costs for coverage.

Results of the Retiree Health Valuation

We have determined that the amount of the actuarial liability for the District's retiree health plan as of July 1, 2015, the measurement date, is $220,490,403. This value is based on an assumed discount rate of 6%. The amount represents the present value of all benefits projected to be paid by the District for current and future retirees. If the District were to place this amount in a fund earning interest at the rate of 6% per year, and all other actuarial assumptions were met, the fund would have enough to pay the District's required contribution for retiree health benefits. This includes benefits for the current retirees as well as the current active employees expected to retire in the future. The valuation does not consider employees not yet hired as of the valuation date.

If the amount of the actuarial liability is apportioned into past service, current service and future service components; the past service component (actuarial accrued liability) is $201,813,125, the current service component (normal cost or current year accrual) is $2,515,709, and the future service component (not yet accrued liability) is $16,161,569.

Funding

The District reported that it maintains a Retiree Health Benefits Trust which contains GASB eligible assets. The reported market value of assets including accrued income as of the valuation date (June 30, 2015) is $51,038,387. The District's unfunded actuarial accrued liability (UAAL) at July 1, 2015 is $150,774,738.

The District contribution amount for retiree health benefits for the 2015/2016 fiscal year is estimated to be $8,070,496. See Section III for estimated future contributions.

Changes from Prior Valuation

The valuation reflects updated census, plan and rate information. In addition, there were several assumption changes (noted in Section VI of the report) including updates to the mortality and retirement assumptions as well as the plan and spouse coverage election assumptions. A reconciliation of the approximate change in the liability from the prior valuation is provided below:

July 1, 2013 Valuation @6%	**$205,904,000**
Increase due to passage of time	15,436,000
Net experience gain* (primarily healthcare cost less than assumed)	(11,139,000)
Net increase due to updated demographic (mortality and withdrawal) assumptions	19,538,000
Decrease due to spouse election change (60% spouse coverage for future retirees)	(13,784,000)
Decrease due to plan election changes (PPO – 65%, HMO – 20% & Kaiser – 15%)	(14,140,000)
July 1, 2015 Valuation @6%	**$201,813,000**
Actuarial Value of Assets at June 30, 2015	(51,038,000)
UAAL at July 1, 2015 Valuation	**$150,775,000**

** Because prior valuation information was not available the net experience gain is inclusive of unknown experience gains & losses and possible method differences from prior actuary*

Annual Required Contribution

The District's annual required contribution (accrual expense) for the fiscal year ending June 30, 2016 is $17,057,317. This amount is comprised of the present value of benefits accruing in the current fiscal year (normal cost) plus a 17-year amortization (on a level dollar basis) of the unfunded actuarial accrued liability/(surplus) at July 1, 2015. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The net increase in OPEB obligation/(asset) at the end of the fiscal year will reflect any actual contributions made by the District during the period for retiree health benefits including any pre-funding amounts.

Actuarial Basis

The actuarial valuation is based on the assumptions and methods outlined in Section VI of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement. As an example, the healthcare cost increase anticipates that the rate of increase in medical cost will be at moderate levels and decline over several years. Increases higher than assumed would bring larger liabilities and expensing requirements. A 1% increase in the healthcare trend rate for each future year would increase the annual required contribution by 24%.

Another key assumption used in the valuation is the discount (interest) rate which is based on the expected rate of return of plan assets. The valuation is based on a discount rate of 6%. A 1% decrease in the discount rate would increase the annual required contribution by 16%. A 1% increase in the discount rate would decrease the annual required contribution by 13%.

GASB 45 requires that implicit rate subsidies be considered in the valuation of medical costs. An implicit rate subsidy occurs when the rates for retirees are the same as for active employees. Since pre-Medicare retirees are typically much older than active employees, their actual medical costs are almost always higher than for active employees. The valuation results were determined using the higher expected costs associated with retired employees.

Scheduled to take effect in 2020, the "Cadillac Tax" is a 40% non-deductible excise tax on employer-sponsored health coverage that provides high-cost benefits. For insured plans, the insurance company is responsible for payment of the excise tax. For self-funded plans, the employer is responsible for payment of the excise tax. The valuation does not include any additional liability for the Cadillac Tax.

The valuation is based on the census, plan and rate information provided by the District. To the extent that the data provided lacks clarity in interpretation or is missing relevant information, this can result in liabilities different than those presented in the report. Often missing or unclear information is not identified until future valuations.

SECTION II. FINANCIAL RESULTS

A. Valuation Results as of July1, 2015

The table below presents the employer liabilities associated with the District's retiree health benefits determined in accordance with GASB 45. The actuarial liability is the present value of all benefits or contributions projected to be paid by the District under the program. The actuarial accrued liability reflects the amount attributable to the past service of current employees and retirees. The normal cost reflects the accrual attributable for the current period.

	Classified	Certificated	Total
1. Actuarial Liability (AL)			
Actives	$42,869,675	$ 81,426,426	$124,296,101
Retirees	26,622,482	69,571,820	96,194,302
Total AL	$69,492,157	$150,998,246	$220,490,403
2. Actuarial Accrued Liability (AAL)			
Actives	$38,393,079	$ 67,225,744	$105,618,823
Retirees	26,622,482	69,571,820	96,194,302
Total AAL	$65,015,561	$136,797,564	$201,813,125
3. Normal Cost	$ 792,889	$ 1,722,820	$ 2,515,709
No. of Active Employees	229	352	581
Average Age	51.8	50.9	51.3
Average Past Service	17.7	18.7	18.3
No. of Retired Employees*	195	405	600
Average Age	74.3	72.8	73.3
Average Retirement Age	61.3	60.0	60.4

B. Development of Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets plus accrued income as of the valuation date. The actuarial value of assets is equal to $51,038,387 at June 30, 2015.

C. Development of Unfunded Actuarial Accrued Liability

The table below presents the development of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability (AAL) over the actuarial value of eligible plan assets.

1. Actuarial Accrued Liability (AAL)	$201,813,125
2. Actuarial Value of Assets	(51,038,387)
3. Unfunded AAL	$150,774,738

D. Amortization of Unfunded Actuarial Accrued Liability

The amortization of the unfunded actuarial accrued liability component of the annual contribution (ARC) is being amortized over a period of 17 years on a level-dollar method. Under the level-dollar method, the amortization payment is scheduled to remain constant in future years.

1. Unfunded AAL (UAAL)	$150,774,738
2. Amortization Factor	10.477260
3. Amortization of UAAL	$ 14,390,665

E. Annual Required Contribution (ARC)

The table below presents the development of the annual required contribution (ARC) under GASB 45 for the fiscal year ending June 30, 2016 and estimated for the fiscal year ending June 30, 2017.

	FY2015/2016	*FY2016/2017*
1. Normal Cost at End of Fiscal Year	$ 2,666,652	$ 2,826,651
2. Amortization of Surplus	14,390,665	14,390,665
3. Annual Required Contribution (ARC)	$17,057,317	$17,217,316

F. Required Supplementary Information (Funding Progress @7/1/2015)

The table below presents a sample disclosure of the funding progress as of the beginning of the fiscal year.

1. Actuarial Accrued Liability (AAL)	$201,813,125
2. Actuarial Value of Assets	(51,038,387)
3. Unfunded AAL	$150,774,738
4. Funded Ratio	25.3%
5. Current Payroll	NA
6. UAAL as % of Payroll	NA

G. Estimated Net OPEB Obligation/(Asset) at 6/30/2016[1]

The table below shows an illustration of the development of the net OPEB obligation/(asset) at June 30, 2016 assuming the net OPEB obligation/(asset) at June 30, 2015 is $74,421,186.

1. FY2015/2016 Annual Required Contribution	$17,057,317
2. Interest on Net OPEB Obligation/(Asset) = [.06 x G7]	4,465,271
3. Adjustment to ARC [minus G7/D2]	(7,103,115)
4. Annual OPEB Cost [G1+G2+G3]	$14,419,473
5. Contributions Made (direct payments for benefits & contribution to the trust)	(8,070,496)
6. Increase in Net OPEB Obligation/(Asset)	$ 6,348,977
7. Net OPEB Obligation/(Asset) – June 30, 2015	74,421,186
8. Net OPEB Obligation/(Asset) – June 30, 2016	$80,770,163

[1] Assumes the District contribution for the 2015/2016 fiscal year is $8,070,496.

H. Sensitivity Analysis:

The impact of a 1% decrease or increase in the discount (interest) rate and the impact of a 1% increase in future healthcare trend rates on the District's actuarial liability, actuarial accrued liability, unfunded actuarial accrued liability and the annual required contribution is provided below:

	Dollar ($) Increase/ (Decrease)	Percentage (%) Increase/ (Decrease)
1% Decrease in Discount Rate		
- Actuarial Liability	$40,125,887	18%
- Actuarial Accrued Liability	$31,761,741	16%
- Unfunded Actuarial Accrued Liability	$31,761,741	21%
- Annual Required Contribution	$ 2,691,658	16%
1% Increase in Discount Rate		
- Actuarial Liability	($31,319,529)	(14%)
- Actuarial Accrued Liability	($25,691,269)	(13%)
- Unfunded Actuarial Accrued Liability	($25,691,269)	(17%)
- Annual Required Contribution	($ 2,230,866)	(13%)
1% Increase in Future Healthcare Trend Rates		
- Actuarial Liability	$40,251,363	18%
- Actuarial Accrued Liability	$34,938,272	17%
- Unfunded Actuarial Accrued Liability	$34,938,272	25%
- Annual Required Contribution	$ 4,011,781	24%

SECTION III. PROJECTED CASH FLOWS

The valuation process includes the projection of the expected benefits (including the explicit District contribution and the implicit rate subsidy) to be paid by the District under its retiree health benefits program. This expected cash flow takes into account the likelihood of each employee reaching age for eligibility to retire and receive health benefits. The projection is performed by applying the turnover assumption to each active employee for the period between the valuation date and the expected retirement date. Once the employees reach their retirement date, a certain percent are assumed to enter the retiree group each year. Employees already over the latest assumed retirement age as of the valuation date are assumed to retire immediately. The per capita cost as of the valuation date is projected to increase at the applicable healthcare trend rates both before and after the employee's assumed retirement. The projected per capita costs are multiplied by the number of expected future retirees in a given future year to arrive at the cash flow for that year. Also, a certain number of retirees will leave the group each year due to expected deaths or reaching a limit age and this group will cease to be included in the cash flow from that point forward. Because this is a closed-group valuation, the number of retirees dying each year will eventually exceed the number of new retirees, and the size of the cash flow will begin to decrease and eventually go to zero.

The expected employer cash flows for selected future years are provided in the following table:

Projected Employer Total Cash Flows – Representative Years

Fiscal Year	Future Retirees	Current Retirees	District Total
2015/16	$ 252,198	$ 7,818,298	$ 8,070,496
2016/17	$ 767,050	$ 7,636,036	$ 8,403,086
2017/18	$ 1,338,117	$ 7,305,421	$ 8,643,538
2018/19	$ 1,959,980	$ 7,123,031	$ 9,083,011
2019/20	$ 2,522,633	$ 7,087,730	$ 9,610,363
2020/21	$ 3,098,985	$ 7,155,754	$ 10,254,739
2021/22	$ 3,705,128	$ 7,151,677	$ 10,856,805
2022/23	$ 4,203,953	$ 7,219,323	$ 11,423,276
2023/24	$ 4,647,739	$ 7,239,169	$ 11,886,908
2024/25	$ 5,242,031	$ 7,230,855	$ 12,472,886
2025/26	$ 5,699,026	$ 7,194,604	$ 12,893,630
2026/27	$ 6,379,522	$ 7,181,467	$ 13,560,989
2027/28	$ 7,093,368	$ 7,159,390	$ 14,252,758
2028/29	$ 7,801,608	$ 7,050,514	$ 14,852,122
2029/30	$ 8,632,773	$ 6,969,681	$ 15,602,454
2030/31	$ 9,389,281	$ 6,816,447	$ 16,205,728
2031/32	$ 10,352,229	$ 6,666,956	$ 17,019,185
2032/33	$ 11,351,093	$ 6,465,903	$ 17,816,996
2033/34	$ 12,385,928	$ 6,225,674	$ 18,611,602
2034/35	$ 13,407,689	$ 5,953,214	$ 19,360,903
2035/36	$ 14,416,886	$ 5,666,898	$ 20,083,784
2036/37	$ 15,324,410	$ 5,332,521	$ 20,656,931
2037/38	$ 15,822,823	$ 4,980,708	$ 20,803,531
2038/39	$ 16,439,486	$ 4,615,601	$ 21,055,087
2039/40	$ 16,583,449	$ 4,247,848	$ 20,831,297
2040/41	$ 16,620,303	$ 3,876,003	$ 20,496,306
2041/42	$ 16,533,970	$ 3,504,994	$ 20,038,964
2042/43	$ 16,309,717	$ 3,134,362	$ 19,444,079
2043/44	$ 16,243,288	$ 2,785,315	$ 19,028,603
2044/45	$ 16,036,785	$ 2,452,029	$ 18,488,814
2045/46	$ 15,929,539	$ 2,136,926	$ 18,066,465
2050/51	$ 15,243,141	$ 980,272	$ 16,223,413
2055/56	$ 13,318,638	$ 412,369	$ 13,731,007
2060/61	$ 10,375,500	$ 105,619	$ 10,481,119
2065/66	$ 6,885,354	$ 4,023	$ 6,889,377
2070/71	$ 3,656,581	$ 0	$ 3,656,581
2075/76	$ 1,558,841	$ 0	$ 1,558,841
2080/81	$ 589,517	$ 0	$ 589,517
2085/86	$ 197,688	$ 0	$ 197,688
2090/91	$ 20,135	$ 0	$ 20,135
2095/96	$ 0	$ 0	$ 0
2100/01	$ 0	$ 0	$ 0
All Years	$587,481,763	$194,603,598	$782,085,361

SECTION IV. BENEFIT PLAN PROVISIONS

This study analyzes the postretirement health benefit plans provided by the District. The postretirement health benefits provided to retirees are basically a continuation of the plans for active employees. All employees hired prior to July 1, 2004 (May 15, 1990 for Para-educators) are eligible for the retiree health benefits program. Eligibility requires retirement on or after age 55 with at least 15 years of service.

The District provides medical and prescription drug benefit for the life of the eligible retiree. Effective October 1, 2013, the District requires its Medicare eligible retirees to participate in a Medicare Advantage Plan with a group Part D prescription drug benefit. The retiree is required to pay a monthly contribution currently equal to $150 for the PPO plan and $52 for the HMO plan. Employees retiring prior to 1991 have no retiree contribution for coverage. Spouse and dependent coverage ceases upon the death of the retiree. No Dental and Vision coverage is provided except as available through COBRA.

Medical Plan	Benefit Provisions	Retiree Monthly Contribution
Anthem Blue Cross (PPO)	Deductible: Post ‘91: $500 per person/$1,500 per family Pre ‘91: $150 per person/$450 per family Coinsurance/Copayments: 10% In-Network/ 30% Out-of-Network Office Visit: $10	$150 contribution for future retirees and current retirees who retired after 1991 $0 contribution for retirees who retired prior to 1991
Anthem Medicare Preferred (MA-PD PPO)	Deductible: Post ‘91: $0 per person Pre ‘91: $0 per person Copayments: Inpatient: $0 Post ‘91/$0 Pre ‘91 Office Visit: $0 Post ‘91/$0 Pre ‘91 Rx Drugs: $10 Generic/$20 Brand ($5 Post ’91)	$150 contribution for future retirees and current retirees who retired after 1991 $0 contribution for retirees who retired prior to 1991
Anthem Blue Cross (HMO)	Deductible: None Copayments: Inpatient: $0 Office Visit: $10 Rx Drugs: $10 Generic/$20 Brand	$52 contribution for future retirees and current retirees who retired after 1991 $0 contribution for retirees who retired prior to 1991
Anthem Blue Cross Senior Secure (MA-PD HMO)	Deductible: None Copayments: Inpatient: $0 Office Visit: $0 Rx Drugs: $10 Generic/$20 Brand	$52 contribution for future retirees and current retirees who retired after 1991 $0 contribution for retirees who retired prior to 1991
Kaiser HMO	Deductible: None Copayments Inpatient: $0 Office Visit: $10 Prescription Drugs: $10 Generic/$20 Brand	$52 contribution for future retirees and current retirees who retired after 1991 $0 contribution for retirees who retired prior to 1991

Premium Rates

The table below summarizes the current monthly medical/Rx rates reported by the District's provider for the primary medical plans in which the retirees are enrolled. All rates are effective October 1st for a 12 month period..The non-Medicare rates were determined aggregating the PPO, the HMO and Kaiser together.

2015/16	Pre-1991 PPO/HMO/ Kaiser	Post-1991 PPO/HMO /Kaiser	Pre-1991 Medicare Adv	Post-1991 Medicare Adv	Kaiser/ Sr. Adv.	Secured Horizon
Retiree Only	$1,486.69	$1,486.69	NA	NA	$1,486.69	NA
Retiree Plus Spouse	$1,486.69	$1,486.69	NA	NA	$1,486.69	NA
Retiree Plus Family	$1,486.69	$1,486.69	NA	NA	$1,486.69	NA
Retiree Only- Medicare	NA	NA	$ 638.67	$ 647.46	$ 220.35	$ 275.09
Spouse – Medicare	NA	NA	$ 638.67	$ 647.46	$ 220.35	$ 275.09

SECTION V. VALUATION DATA

The valuation was based on the census furnished to us by the District. The following tables display the age distribution for retirees and the age/service distribution for active employees as of the Measurement Date.

Age Distribution of Eligible Retired Participants & Beneficiaries

	Certificated	Classified	All Retirees
<55	0	0	0
55-59	4	4	8
60-64	62	33	95
65-69	112	39	151
70-74	98	36	134
75-79	48	28	76
80-84	38	28	66
85+	43	27	70
Total:	405	195	600
Average Age:	72.8	74.3	73.3
Average Retirement Age:	60.0	61.3	60.4

Age/Service Distribution of All Benefit Eligible Employees

	Service							Eligible		
Age	<10	10-14	15-19	20-24	25-29	30-34	35+	Total*	Ineligible	Total
20-24	0							0	25	25
25-29	0							0	84	84
30-34	0	7	1					8	136	144
35-39	0	55	9					64	115	179
40-44	0	59	29	6				94	85	179
45-49	0	29	37	16	4			86	57	143
50-54	0	38	29	23	7	3		100	63	163
55-59	0	32	32	21	23	15	2	125	64	189
60-64	0	24	19	8	7	9	8	75	18	93
65-69	0	9	8	5	3	1	1	27	7	34
70+	0	1	0	0	1	0	0	2	0	2
Total:	0	254	164	79	45	28	11	581	654	1,235
Average Age:								51.3	40.5	45.6
Average Service:								18.2	4.9	11.1

* Eligible for retiree health benefits if meeting eligibility requirements at retirement.

SECTION VI. ACTUARIAL ASSUMPTIONS AND METHODS

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

Fiscal Year: July 1st to June 30th

Measurement Date: July 1, 2015

Fiscal Years Covered: FY2015/16 and FY2016/17

Discount Rate: 6% per annum, if GASB eligible assets; 4.0% if unfunded plan.

Sensitivity analysis showing a 1% increase or decrease in the discount rate is also provided.

Inflation: 2.75% per annum

[The prior valuation did not state an assumption]

Payroll Increases: 3.0% per annum

[The prior valuation did not state an assumption]

Pre-retirement Turnover: Termination rates for Classified, Management and other employees are based on the recent rates used by CalPERS for the pension valuation. Sample rates are in the following tables:

CalPERS	Entry Age			
Service	20	30	40	50
0	17.30%	15.25%	13.19%	11.14%
5	10.94%	8.70%	6.46%	1.07%
10	8.01%	5.72%	0.74%	0.25%
15	6.52%	4.18%	0.32%	0.02%
20	4.93%	0.38%	0.02%	0.02%
25	3.28%	0.10%	0.02%	0.02%
30	0.15%	0.02%	0.02%	0.02%

Termination rates for employees in STRS are based on the most recent rates used by the California State Teachers Retirement System (STRS) pension valuation. Sample rates for male and females are as follows:

Service	Males	Females
0	16.0%	15.0%
5	3.9	3.9
10	1.8	1.8
15	0.9	0.9
20	0.5	0.5
25	0.3	0.3
30	0.2	0.2

[The STRS rates have been updated to reflect those used in the most recent STRS pension valuation which reflect changes in turnover experience]

Mortality Rates: Mortality rates are based on the most recent rates used by CalPERS and STRS for the pension valuations. Sample rates are as follows:

CalPERS	Actives		Retirees	
Age	Males	Females	Males	Females
25	0.040%	0.023%		
30	0.049%	0.025%		
35	0.057%	0.035%		
40	0.075%	0.050%		
45	0.106%	0.071%		
50	0.155%	0.100%		
55	0.228%	0.138%	0.599%	0.416%
60	0.308%	0.182%	0.710%	0.436%
65	0.400%	0.257%	0.829%	0.588%
70			1.305%	0.993%
75			2.205%	1.722%
80			3.899%	2.902%

[The CalPERS mortality rates have been updated to reflect those reported in the 2014 CalPERS Experience Study]

STRS	Actives		Retirees*	
Age	Males	Females	Males	Females
25	0.023%	0.013%		
30	0.033%	0.014%		
35	0.034%	0.018%		
40	0.057%	0.034%		
45	0.076%	0.041%		
50	0.103%	0.063%		
55	0.143%	0.093%	0.164%	0.118%
60	0.238%	0.179%	0.300%	0.254%
65	0.435%	0.368%	0.596%	0.468%
70			1.095%	0.864%
75			1.886%	1.451%
80			3.772%	2.759%

* Rates applicable to future retirees include a 2 year setback.

[The STRS mortality rates have been updated to reflect those used in the most recent STRS pension valuation which reflect additional mortality improvement experience]

Disability: Disability incidences are accumulated increasing those eligible at retirement.

Retirement Rates:

Sample PERS employee retirement rates are as follows:

	Years of Service			
Age	5	15	25	35
50	0.5%	1.3%	1.6%	2.2%
51	0.5%	1.4%	1.9%	2.5%
52	0.6%	1.7%	2.2%	2.9%
53	0.7%	1.9%	2.6%	3.3%
54	1.2%	3.3%	4.4%	5.7%
55	2.4%	6.7%	8.8%	11.6%
56	2.0%	5.5%	7.2%	9.5%
57	2.1%	5.9%	7.8%	10.2%
58	2.5%	7.0%	9.2%	12.1%
59	2.9%	8.0%	10.5%	13.8%
60	3.7%	10.2%	13.4%	17.6%
61	4.6%	12.6%	16.6%	21.8%
62	7.6%	21.2%	27.8%	36.6%
63	6.9%	19.1%	25.1%	33.0%
64	6.7%	18.5%	24.4%	32.0%
65	9.1%	25.1%	33.1%	43.5%
66	7.2%	20.0%	26.4%	34.7%
67	6.7%	18.5%	24.3%	31.9%
68	6.0%	16.5%	21.7%	28.6%
69	6.7%	18.7%	24.6%	32.3%
70	6.6%	18.3%	24.1%	31.6%
71	5.1%	14.3%	18.8%	24.6%
72	4.5%	12.6%	16.6%	21.8%
73	4.4%	12.2%	16.1%	21.2%
74	5.5%	15.3%	20.1%	26.4%
75	5.5%	15.1%	19.9%	26.2%
76	4.4%	12.1%	15.9%	20.9%
77	5.0%	13.7%	18.1%	23.8%
78	5.0%	14.0%	18.4%	24.2%
79	9.3%	25.8%	34.0%	44.7%
80	100.0%	100.0%	100.0%	100.0%

Sample STRS employee retirement rates are as follows:

	Under 30 Years		30 or More Years	
Age	Male	Female	Male	Female
55	2.7%	4.5%	8.0%	9.0%
56	1.8%	3.2%	8.0%	9.0%
57	1.8%	3.2%	10.0%	11.0%
58	2.7%	4.1%	14.0%	16.0%
59	4.5%	5.4%	18.0%	19.0%
60	6.3%	9.0%	27.0%	31.0%
61	6.3%	9.0%	43.0%	40.0%
62	10.8%	10.8%	38.0%	37.0%
63	11.7%	16.2%	30.0%	35.0%
64	10.8%	13.5%	30.0%	32.0%
65	13.5%	14.4%	30.0%	32.0%
66-69	10.8%	13.5%	30.0%	32.0%
70	100.0%	100.0%	100.0%	100.0%

If service is greater than or equal to 25 but less than 28 years, rates for members with less than 30 years of service are increased by 50%. For members with at least 28 years but less than 30 years, the rates are increased 11%.

Participation Rates: 100% of eligible active employees are assumed to elect medical coverage at retirement. Future retirees are assumed to elect coverage similar to current retirees. Actual plan coverage is used for current retirees.

[The prior valuation assumed retirees opting out of coverage and under age 70 are assumed to elect coverage in the next year; the data provided by the District did include any retirees opting out of coverage so no assumption was made]

Spouse Coverage: 60% of future retirees are assumed to elect spouse coverage at retirement. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage is used for current retirees.

[The prior valuation assumed future retirees with current elections of Employee plus 1 or Employee plus Family will elect coverage for their spouse at retirement.]

Medicare Eligibility 100%

Claim Cost Development: The valuation expected claim costs are based on the underlying rates determined by the plan provider for the retirees. The single rates are assumed to be sufficient to cover the expected cost of the retiree. The expected monthly costs for the plans in which retirees are enrolled are shown below:

	Under Age 65		**Over Age 65/Medicare**	
Plan	Retiree	Retiree plus Spouse	Retiree	Retiree plus Spouse
HMO10	$ 925	$1,850	$470	$ 840
PPO/Medicare Adv.	$1,505	$3,010	$650	$1,300
Kaiser/Senior Adv.	$ 995	$1,830	$220	$ 440
Secured Horizon	NA	NA	$275	$ 550

The District expected costs are net of any retiree contribution based on the table below:

	Under Age 65		**Over Age 65/Medicare**	
Plan	Pre-1991	Post-1991	Pre-1991	Post-1991
PPO	$0	$152	$0	$152
HMO	$0	$ 52	$0	$ 52
Kaiser/Senior Adv.	$0	$ 52	$0	$ 52
Secured Horizon	$0	$ 52	$0	$ 52

Medical Trend Rates: Medical costs are adjusted in future years by the following trends:

Year Ending	Trend
2017	6.0%
2018	6.0%
2019	5.9%
2020	5.9%
2021	5.9%
2022	5.9%
2023	5.8%
2024	5.8%
2025	5.6%
2026	5.5%
2027	5.5%
2028	5.5%
2029	5.5%
2030	5.5%
2031	5.4%
2032	5.4%
2033	5.4%
2034	5.3%
2035	5.3%
2036	5.2%
2037	5.1%
2038+	5.0%

Retiree Contributions: Current required monthly required contributions are assumed to remain the same in all future years.

Actuarial Cost Method: The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the "cost" is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. For plans unrelated to pay, the normal cost is calculated to remain level in dollars; for pay-related plans the normal cost is calculated to remain level as a percentage of pay. The District has elected to determine the EAN normal cost as a level dollar basis. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the District were included in the valuation.

Actuarial Value of Assets:	The actuarial value of assets is equal to the market value of assets plus accrued income as of the valuation date. *[The prior valuation included assets and assumed investment gains and losses are smoothed over a 5-year period. The actuarial value of assets shall be no less than 80% of the market value of assets and shall be no more than 120% of the market value of assets.]*
Amortization of UAAL:	The unfunded actuarial accrued liability (UAAL) is being amortized using a level-dollar method on a closed basis. The initial UAAL period was 30 years. Subsequent experience gains or losses are amortized over 15 years and plan changes and assumption changes are over 30 years. The valuation reflects a fresh start based on the average remaining amortization period (17 years).

SECTION VII. ACTUARIAL CERTIFICATION

This report summarizes the GASB actuarial valuation for the Oxnard Union High School District (the "District") as of July 1, 2015. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statements No. 43 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and No. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). The valuation is also based upon our understanding of the plan provisions as summarized within the report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information and asset information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate and other economic assumptions have been selected by the Plan Sponsor. Demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

While some sensitivity analysis was provided in the report, we did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact me.

Certified by:

Marilyn K. Jones, ASA, EA, MAAA, FCA — Date: November 15, 2016
Consulting Actuary

SECTION VIII. DEFINITIONS

The definitions of the terms used in GASB actuarial valuations are noted below.

Actuarial Liability (also referred to as Present Value of Future Benefits) – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Actuarial Accrued Liability – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits and expenses which is not provided for by the future Normal Costs.

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

Actuarial Cost Method – A procedure for determining the Actuarial Present Value of future benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Present Value – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

Annual OPEB Cost – An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual Required Contribution (ARC) – The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

Explicit Subsidy – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.

Funded Ratio – The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

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

Implicit Rate Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.

Net OPEB Obligation – The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Normal Cost – The portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Pay-as-you-go – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Per Capita Costs – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

Select and Ultimate Rates – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the healthcare trend rate assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed healthcare trend rate of 6.5% for year 20W0, 6.0% for 20W1, 5.5% for 20W2, then 5.0% for 20W3 and thereafter, then 6.5%, 6% and 5.5% are select rates, and 5% is the ultimate rate.

Substantive Plan – The terms of an OPEB plan as understood by the employer(s) and plan participant.