

Orange County Employees Retirement System

*Actuarial Valuation and Review
as of December 31, 2006*

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May 21, 2007

*Board of Retirement
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701*

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of December 31, 2006. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal 2008-2009 and analyzes the preceding year's experience.

The census information on which our calculations were based was prepared by the OCERS and the unaudited financial information was provided by the Retirement System. That assistance is gratefully acknowledged. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices, including Actuarial Standards of Practice (ASOPs) Nos. 4, 27, 35 and all other relevant ASOPs. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board of Retirement are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

THE SEGAL COMPANY

Handwritten signature of Paul Angelo in black ink.

*By: _____
Paul Angelo, FSA, EA, MAAA
Senior Vice President and Actuary*

Handwritten signature of Andy Yeung in black ink.

*_____
Andy Yeung, ASA, EA, MAAA
Associate Actuary*

HEM/dvb

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SECTION 1: Valuation Summary for the Orange County Employees Retirement System

Purpose

This report has been prepared by The Segal Company to present a valuation of the Orange County Employees Retirement System as of December 31, 2006. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Retirement System, as administered by the Board of Retirement;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of December 31, 2006, provided by the Retirement System;
- The assets of the Plan as of December 31, 2006, provided by the Retirement System;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Orange County Employees Retirement System's basic financial goal is to establish contributions which fully fund the System's liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

In preparing this valuation, we have employed generally accepted actuarial methods and assumptions to evaluate the System's assets, liabilities and future contribution requirements. Our calculations are based upon member data and financial information provided to us by the System's staff. This information has not been audited by us, but it has been reviewed and found to be consistent, both internally and with prior year's information.

The contribution requirements are determined as a percentage of payroll. The System's employer rates provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have continued with the Board's funding policy to amortize the outstanding balance of the unfunded actuarial accrued liability from the December 31, 2004 valuation over a declining 28-year period. Any increases or decreases in unfunded actuarial accrued liabilities that arise in future years due to actuarial gains or losses will be amortized over separate 15 year periods. The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2008 through June 30, 2009.

SECTION 1: Valuation Summary for the Orange County Employees Retirement System

Significant Issues in Valuation Year

The following key findings were the result of this revised actuarial valuation:

- The ratio of the valuation value of assets to actuarial accrued liabilities has increased from 71.53% to 73.77%. The System's unfunded actuarial accrued liability has changed from \$2.303 billion as of December 31, 2005 to \$2.299 billion as of December 31, 2006. The decrease in unfunded actuarial accrued liability is mainly due to favorable investment experience during 2006. There is an increase in the funded ratio because the valuation value of assets has increased by about 12% while the actuarial accrued liability has only increased by about 8%. A reconciliation of the System's unfunded actuarial accrued liability is provided in Section 3, Exhibit H.
- The aggregate employer rate calculated in this valuation has decreased from 24.27% of payroll to 24.01% of payroll. The reasons for the changes are: (i) favorable investment return, (ii) higher than expected individual salary increases, (iii) scheduled 3-year phase-in rate increase for OCTA, and (iv) other actuarial losses. A reconciliation of the System's aggregate employer rate is provided in Section 2, Subsection D (see Chart 15). Please note that as a result of the contribution rate increase in the December 31, 2004 valuation, the Board agreed to allow a phase-in of the contribution rate increase over a 3-year period, but only OCTA (Rate Group #5) adopted the 3-year phase-in. The 24.27% aggregate employer rate for the December 31, 2005 valuation reflects the second (and final) year of the 3-year phase-in rates only for OCTA and no phase-in for other employers.
- The aggregate member rate calculated in this valuation has decreased from 10.39% of payroll to 10.36% of payroll. The change in member rate is primarily due to the changes in membership demographics. A reconciliation of the System's aggregate member rate is provided in Section 2, Subsection D (see Chart 16).
- The results of this valuation were prepared using the same actuarial assumptions and methods adopted by the Board from the December 31, 2004 and 2005 valuations. The impact of actuarial experience during the 2006 calendar year is provided in Section 2, Subsection D (see Charts 15 and 16).
- The City of Rancho Santa Margarita withdrew from the System effective November 26, 2006. As a result, all references to Rate Group #4 have been removed from this report.
- As requested by the Orange County Fire Authority, their General members (who have been receiving benefits under the 2.7% @ 55 formula and were valued as part of Rate Group #2 that covers the County and other employers that offer the same formula) are now separated out in a new rate group (Rate Group #10). The rates in this new rate group now reflect the actuarial experience of only OCFA's General members, effective January 1, 2006.

SECTION 1: Valuation Summary for the Orange County Employees Retirement System

- As indicated in Section 2, Subsection B (see Chart 7) of this report, the total unrecognized investment gain as of December 31, 2006 is \$343,652,000. This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, and will serve to offset any investment losses that may occur after December 31, 2006. This implies that if the System earns the assumed rate of investment return of 7.75% per year (net of expenses) on a **market value** basis, that will result in investment gains on the actuarial value of assets in the next few years.

Impact of Future Experience on Contribution Rates

Future contribution requirements may differ from those determined in the valuation because of:

- difference between actual experience and anticipated experience;
- changes in actuarial assumptions or methods;
- changes in statutory provisions; and
- difference between the contribution rates determined by the valuation and those adopted by the Board.

SECTION 1: Valuation Summary for the Orange County Employees Retirement System

Summary of Key Valuation Results (Dollar amounts in thousands)

	December 31, 2006		December 31, 2005	
Employer Contribution Rates:				
<u>General</u>	<u>Total Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Total Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Rate Group #1 – Plans A and B (non-OCTA)	14.50%	\$7,443	14.33%	\$7,356
Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA)	22.20	184,153	22.56	187,140
Rate Group #3 – Plans G and H (2.5% @ 55)	21.34	10,963	20.87	10,722
Rate Group #5 – Plans A and B (OCTA) ⁽²⁾	16.02	14,773	14.96	13,796
Rate Group #9 – Plans M and N (TCA)	18.04	1,018	17.36	979
Rate Group #10 – Plans I and J (OCFA)	24.24	4,609	22.56	4,289
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation)	32.25	18,737	31.94	18,556
Rate Group #7 – Plans E and F (Law Enforcement)	36.05	53,991	37.33	55,908
Rate Group #8 – Plans E and F (Fire Authority)	33.43	22,061	34.02	22,451
<u>All Groups Combined</u>	24.01%	\$317,748	24.27%	\$321,197
Average Member Contribution Rates:				
<u>General</u>	<u>Total Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Total Rate⁽³⁾</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Rate Group #1 – Plans A and B (non-OCTA)	7.05%	\$3,619	7.05%	\$3,620
Rate Group #2 – Plans I and J (2.7% @ 55 – non-OCFA)	10.46	86,768	10.47	86,823
Rate Group #3 – Plans G and H (2.5% @ 55)	10.40	5,343	10.39	5,338
Rate Group #5 – Plans A and B (OCTA)	8.01	7,387	8.03	7,401
Rate Group #9 – Plans M and N (TCA)	8.36	472	8.37	472
Rate Group #10 – Plans I and J (OCFA)	10.66	2,027	10.64	2,023
<u>Safety</u>				
Rate Group #6 – Plans E and F (Probation)	11.33	6,583	11.72	6,808
Rate Group #7 – Plans E and F (Law Enforcement)	11.86	17,762	11.86	17,759
Rate Group #8 – Plans E and F (Fire Authority)	10.83	7,147	10.86	7,165
<u>All Groups Combined</u>	10.36%	\$137,108	10.39%	\$137,409
Funded Status:				
Actuarial accrued liability		\$8,765,045		\$8,089,627
Valuation value of assets		\$6,466,085		\$5,786,617
Funded percentage		73.77%		71.53%
Unfunded Actuarial Accrued Liability		\$2,298,960		\$2,303,010
Key Assumptions:				
Interest rate		7.75%		7.75%
Inflation rate		3.50%		3.50%
Across-the-board real salary increase		0.00%		0.00%

⁽¹⁾ Based on December 31, 2006 projected annual compensation.

⁽²⁾ The rate shown for December 31, 2005 reflects the second year of the 3-year contribution rate phase-in for OCTA. The contribution rate without the 3-year phase-in is 16.82%.

⁽³⁾ Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2005 valuation to the System membership as of December 31, 2006.

SECTION 1: Valuation Summary for the Orange County Employees Retirement System

Summary of Key Valuation Demographic and Financial Data

	December 31, 2006	December 31, 2005	Percentage Change
Active Members:			
Number of members	22,791	22,467	1.4%
Average age	43.6	43.8	N/A
Average service	10.8	10.7	N/A
Projected total compensation	\$1,322,952,000	\$1,276,764,000	3.6%
Average projected compensation	\$58,047	\$56,828	2.1%
Retired Member and Beneficiaries:			
Number of members:			
Service retired	8,229	7,610	8.1%
Disability retired	1,228	1,205	1.9%
Beneficiaries	1,458	1,403	3.9%
Total	10,915	10,218	6.8%
Average age	68.0	68.1	N/A
Average monthly benefit ⁽¹⁾	\$2,495	\$2,328	7.2%
Vested Terminated Members:			
Number of vested terminated members ⁽²⁾	3,195	2,466	29.6%
Average age	42.8	43.6	N/A
Summary of Financial Data (dollar amounts in thousands):			
Market value of assets ⁽³⁾	\$6,817,726	\$5,923,112	15.1%
Return on market value of assets	13.17%	8.11%	N/A
Actuarial value of assets	\$6,474,074	\$5,798,536	11.7%
Return on actuarial value of assets	9.71%	8.72%	N/A
Valuation value of assets	\$6,466,085	\$5,786,617	11.7%
Return on valuation value of assets	9.68%	8.50%	N/A

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

⁽²⁾ This includes members who chose to leave their contributions on deposit even though they have less than five years of service.

⁽³⁾ The December 31, 2005 market value excludes \$158,219,000 in the County Investment Account and \$45,925,000 in the prepaid employer contributions account. The December 31, 2006 market value excludes \$168,224,000 in the County Investment Account and \$70,941,000 in the prepaid employer contributions account.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

A. MEMBER DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, vested terminated members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

A historical perspective of how the member population has changed over the past six valuations can be seen in this chart.

CHART 1
Member Population: 2001 – 2006

Year Ended December 31	Active Members	Vested Terminated Members*	Retired Members and Beneficiaries	Ratio of Non-Actives to Actives
2001	22,329	1,872	8,216	0.45
2002	22,723	2,177	8,688	0.48
2003	22,672	2,278	9,079	0.50
2004	22,502	1,910	9,433	0.50
2005	22,467	2,466	10,218	0.56
2006	22,791	3,195	10,915	0.62

**Includes terminated members due a refund of member contributions.*

SECTION 2: Valuation Results for the Orange County Employees Retirement System

Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 22,791 active members with an average age of 43.6, average years of service of 10.8 years, and average compensation of \$58,047. The 22,467 active members in the prior valuation had an average age of 43.8, average service of 10.7 years, and average compensation of \$56,828.

Inactive Members

In this year's valuation, there were 3,195 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 2,466 in the prior valuation.

These graphs show a distribution of active members by age and by years of service.

CHART 2
Distribution of Active Members by Age as of December 31, 2006

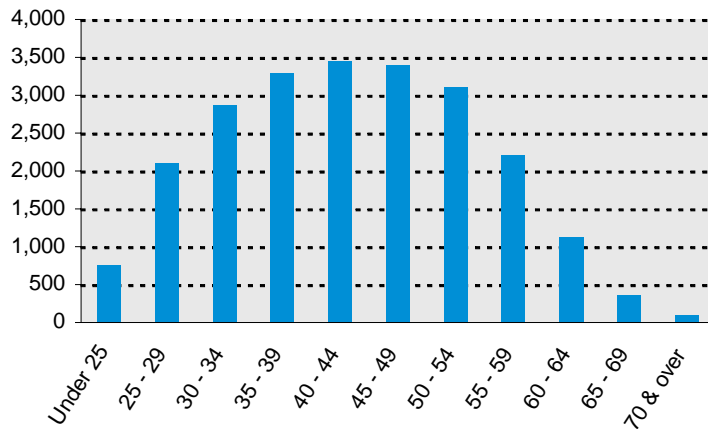
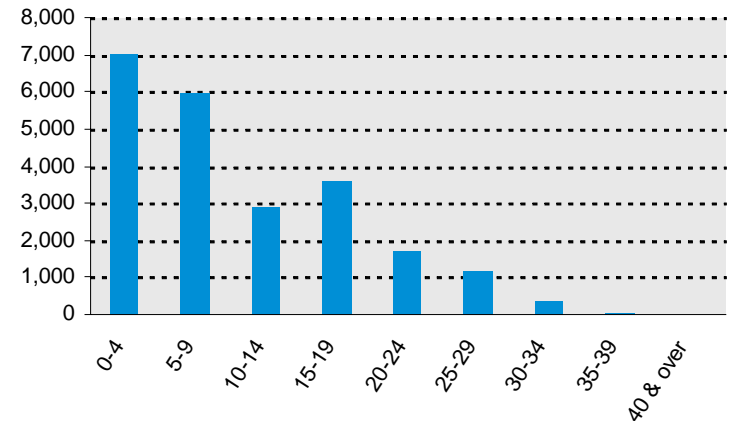


CHART 3
Distribution of Active Members by Years of Service as of December 31, 2006



SECTION 2: Valuation Results for the Orange County Employees Retirement System

Retired Members and Beneficiaries

As of December 31, 2006, 9,457 retired members and 1,458 beneficiaries were receiving total monthly benefits of \$27,235,000. For comparison, in the previous valuation, there were 8,815 retired members and 1,403 beneficiaries receiving total monthly benefits of \$23,787,000. These monthly benefits exclude benefits payable from the RMBR and STAR COLA.

These graphs show a distribution of the current retired members based on their monthly amount and age, by type of pension.

■ Disability
■ Regular

CHART 4
Distribution of Retired Members (Excl. Beneficiaries) by Type and by Monthly Amount as of December 31, 2006

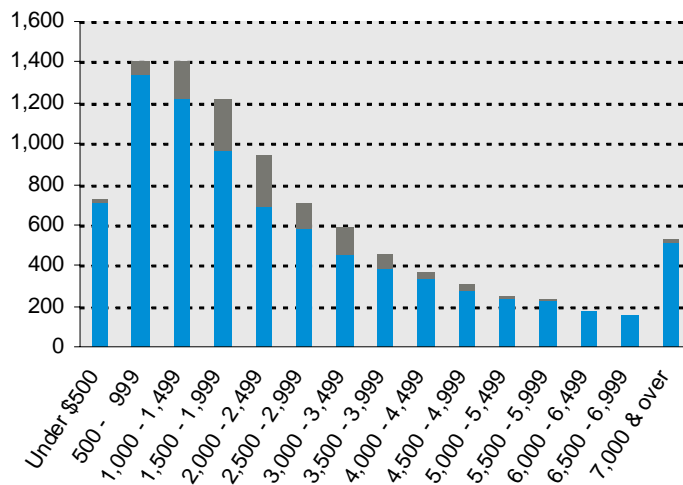
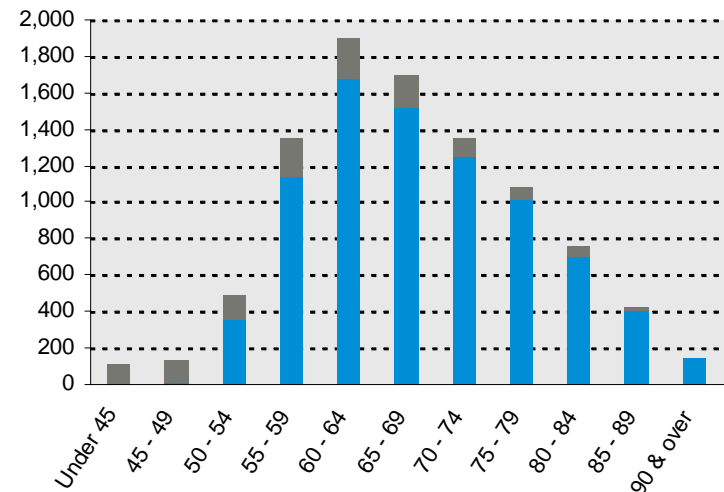


CHART 5
Distribution of Retired Members (Excl. Beneficiaries) by Type and by Age as of December 31, 2006



SECTION 2: Valuation Results for the Orange County Employees Retirement System

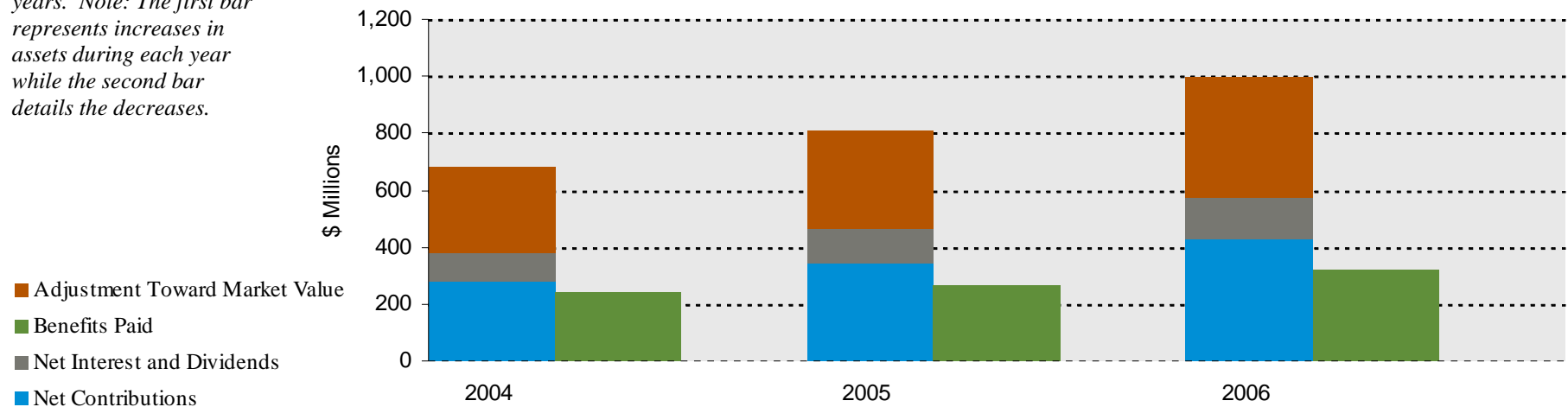
B. FINANCIAL INFORMATION

Retirement plan funding anticipates that, over the long term, both contributions and net investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. The adjustment toward market value shown in the chart is the “non-cash” earnings on investments implicitly included in the actuarial value of assets. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D and E.

The chart depicts the components of changes in the actuarial value of assets over the last three years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6
Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended December 31, 2004 – 2006



SECTION 2: Valuation Results for the Orange County Employees Retirement System

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Retirement has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets does not have an immediate effect on the actuarial value of assets.

The determination of the Actuarial Value of Assets and Valuation Value of Assets is provided below.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 7

Determination of Actuarial and Valuation Value of Assets for Year Ended December 31, 2006

Plan Year Ending	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain / (Loss)	Deferred Factor	Deferred Return
2004	\$544,457,000	\$362,744,000	\$181,713,000	0.4	\$72,685,000
2005	441,178,000	421,743,000	19,435,000	0.6	11,661,000
2006	787,330,000	463,198,000	324,132,000	0.8	259,306,000
1. Total Deferred Return					\$343,652,000
2. Net Market Value of Assets (Excludes \$168,224,000 in County Investment Account and \$70,941,000 in Prepaid Employer Contributions)					\$6,817,726,000
3. Actuarial Value of Assets (2) – (1)					\$6,474,074,000
4. Non-valuation Reserves					
(a) Unclaimed member deposit					\$1,317,000
(b) Medicare medical insurance reserve					91,000
(c) Retired member benefit reserve (RMBR)					<u>6,581,000</u>
(d) Subtotal					\$7,989,000
5. Valuation Value of Assets (3)-(4)(d)					\$6,466,085,000

SECTION 2: Valuation Results for the Orange County Employees Retirement System

The market value, actuarial value, and valuation value of assets are representations of the OCERS' financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets, but with less volatility. The valuation value of assets is the actuarial value, excluding any non-valuation reserves. The valuation value of assets is significant because the OCERS' liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

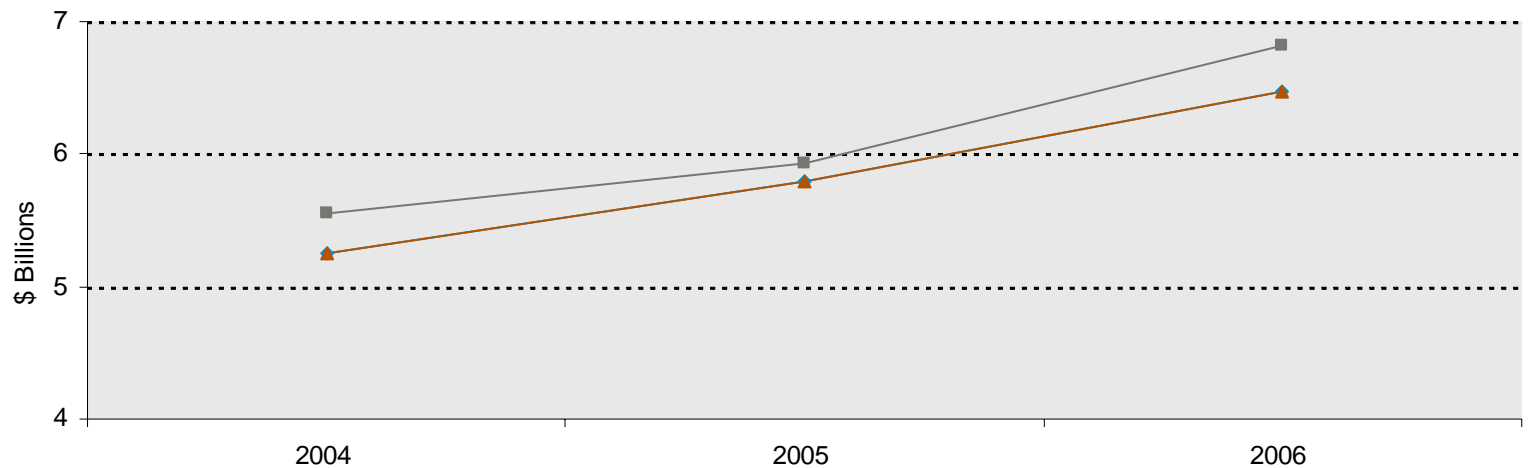
This chart shows the change in market value, actuarial value and valuation value over the past three years.

Notes: Market Value of Assets excludes the County Investment Account and Prepaid Employer Contributions.

—◆— Actuarial Value
—■— Market Value
—▲— Valuation Value

CHART 8

Market Value, Actuarial Value and Valuation Value of Assets as of December 31, 2004 – 2006



SECTION 2: Valuation Results for the Orange County Employees Retirement System

C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total experience gain was \$51.8 million, a gain of \$112.6 million from investments and a loss of \$60.8 million from all other sources. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 9

Actuarial Experience for Year Ended December 31, 2006 (Dollar Amounts in Thousands)

1. Net gain/(loss) from investments ⁽¹⁾	\$112,612
2. Net gain/(loss) from other experience ⁽²⁾	<u>-60,834</u>
3. Net experience gain/(loss): (1) + (2)	\$51,778

⁽¹⁾ Details in Chart 10.

⁽²⁾ See Section 3, Exhibit H.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

Investment Rate of Return

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the OCERS’s investment policy. For valuation purposes, the assumed rate of return on the valuation value of assets was 7.75% (based on December 31, 2004 and 2005 valuations). The actual rate of return on a valuation basis for the 2006 plan year was 9.68%.

Since the actual return for the year was greater than the assumed return, OCERS experienced an actuarial gain during the year ended December 31, 2006 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 10

Investment Experience for Year Ended December 31, 2006 – Valuation Value and Actuarial Value of Assets

	Valuation Value	Actuarial Value
1. Actual return	\$565,491,000	\$568,254,000
2. Average value of assets	\$5,843,606,000	\$5,852,178,000
3. Actual rate of return: (1) ÷ (2)	9.68%	9.71%
4. Assumed rate of return	7.75%	7.75%
5. Expected return: (2) x (4)	\$452,879,000	\$453,544,000
6. Actuarial gain/(loss): (1) – (5)	<u>\$112,612,000</u>	<u>\$114,710,000</u>

SECTION 2: Valuation Results for the Orange County Employees Retirement System

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial, valuation, and market basis for the last three years.

Based upon this experience, future expectations and directions from the Board, we maintain the assumed rate of return of 7.75% adopted for the December 31, 2004 and 2005 valuations for this valuation.

CHART 11

Investment Return – Actuarial Value, Valuation Value and Market Value: (Dollar Amounts in Thousands)

Year Ended December 31	Valuation Value Investment Return		Actuarial Value Investment Return		Market Value Investment Return	
	Amount	Percent	Amount	Percent	Amount	Percent
2004	\$411,453	8.55%	\$403,652	8.35%	\$544,457	11.26%
2005	449,620	8.50%	461,972	8.72%	441,178	8.11%
2006	565,491	9.68%	568,254	9.71%	787,330	13.17%
Total	\$1,426,564		\$1,433,878		\$1,772,965	

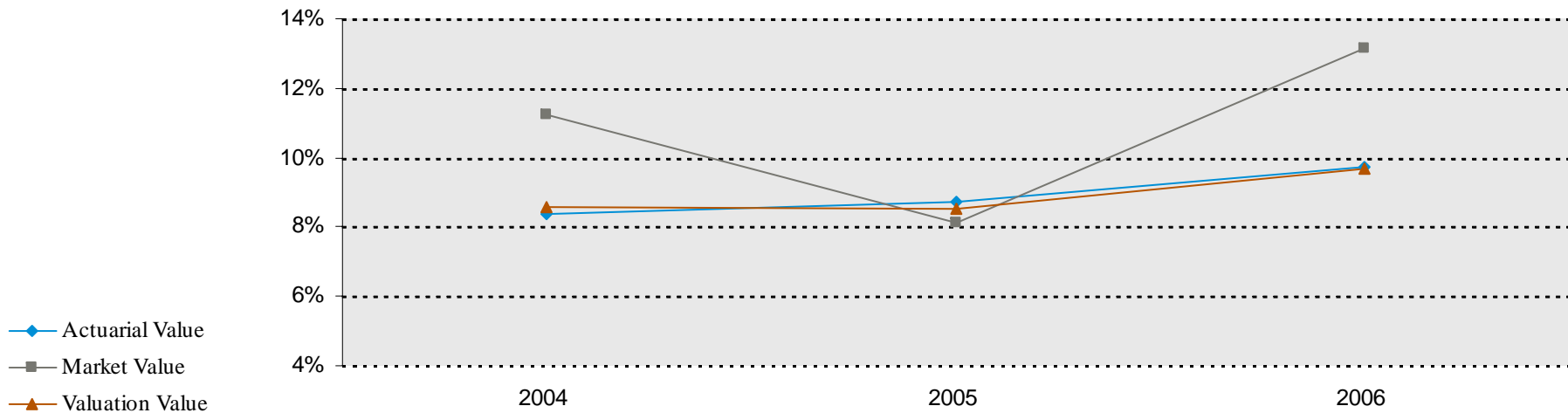
Note: The return on market value is net of the return on the County Investment Account and prepaid employer contributions account.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

This chart illustrates how this leveling effect has actually worked over the years 2004 – 2006.

CHART 12
Market and Valuation Rates of Return for Years Ended December 31, 2004 – 2006



SECTION 2: Valuation Results for the Orange County Employees Retirement System

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- actual turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),

- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended December 31, 2006 amounted to \$60.8 million which is 0.69% of the actuarial accrued liability. See Exhibit H in Section 3 for a detailed development of the Unfunded Actuarial Accrued Liability.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

D. EMPLOYER AND MEMBER CONTRIBUTIONS

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution rate is expressed as a level percentage of the member's compensation.

Please note that for Probation Safety members who have prior benefit service in the General OCERS plan, their normal cost rate for their current plan is calculated based on the date they entered service with their current plan.

Contribution to the Unfunded

Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earning rate. The contribution (or rate credit in the case of a negative unfunded actuarial accrued liability) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual inflation rate of 3.50% (i.e., 3.50% inflation plus 0.00% real across-the-board salary increase). The outstanding balance of December 31, 2004 UAAL is being amortized over a declining 28-year period. Any new UAAL that arises in future years due to actuarial gains or losses will be amortized over separate 15-year periods.

The recommended employer contributions are provided in Chart 13.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

Member Contributions

Articles 6 and 6.8 of the 1937 Act define the methodology to be used in the calculation of member basic contribution rates for General members and Safety members, respectively. The basic contribution rate is determined so that the accumulation of a member's basic contributions made in a given year until a certain age will be sufficient to fund an annuity at that age that is equal to:

- 1/200 of Final Average Salary for General Plan A;
- 1/120 of Final Average Salary for General Plan B;
- 1/100 of Final Average Salary for General Plans G, H, I, and J;
- 1/120 of Final Average Salary for General Plans M and N;
- 1/200 of Final Average Salary for Safety Plan E and;
- 1/100 of Final Average Salary for Safety Plan F.

The Annuity age is 60 for General Plans A, B, M, and N, 55 for Plans G, H, I, and J, and 50 for Safety Plans E and F. It is assumed that contributions are made annually at the same rate, starting at entry age. In addition to their basic contributions, members pay one-half of the total normal cost necessary to fund their cost-of-living benefits. Accumulation includes crediting of interest at the assumed investment earning rate.

Member contribution rates are provided in Appendix A.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 13

Recommended Employer Contribution Rates as of December 31, 2006 (Dollar Amounts in Thousands)

General Employers

	December 31, 2006 Valuation		December 31, 2005 Valuation	
	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Rate Group #1 - Plans A and B (non-OCTA)				
Normal Cost	9.19%	\$4,717	9.33%	\$4,789
UAAL ⁽²⁾	<u>5.31%</u>	<u>\$2,726</u>	<u>5.00%</u>	<u>\$2,567</u>
Total Contribution	14.50%	\$7,443	14.33%	\$7,356
Rate Group #2 - Plans I and J (2.7% @ 55 – non-OCFA)⁽³⁾				
Normal Cost	11.36%	\$94,233	11.46%	\$95,063
UAAL ⁽²⁾	<u>10.84%</u>	<u>\$89,920</u>	<u>11.10%</u>	<u>\$92,077</u>
Total Contribution	22.20%	\$184,153	22.56%	\$187,140
Rate Group #3 - Plans G and H (2.5% @ 55)⁽³⁾				
Normal Cost	10.55%	\$5,420	10.54%	\$5,415
UAAL ⁽²⁾	<u>10.79%</u>	<u>\$5,543</u>	<u>10.33%</u>	<u>\$5,307</u>
Total Contribution	21.34%	\$10,963	20.87%	\$10,722

⁽¹⁾ See page 15 for projected annual compensation.

⁽²⁾ UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

⁽³⁾ For employers with future service only benefit improvement, please refer to the employer rate adjustment on page 17.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 13 (Continued)

Recommended Employer Contribution Rates as of December 31, 2006 (Dollar Amounts in Thousands)

General Employers

	December 31, 2006 Valuation		December 31, 2005 Valuation	
	Rate	Estimated Annual Amount ⁽¹⁾	Rate	Estimated Annual Amount ⁽¹⁾
Rate Group #5 – Plans A and B (OCTA)				
Normal Cost	11.25%	\$10,374	11.36%	\$10,476
UAAL ⁽²⁾	<u>4.77%</u>	<u>\$4,399</u>	<u>3.60%</u>	<u>\$3,320</u>
Total Contribution	16.02%	\$14,773	14.96% ⁽³⁾	\$13,796
Rate Group #9 – Plans M and N (TCA)				
Normal Cost	12.03%	\$679	11.49%	\$648
UAAL ⁽²⁾	<u>6.01%</u>	<u>\$339</u>	<u>5.87%</u>	<u>\$331</u>
Total Contribution	18.04%	\$1,018	17.36%	\$979
Rate Group #10 – Plans I and J (2.7% @ 55 - OCFA)				
Normal Cost	11.43%	\$2,173	11.46%	\$2,179
UAAL ⁽²⁾	<u>12.81%</u>	<u>\$2,436</u>	<u>11.10%</u>	<u>\$2,110</u>
Total Contribution	24.24%	\$4,609	22.56%	\$4,289

⁽¹⁾ Based on December 31, 2006 projected annual compensation (also in thousands):

Rate Group # 1	\$51,332
Rate Group # 2	829,518
Rate Group # 3	51,373
Rate Group # 5	92,217
Rate Group # 9	5,642
Rate Group # 10	<u>19,013</u>
Total – General Members	\$1,049,095

⁽²⁾ UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

⁽³⁾ This is the second year of a 3-year contribution rate phase in. The rate without the 3-year contribution rate phase in is 16.82% of payroll.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 13 (Continued)

Recommended Employer Contribution Rates as of December 31, 2006 (Dollar Amounts in Thousands)

Safety Employers

	December 31, 2006 Valuation		December 31, 2005 Valuation	
	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Rate Group #6 – Plans E and F (Probation)				
Normal Cost	20.61%	\$11,974	20.76%	\$12,061
UAAL ⁽²⁾	<u>11.64%</u>	<u>\$6,763</u>	<u>11.18%</u>	<u>\$6,495</u>
Total Contribution	32.25%	\$18,737	31.94%	\$18,556
Rate Group #7 – Plans E and F (Law Enforcement)				
Normal Cost	20.19%	\$30,238	20.15%	\$30,178
UAAL ⁽²⁾	<u>15.86%</u>	<u>\$23,753</u>	<u>17.18%</u>	<u>\$25,730</u>
Total Contribution	36.05%	\$53,991	37.33%	\$55,908
Rate Group #8 – Plans E and F (Fire Authority)				
Normal Cost	19.93%	\$13,152	20.04%	\$13,225
UAAL ⁽²⁾	<u>13.50%</u>	<u>\$8,909</u>	<u>13.98%</u>	<u>\$9,226</u>
Total Contribution	33.43%	\$22,061	34.02%	\$22,451
General and Safety Employers Combined				
Rate Groups #1 – #10				
Total Contributions	24.01%	\$317,748	24.27%	\$321,197

⁽¹⁾ Based on December 31, 2006 projected annual compensation (also in thousands):

Rate Group # 6	\$58,099
Rate Group # 7	149,766
Rate Group # 8	<u>65,992</u>
Total – Safety Members	\$273,857

⁽²⁾ UAAL rate has been adjusted to reflect 18-month delay between date of valuation and date of rate implementation.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 13 (Continued)

Recommended Employer Contribution Rates as of December 31, 2006 (Dollar Amounts in Thousands)

**December 31, 2006 Rate Adjustment for General Employers with 2.7% @ 55
Future Service Only Benefit Improvement (Plans I and J)**

Reduction to UAAL Rate Calculated in December 31, 2006 Valuation	<u>Rate</u>	<u>Estimated Annual Amount⁽¹⁾</u>
Reduction to Total Contribution	-3.44%	-\$113

⁽¹⁾ Based on December 31, 2006 projected annual compensation (also in thousands):

Retirement System	\$1,347
Local Agency Formation Commission	404
Children & Family Commission	<u>1,525</u>
Total	\$3,276

**December 31, 2006 Rate Adjustment for General Employers with 2.5% @ 55
Future Service Only Benefit Improvement (Plans G and H)**

Reduction to UAAL Rate Calculated in December 31, 2006 Valuation	<u>Rate</u>	<u>Estimated Annual Amount⁽²⁾</u>
Reduction to Total Contribution	-4.14%	-\$45

⁽²⁾ Based on December 31, 2006 projected annual compensation (also in thousands):

Law Library	\$1,081
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SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 14

“Pick – Up” - Discount Percentages

For every dollar of member contribution “picked up” by the employer and not deposited in the member’s contribution account, the employer can contribute less than a dollar. This is because the “pick-up” amount is not deposited in the member’s contribution account and so is not payable to a member who withdraws his or her contributions following termination of employment, and is not payable as an additional death benefit. The contribution discount percentages are as follows:

	December 31, 2006 Valuation Pick-Up Percentage		December 31, 2005 Valuation Pick-Up Percentage	
<i>General Members</i>				
Rate Group #1 (non-OCTA)	Plan A: 100.00%	Plan B: 97.29%	Plan A: 99.53%	Plan B: 97.47%
Rate Group #2 (2.7% @ 55 – non-OCFA)	Plan I: 99.61%	Plan J: 97.46%	Plan I: 99.59%	Plan J: 97.55%
Rate Group #3 (2.5% @ 55)	Plan G: 99.48%	Plan H: 98.14%	Plan G: 99.46%	Plan H: 98.10%
Rate Group #5 (OCTA)	Plan A: 99.65%	Plan B: 97.62%	Plan A: 99.61%	Plan B: 97.60%
Rate Group #9 (TCA)	Plan M: 97.74%	Plan N: 97.74%	Plan M: 97.29%	Plan N: 97.29%
Rate Group #10 (2.7% @ 55 – OCFA)	Plan I: 100.00%	Plan J: 97.70%	Plan I: 99.59%	Plan J: 97.55%
<i>Safety Members</i>				
Rate Group #6 (Probation)	Plan E: 99.03%	Plan F: 96.64%	Plan E: 99.34%	Plan F: 96.30%
Rate Group #7 (Law Enforcement)	Plan E: 100.00%	Plan F: 99.58%	Plan E: 100.00%	Plan F: 99.57%
Rate Group #8 (Fire Authority)	Plan E: 100.00%	Plan F: 99.56%	Plan E: 100.00%	Plan F: 99.60%

SECTION 2: Valuation Results for the Orange County Employees Retirement System

CHART 14 (Continued)

“Pick – Up” - Average Entry Age

The following table provides the average entry age by employer used in determining the “pick-up” contributions under Section 31581.1.

<u>Employer</u>	<u>Code</u>	<u>Average Entry Age</u>
<i>General</i>		
Orange County	101	33
Cemetery District	102	32
Law Library	103	42
Vector Control District	104	35
Retirement System	105	36
Fire Authority	106	34
Department of Education	108	25
Transportation Corridor Agency	109	40
City of San Juan Capistrano	110	34
Sanitation District	111	34
OCTA	112	37
U.C.I. (Bi-weekly)	113	23
U.C.I. (Monthly)	114	22
Children & Families Commission	118	32
Local Agency Formation Commission	119	39
Superior Court	121	33
IHSS Public Authority	122	44
<i>Safety</i>		
Probation	101	28
Law Enforcement	101	27
Fire Authority	106	27

SECTION 2: Valuation Results for the Orange County Employees Retirement System

The contribution rates as of December 31, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions or methods.

Reconciliation of Recommended Contribution

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the employer contribution from the prior valuation to the amount determined in this valuation.

CHART 15

**Reconciliation of Recommended Employer Contribution Rate from December 31, 2005 to December 31, 2006
(Dollar Amounts in Thousands)**

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Recommended Contribution Rate as of December 31, 2005	24.27%	\$321,197
Effect of investment gain	-0.77%	-\$10,187
Effect of higher than expected individual salary increases	0.15%	\$1,984
Effect of scheduled 3-year phase in rate increase (for OCTA)	0.06%	\$794
Effect of other experience (gain)/loss	<u>0.30%</u>	<u>\$3,960</u>
Subtotal	-0.26%	-\$3,449
Average Recommended Contribution Rate as of December 31, 2006	24.01%	\$317,748

⁽¹⁾ Based on December 31, 2006 projected compensation of \$1,322,952,000.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

The member contribution rates as of December 31, 2006 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions or methods.

Reconciliation of Recommended Contribution Rate
 The chart below details the changes in the recommended member contribution rate from the prior valuation to the current year’s valuation.

The chart reconciles the member contribution from the prior valuation to the amount determined in this valuation.

CHART 16
Reconciliation of Average Recommended Member Contribution from December 31, 2005 to December 31, 2006 (Dollar Amounts in Thousands)

	Contribution Rate	Estimated Amount ⁽¹⁾
Average Recommended Contribution Rate as of December 31, 2005 ⁽²⁾	10.39%	\$137,409
Effect of change in demographics	-0.03%	-301
Average Recommended Contribution Rate as of December 31, 2006	10.36%	\$137,108

⁽¹⁾ Based on December 31, 2006 projected compensation of \$1,322,952,000.

⁽²⁾ Rates have been recalculated by applying the individual entry age based member rates determined in the December 31, 2005 valuation to the System membership as of December 31, 2006.

SECTION 2: Valuation Results for the Orange County Employees Retirement System

E. INFORMATION REQUIRED BY GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to GASB is the historical comparison of the GASB required contributions to the actual contributions. This comparison demonstrates whether a plan is being funded on an actuarially sound basis and in accordance with the GASB funding requirements. Chart 17 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the valuation value of assets to the actuarial accrued liabilities of the plan as calculated under GASB. High ratios indicate a well-funded plan with assets sufficient to pay most benefits. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other changes.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits I, II, and III.

These graphs show key GASB information. In Chart 17, actual contributions excludes transfers from the County Investment Account and prepaid employer contributions.

CHART 17
Required Versus Actual Contributions

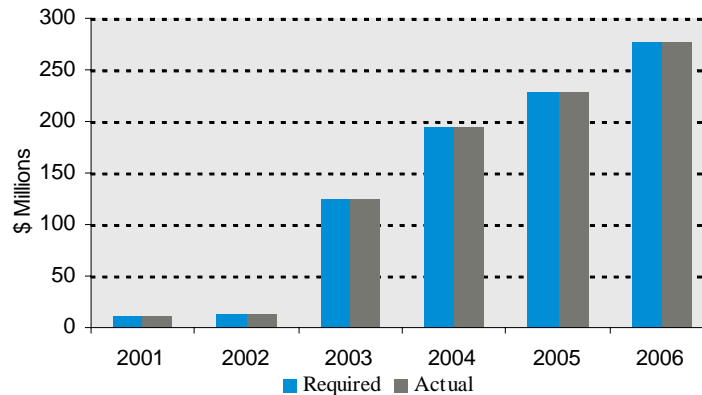
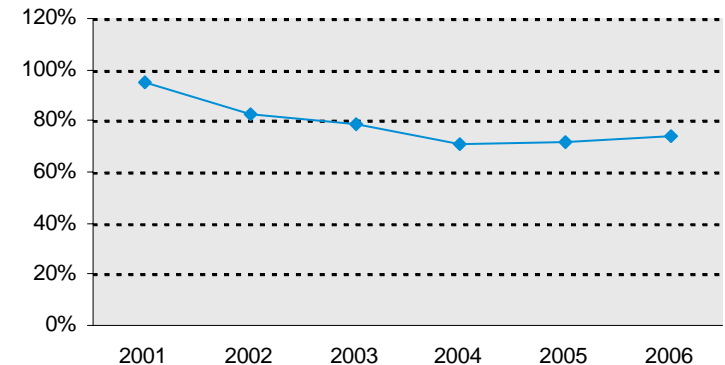


CHART 18
Funded Ratio



SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT A

Table of Plan Coverage

i. General (other than OCTA)

Category	Year Ended December 31		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	17,168	16,870	1.8%
Average age	43.9	44.2	N/A
Average service	10.3	10.4	N/A
Projected total compensation	\$956,878,105	\$922,726,708	3.7%
Projected average compensation	\$55,736	\$54,696	1.9%
Account balances	\$776,562,916	\$710,743,001	9.3%
Total active vested members	11,850	11,655	1.7%
Vested terminated members			
Number	2,566	1,986	29.2%
Average age	42.8	43.7	N/A
Retired members			
Number in pay status	6,835	6,348	7.7%
Average age	69.6	69.8	N/A
Average monthly benefit ⁽¹⁾	\$2,447	\$2,270	7.8%
Disabled members			
Number in pay status	642	641	0.2%
Average age	63.0	62.5	N/A
Average monthly benefit ⁽¹⁾	\$1,861	\$1,790	4.0%
Beneficiaries			
Number in pay status	1,243	1,197	3.8%
Average age	71.8	71.9	N/A
Average monthly benefit ⁽¹⁾	\$1,216	\$1,144	6.3%

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT A

Table of Plan Coverage

ii. General OCTA

Category	Year Ended December 31		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	1,961	1,946	0.8%
Average age	46.4	46.3	N/A
Average service	9.3	9.1	N/A
Projected total compensation	\$92,217,365	\$88,488,068	4.2%
Projected average compensation	\$47,026	\$45,472	3.4%
Account balances	\$75,815,873	\$70,778,634	7.1%
Total active vested members	1,174	1,085	8.2%
Vested terminated members			
Number	360	282	27.7%
Average age	45.9	46.5	N/A
Retired members			
Number in pay status	431	393	9.7%
Average age	66.3	66.1	N/A
Average monthly benefit ⁽¹⁾	\$1,713	\$1,605	6.7%
Disabled members			
Number in pay status	207	204	1.5%
Average age	59.4	58.7	N/A
Average monthly benefit ⁽¹⁾	\$1,907	\$1,848	3.2%
Beneficiaries			
Number in pay status	93	87	6.9%
Average age	67.0	67.0	N/A
Average monthly benefit ⁽¹⁾	\$960	\$943	1.8%

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT A

Table of Plan Coverage

iii. Safety Law Enforcement

Category	Year Ended December 31		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	1,850	1,851	-0.1%
Average age	41.2	40.8	N/A
Average service	14.5	13.4	N/A
Projected total compensation	\$149,765,969	\$144,356,104	3.7%
Projected average compensation	\$80,955	\$77,988	3.8%
Account balances	\$125,279,223	\$117,562,631	6.6%
Total active vested members	1,618	1,624	-0.4%
Vested terminated members			
Number	131	113	15.9%
Average age	41.3	40.2	N/A
Retired members			
Number in pay status	684	640	6.9%
Average age	63.5	63.4	N/A
Average monthly benefit ⁽¹⁾	\$5,280	\$5,102	3.5%
Disabled members			
Number in pay status	301	292	3.1%
Average age	56.7	56.2	N/A
Average monthly benefit ⁽¹⁾	\$3,439	\$3,328	3.3%
Beneficiaries			
Number in pay status	110	109	0.9%
Average age	69.5	68.9	N/A
Average monthly benefit ⁽¹⁾	\$2,229	\$2,089	6.7%

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT A

Table of Plan Coverage

iv. Safety Probation Officers

Category	Year Ended December 31		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	998	1,000	-0.2%
Average age	37.5	37.3	N/A
Average service	9.5	9.2	N/A
Projected total compensation	\$58,098,566	\$56,281,181	3.2%
Projected average compensation	\$58,215	\$56,281	3.4%
Account balances	\$46,385,156	\$41,468,991	11.9%
Total active vested members	708	644	9.9%
Vested terminated members			
Number	123	74	66.2%
Average age	34.3	35.1	N/A
Retired members			
Number in pay status	125	107	16.8%
Average age	60.7	60.4	N/A
Average monthly benefit ⁽¹⁾	\$4,610	\$4,591	0.4%
Disabled members			
Number in pay status	8	5	60.0%
Average age	42.2	44.1	N/A
Average monthly benefit ⁽¹⁾	\$2,604	\$2,134	22.0%
Beneficiaries			
Number in pay status	3	2	50.0%
Average age	48.6	51.4	N/A
Average monthly benefit ⁽¹⁾	\$636	\$373	70.5%

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT A

Table of Plan Coverage

v. Safety Fire Authority

Category	Year Ended December 31		Change From Prior Year
	2006	2005	
Active members in valuation			
Number	814	800	1.8%
Average age	43.7	44.4	N/A
Average service	17.1	14.9	N/A
Projected total compensation	\$65,992,275	\$64,911,795	1.7%
Projected average compensation	\$81,072	\$81,140	-0.1%
Account balances	\$63,760,406	\$61,726,084	3.3%
Total active vested members	685	693	-1.2%
Vested terminated members			
Number	15	11	36.4%
Average age	44.3	42.5	N/A
Retired members			
Number in pay status	154	122	26.2%
Average age	59.9	59.8	N/A
Average monthly benefit ⁽¹⁾	\$4,986	\$4,418	12.9%
Disabled members			
Number in pay status	70	63	11.1%
Average age	57.9	57.0	N/A
Average monthly benefit ⁽¹⁾	\$4,147	\$3,861	7.4%
Beneficiaries			
Number in pay status	9	8	12.5%
Average age	53.2	51.3	N/A
Average monthly benefit ⁽¹⁾	\$3,565	\$3,017	18.2%

⁽¹⁾ Excludes monthly benefits payable from the RMBR and STAR COLA.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT B

Members in Active Service and Projected Average Compensation as of December 31, 2006

By Age and Years of Service

i. General (other than OCTA)

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	655	643	12	--	--	--	--	--	--	--
	\$33,927	\$33,785	\$41,537	--	--	--	--	--	--	--
25-29	1,594	1,209	382	3	--	--	--	--	--	--
	41,842	40,810	45,074	\$46,243	--	--	--	--	--	--
30-34	2,118	1,066	899	139	14	--	--	--	--	--
	49,253	45,866	52,871	51,485	\$52,643	--	--	--	--	--
35-39	2,362	719	883	464	291	5	--	--	--	--
	54,820	48,170	57,711	58,517	56,670	\$49,806	--	--	--	--
40-44	2,440	590	662	414	595	165	14	--	--	--
	58,351	49,885	58,122	60,851	64,500	60,119	\$69,964	--	--	--
45-49	2,441	465	525	351	614	307	173	6	--	--
	60,076	52,169	56,332	59,623	65,388	66,576	63,157	\$61,905	--	--
50-54	2,390	366	476	296	526	318	292	115	1	--
	63,431	51,731	58,758	61,639	66,747	71,788	71,164	66,725	\$62,671	--
55-59	1,752	265	401	226	374	190	173	104	19	--
	63,299	52,865	59,934	59,295	65,666	67,732	71,242	81,163	66,483	--
60-64	975	117	229	161	231	106	72	42	15	2
	59,841	54,031	56,046	57,094	59,001	65,248	68,141	78,711	73,627	\$67,222
65-69	330	34	69	69	91	42	16	6	2	1
	54,912	57,467	56,433	53,939	53,773	55,896	51,237	55,626	54,544	47,778
70 & over	111	5	20	13	36	16	17	3	1	--
	55,555	28,421	46,606	58,003	64,740	56,635	53,533	54,358	28,351	--
Total	17,168	5,479	4,558	2,136	2,772	1,149	757	276	38	3
	\$55,736	\$45,564	\$55,708	\$58,933	\$63,592	\$66,557	\$68,225	\$73,509	\$67,571	\$60,741

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of December 31, 2006
By Age and Years of Service**

ii. General OCTA

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	30	30	--	--	--	--	--	--	--	--
	\$32,673	\$32,673	--	--	--	--	--	--	--	--
25-29	116	95	21	--	--	--	--	--	--	--
	39,071	37,107	\$47,957	--	--	--	--	--	--	--
30-34	162	98	55	9	--	--	--	--	--	--
	41,149	37,471	46,523	\$48,366	--	--	--	--	--	--
35-39	223	122	76	9	16	--	--	--	--	--
	45,845	43,989	45,905	50,048	\$57,357	--	--	--	--	--
40-44	294	144	91	15	34	9	1	--	--	--
	46,041	40,271	49,648	55,442	54,337	\$53,982	\$54,236	--	--	--
45-49	356	128	95	35	61	23	14	--	--	--
	48,794	41,667	48,467	60,794	54,128	56,430	50,386	--	--	--
50-54	349	93	76	29	56	29	54	12	--	--
	50,196	45,882	48,324	52,929	52,410	51,863	52,870	\$62,481	--	--
55-59	266	60	67	24	40	25	32	18	--	--
	49,363	44,727	48,446	49,538	53,269	52,119	52,015	50,779	--	--
60-64	124	25	29	13	23	8	18	8	--	--
	51,496	52,000	45,844	49,514	52,307	61,066	56,165	51,223	--	--
65-69	36	7	13	3	4	1	7	1	--	--
	45,963	35,343	41,242	42,490	42,533	106,093	55,618	78,099	--	--
70 & over	5	1	1	--	2	1	--	--	--	--
	43,934	38,564	45,610	--	45,051	45,394	--	--	--	--
Total	1,961	803	524	137	236	96	126	39	--	--
	\$47,026	\$41,361	\$47,723	\$53,578	\$53,373	\$54,487	\$53,011	\$55,171	\$0	\$0

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of December 31, 2006
By Age and Years of Service**

iii. Safety Law Enforcement

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	22	22	--	--	--	--	--	--	--	--
	\$59,353	\$59,353	--	--	--	--	--	--	--	--
25-29	135	88	47	--	--	--	--	--	--	--
	66,923	62,426	\$75,342	--	--	--	--	--	--	--
30-34	270	68	156	46	--	--	--	--	--	--
	74,896	65,621	77,188	\$80,831	--	--	--	--	--	--
35-39	383	55	111	155	62	--	--	--	--	--
	77,724	70,255	76,661	79,687	\$81,345	--	--	--	--	--
40-44	457	31	60	65	186	115	--	--	--	--
	83,461	68,603	79,835	80,596	83,802	\$90,425	--	--	--	--
45-49	331	12	27	31	58	157	44	2	--	--
	86,159	77,064	81,012	82,103	82,354	87,207	\$95,323	\$99,632	--	--
50-54	168	12	4	9	33	46	51	13	--	--
	90,770	76,116	87,661	91,956	85,068	85,387	97,171	112,843	--	--
55-59	71	6	7	5	16	11	17	9	--	--
	87,726	81,242	88,038	96,414	82,693	94,083	85,779	91,838	--	--
60-64	13	2	3	3	2	1	2	--	--	--
	99,791	87,662	109,635	90,888	116,285	107,878	89,971	--	--	--
65-69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	1,850	296	415	314	357	330	114	24	--	--
	\$80,955	\$66,734	\$77,988	\$81,006	\$83,389	\$88,367	\$94,633	\$103,865	\$0	\$0

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of December 31, 2006
By Age and Years of Service**

iv. Safety Probation Officers

Age	Years of Service									
	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	43	43	--	--	--	--	--	--	--	--
	\$36,700	\$36,700	--	--	--	--	--	--	--	--
25-29	192	148	44	--	--	--	--	--	--	--
	47,538	44,905	\$56,394	--	--	--	--	--	--	--
30-34	226	54	160	12	--	--	--	--	--	--
	56,984	45,461	60,181	\$66,218	--	--	--	--	--	--
35-39	211	32	87	79	13	--	--	--	--	--
	60,802	44,024	60,977	65,749	\$70,864	--	--	--	--	--
40-44	115	8	33	28	39	7	--	--	--	--
	64,048	49,560	56,978	63,220	70,910	\$79,017	--	--	--	--
45-49	82	4	11	16	19	21	11	--	--	--
	66,588	36,171	60,802	62,667	65,270	73,676	\$77,886	--	--	--
50-54	73	5	14	9	15	14	13	3	--	--
	67,511	47,049	55,145	72,034	67,321	68,539	73,912	\$114,171	--	--
55-59	50	1	8	2	10	7	12	10	--	--
	68,584	25,899	50,689	46,136	64,512	70,486	74,584	87,200	--	--
60-64	6	--	--	--	--	2	2	2	--	--
	83,712	--	--	--	--	75,819	73,954	101,364	--	--
65-69	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
70 & over	--	--	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--	--	--
Total	998	295	357	146	96	51	38	15	--	--
	\$58,215	\$43,695	\$59,221	\$65,083	\$68,560	\$72,645	\$75,277	\$94,483	\$0	\$0

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT B

**Members in Active Service and Projected Average Compensation as of December 31, 2006
By Age and Years of Service**

v. Safety Fire Authority

Age	Total	Years of Service								
		0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & over
Under 25	9	9	--	--	--	--	--	--	--	--
	\$57,104	\$57,104	--	--	--	--	--	--	--	--
25-29	64	55	9	--	--	--	--	--	--	--
	56,645	54,085	\$72,289	--	--	--	--	--	--	--
30-34	84	54	26	4	--	--	--	--	--	--
	65,688	59,562	76,600	\$77,466	--	--	--	--	--	--
35-39	107	32	30	28	17	--	--	--	--	--
	75,602	66,645	76,798	79,863	\$83,333	--	--	--	--	--
40-44	149	13	29	31	55	21	--	--	--	--
	81,520	68,947	78,302	80,886	83,052	\$90,669	--	--	--	--
45-49	183	5	11	37	49	42	39	--	--	--
	86,936	70,495	76,853	85,508	84,064	91,746	\$91,670	--	--	--
50-54	137	1	4	27	15	14	71	5	--	--
	91,254	69,196	75,977	89,573	86,434	92,402	94,288	\$85,139	--	--
55-59	62	--	1	12	3	5	39	2	--	--
	92,417	--	94,423	85,398	77,007	87,840	97,064	77,479	--	--
60-64	17	--	1	3	--	2	10	1	--	--
	102,030	--	94,423	89,984	--	89,977	109,338	96,800	--	--
65-69	1	--	1	--	--	--	--	--	--	--
	82,912	--	82,912	--	--	--	--	--	--	--
70 & over	1	--	--	--	1	--	--	--	--	--
	140,959	--	--	--	140,959	--	--	--	--	--
Total	814	169	112	142	140	84	159	8	--	--
	\$81,072	\$60,092	\$77,125	\$84,018	\$84,087	\$91,312	\$95,273	\$84,682	\$0	\$0

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT C

Reconciliation of Member Data – December 31, 2005 to December 31, 2006

	Active Members	Vested Former Members	Pensioners	Disableds	Beneficiaries	Total
Number as of December 31, 2005	22,467	2,466	7,610	1,205	1,403	35,151
New members	2,233	238	0	0	120	2,591
Terminations – with vested rights	-750 ⁽¹⁾	750	0	0	0	0
Contributions refunds	-407 ⁽²⁾	-120	0	0	0	-527
Retirements	-726	-84	811	-1	0	0
New disabilities	-33	0	-17	50	0	0
Return to work	48	-46	-1	0	-1	0
Deaths	-27	-4	-176	-26	-64	-297
Data adjustments	-14	-5	2	0	0	-17
Number as of December 31, 2006	22,791	3,195	8,229	1,228	1,458	36,901

⁽¹⁾ Includes 222 records that terminated before January 1, 2006.

⁽²⁾ Includes 69 records that terminated before January 1, 2006.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended December 31, 2006	Year Ended December 31, 2005
Contribution income:		
Employer contributions ⁽¹⁾	\$277,368,000	\$227,892,000
Employee contributions	137,582,000	107,544,000
Transfer from County Investment Account	<u>11,000,000</u>	<u>9,675,000</u>
Net contribution income	\$425,950,000	\$345,111,000
Investment income:		
Interest, dividends and other income	\$170,257,000	\$147,136,000
Recognition of capital appreciation	424,674,000	343,157,000
Less investment and administrative fees	<u>-26,677,000</u>	<u>-28,321,000</u>
Net investment income	<u>\$568,254,000</u>	<u>\$461,972,000</u>
Total income available for benefits	\$994,204,000	\$807,083,000
Less benefit payments	-\$318,666,000	-\$264,927,000
Change in reserve for future benefits	\$675,538,000	\$542,156,000

⁽¹⁾ Excludes \$70,941,000 and \$45,925,000 in prepaid employer contributions as of December 31, 2006 and December 31, 2005, respectively.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT E

Summary Statement of Assets

	Year Ended December 31, 2006	Year Ended December 31, 2005
Cash equivalents	\$237,238,000	\$187,278,000
Accounts receivable:		
Contributions	\$37,079,000	\$19,395,000
Investment income	22,310,000	18,933,000
Securities settlements	12,785,000	<u>16,690,000</u>
Other	<u>362,000</u>	
Total accounts receivable	\$72,536,000	\$55,018,000
Investments:		
Fixed income investments	\$2,687,529,000	\$2,368,713,000
Equities	3,607,183,000	3,089,839,000
Real estate	540,413,000	475,254,000
Venture capital and limited partnership interests	149,262,000	140,337,000
Security lending collateral	719,457,000	627,056,000
Fixed assets net of a depreciation	<u>2,672,000</u>	<u>3,105,000</u>
Total investments at market value	<u>\$7,706,516,000</u>	<u>\$6,704,304,000</u>
Total assets	\$8,016,290,000	\$6,946,600,000
Less accounts payable:		
Securities settlements	-\$207,431,000	-\$162,407,000
Security lending liability	-719,457,000	-627,056,000
All other	<u>-32,511,000</u>	<u>-29,882,000</u>
Total accounts payable	-\$959,399,000	-\$819,345,000
Net assets at market value	<u>\$6,817,726,000⁽¹⁾</u>	<u>\$5,923,112,000⁽²⁾</u>
Net assets at actuarial value	<u>\$6,474,074,000</u>	<u>\$5,798,536,000</u>
Net assets at valuation value	<u>\$6,466,085,000</u>	<u>\$5,786,617,000</u>

⁽¹⁾ The December 31, 2006 market value excludes \$168,224,000 in the County Investment Account and \$70,941,000 in the prepaid employer contributions account.

⁽²⁾ The December 31, 2005 market value excludes \$158,219,000 in the County Investment Account and \$45,925,000 in the prepaid employer contributions account.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT F

Actuarial Balance Sheet

An overview of your Plan’s funding is given by an Actuarial Balance Sheet. In this approach, we first determine the amount and timing of all future payments that will be made by the Plan for current participants. We then discount these payments at the valuation interest rate to the date of the valuation, thereby determining their present value. We refer to this present value as the “liability” of the Plan.

Second, we determine how this liability will be met. These actuarial “assets” include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments.

Assets

1. Total valuation value of assets	\$6,466,085,000
2. Present value of future contributions by members	\$1,249,625,000
3. Present value of future employer contributions for:	
a. entry age normal cost	\$1,378,098,000
b. unfunded actuarial accrued liability	<u>\$2,298,960,000</u>
4. Total current and future assets	\$11,392,768,000

Liabilities

5. Present value of retirement allowance payable to present retired members	\$4,052,840,000
6. Present value of retirement allowances to be granted	<u>\$7,339,928,000</u>
7. Total actuarial liabilities	\$11,392,768,000

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT G

Summary of Reported Asset Information as of December 31, 2006

Reserves

Included in Valuation Value of Assets

Active Members Reserve (Book Value)	\$1,174,368,000
Retired Members Reserve (Book Value)	2,977,599,000
Employer Advanced Reserve (Book Value)	1,889,518,000
Unrealized Appreciation Included in Valuation Value of Assets	<u>424,600,000</u>
Subtotal: Valuation Value of Assets	\$6,466,085,000

Not Included in Valuation Value of Assets

RMBR	\$6,581,000
Unclaimed Member Deposit	1,317,000
Medicare Medical Insurance Reserve	<u>91,000</u>
Subtotal: Actuarial Value of Assets	\$6,474,074,000
Unrecognized Investment Income (Loss)	<u>343,652,000</u>
Subtotal: Market Value of Assets (Net of County Investment Account and Prepaid Employer Contributions)	\$6,817,726,000
County Investment Account	168,224,000
Prepaid Employer Contributions	<u>70,941,000</u>
Total: Gross Market Value of Assets	\$7,056,891,000

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT H

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended December 31, 2006

1.	Unfunded actuarial accrued liability at beginning of year		\$2,303,010,000
2.	Total normal cost at middle of year		300,072,000
3.	Actual employer and member contributions		-425,950,000
4.	Interest		<u>173,606,000</u>
5.	Expected unfunded actuarial accrued liability		\$2,350,738,000
6.	Actuarial (gain)/loss and other changes:		
	(a) Gain on investment return	-\$112,612,000	
	(b) Higher than expected salary increase	21,679,000	
	(c) Other experience (gain) / loss	<u>39,155,000</u>	
	(d) Total changes		<u>-51,778,000</u>
7.	Unfunded actuarial accrued liability at end of year		<u>\$2,298,960,000</u>

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT I

Section 415 Limitations

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active participants could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar indexed for inflation. That limit is \$175,000 for 2006 and \$180,000 for 2007. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal Counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contributions rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT J

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost:

The amount of contributions required to fund the level cost allocated to the current year of service.

Actuarial Accrued Liability For Actives:

The equivalent of the accumulated normal costs allocated to the years before the valuation date.

Actuarial Accrued Liability For Pensioners:

The single sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability:

The extent to which the actuarial accrued liability of the Plan exceeds (or is exceeded by) the assets of the Plan. There is a wide range of approaches to paying off the unfunded or overfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

SECTION 3: Supplemental Information for the Orange County Employees Retirement System

**Amortization of the Unfunded
(Overfunded) Actuarial
Accrued Liability:**

Payments made over a period of years equal in value to the Plan's unfunded or overfunded actuarial accrued liability.

Investment Return:

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT I

Supplementary Information Required by GASB – Schedule of Employer Contributions

Plan Year Ended December 31	Annual Required Contributions	Actual Contributions	Percentage Contributed
2001	\$12,060,000	\$12,060,000	100.0%
2002	13,289,000	13,289,000	100.0%
2003	124,243,000	124,243,000	100.0%
2004	194,430,000	194,430,000	100.0%
2005	227,892,000	227,892,000	100.0%
2006	277,368,000	277,368,000	100.0%

Note: The above contributions do not include transfers from the County Investment Account or prepaid employer contributions.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT II

Supplementary Information Required by GASB – Schedule of Funding Progress

Actuarial Valuation Date December 31	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
2001	\$4,586,844,000	\$4,843,899,000	\$257,055,000	94.69%	\$1,122,763,000	22.89%
2002	4,695,675,000	5,673,754,000	978,079,000	82.76%	1,242,348,000	78.73%
2003	4,790,099,000	6,099,433,000	1,309,334,000	78.53%	1,243,964,000	105.25%
2004	5,245,821,000	7,403,972,000	2,158,151,000	70.85%	1,257,085,000	171.68%
2005	5,786,617,000	8,089,627,000	2,303,010,000	71.53%	1,276,764,000	180.38%
2006	6,466,085,000	8,765,045,000	2,298,960,000	73.77%	1,322,952,000	173.78%

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT III

Supplementary Information Required by GASB

Valuation date	December 31, 2006
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percent of payroll for total unfunded liability (3.50% payroll growth assumed)
Remaining amortization period	28 years closed (declining) amortization of outstanding balance of December 31, 2004 UAAL. Any increases or decreases in UAAL that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods.
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial assumptions:

Investment rate of return	7.75%
Inflation rate	3.50%
Real across-the-board salary increase	0.00%
Projected salary increases *	4.10% to 10.50% for General members; 3.50% to 9.50% for Safety members based on age.
Cost of living adjustments	3.00%

Plan membership:

Retired members and beneficiaries receiving benefits	10,915
Terminated members entitled to, but not yet receiving benefits	3,195
Active members	<u>22,791</u>
Total	36,901

* See Exhibit IV for these increases.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Post – Retirement Mortality Rates:

Healthy:

For General Members and Beneficiaries: 1994 Group Annuity Mortality Table set forward one year.

For Safety Members and Beneficiaries: 1994 Group Annuity Mortality Table set forward one year.

Disabled:

For General Members and Safety members: 1994 Group Annuity Mortality Table set forward five years.

*Employee Contribution Rates
and Optional Benefits:*

For General Members: 1994 Group Annuity Mortality Table set forward one year weighted 40% male and 60% female.

For Safety and Probation Members: 1994 Group Annuity Mortality Table set forward one year weighted 80% male and 20% female.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Termination Rates Before Retirement:

Age	Rate (%)			
	Mortality			
	General		Safety	
	Male	Female	Male	Female
25	0.07	0.03	0.07	0.03
30	0.08	0.04	0.08	0.04
35	0.09	0.05	0.09	0.05
40	0.12	0.08	0.12	0.08
45	0.17	0.10	0.17	0.10
50	0.29	0.16	0.29	0.16
55	0.49	0.26	0.49	0.26
60	0.90	0.51	0.90	0.51
65	1.62	0.97	1.62	0.97

All pre-retirement deaths are assumed to be non-service connected.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Termination Rates Before Retirement (continued):

Age	Rate (%)			
	General all other ⁽¹⁾	General OCTA ⁽²⁾	Safety – Law & Fire ⁽³⁾	Safety - Probation ⁽⁴⁾
20	0.00	0.00	0.03	0.00
25	0.03	0.00	0.08	0.06
30	0.08	0.03	0.16	0.16
35	0.13	0.08	0.32	0.20
40	0.18	0.28	0.52	0.20
45	0.20	0.58	0.72	0.20
50	0.23	0.76	0.98	0.20
55	0.31	0.92	2.24	0.20
60	0.41	1.30	3.60	0.08

⁽¹⁾ 60% of General all other disabilities are assumed to be duty disabilities. The other 40% are assumed to be ordinary disabilities.

⁽²⁾ 70% of General - OCTA disabilities are assumed to be duty disabilities. The other 30% are assumed to be ordinary disabilities.

⁽³⁾ 85% of Safety – Law Enforcement and Fire disabilities are assumed to be duty disabilities. The other 15% are assumed to be ordinary disabilities.

⁽⁴⁾ 85% of Safety - Probation disabilities are assumed to be duty disabilities. The other 15% are assumed to be ordinary disabilities.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Termination Rates Before Retirement (Continued):

Rate (%)				
Withdrawal (< 5 Years of Service)				
Years of Service	General all other	General OCTA	Safety – Law & Fire	Safety - Probation
0	10.0	10.0	3.0	11.0
1	8.0	7.0	2.0	10.0
2	6.0	6.0	2.0	8.0
3	6.0	5.0	1.0	6.0
4	5.0	4.0	1.0	5.0
Withdrawal (5+ Years of Service) ⁽¹⁾				
Age	General all other	General OCTA	Safety – Law & Fire	Safety – Probation
20	5.0	3.0	1.0	5.0
25	5.0	3.0	1.0	5.0
30	5.0	3.0	1.0	5.0
35	4.4	3.0	0.9	4.4
40	3.7	3.0	0.6	3.7
45	2.9	3.0	0.5	2.9
50	2.2	2.7	0.2	2.2
55	1.4	1.9	0.0	1.4
60	0.4	0.6	0.0	0.4

⁽¹⁾ 15% of all terminated vested members will choose a refund of contributions and 85% will choose a deferred vested benefit.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Retirement Rates:

Rate (%)			
Age	General	Safety - Law and Fire ⁽¹⁾	Safety – Probation ⁽¹⁾
50	3.0	10.0	4.0
51	3.0	15.0	6.0
52	3.0	20.0	8.0
53	3.0	20.0	10.0
54	3.0	20.0	15.0
55	4.0	25.0	20.0
56	5.0	25.0	25.0
57	6.0	30.0	25.0
58	7.0	30.0	30.0
59	9.0	40.0	30.0
60	11.0	100.0	40.0
61	13.0	100.0	50.0
62	15.0	100.0	60.0
63	17.0	100.0	100.0
64	19.0	100.0	100.0
65	25.0	100.0	100.0
66	20.0	100.0	100.0
67	20.0	100.0	100.0
68	20.0	100.0	100.0
69	20.0	100.0	100.0
70	100.0	100.0	100.0

⁽¹⁾ Retirement rate is 100% after a member accrues a benefit of 100% of final average earnings.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

**Retirement Age and Benefit for
Deferred Vested Members:**

For deferred vested members, we make the following retirement assumption:

General Age: 57

Safety Age: 53

We assume that 40% of future General and Safety deferred vested members are reciprocal. For reciprocals, we assume 5.1% compensation increases per annum.

**Liability Calculation for Current
Deferred Vested Members:**

Liability for a current deferred vested member is calculated based on salary, service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary and/or service information, we assumed a refund of account balance.

Future Benefit Accruals:

1.0 year of service per year of employment. There is no assumption to anticipate conversion of unused sick leave at retirement.

Unknown Data for Members:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Percent Married:

80% of male members and 50% of female members are assumed to be married at retirement or time of pre-retirement death.

Age of Spouse:

Female (or male) spouses are four years younger (or older) than their spouses.

Net Investment Return:

7.75%; net of investment and administrative expenses.

**Employee Contribution
Crediting Rate:**

5.00%, compounded semi-annually.

Consumer Price Index:

Increase of 3.50% per year, retiree COLA increases due to CPI subject to a 3.0% maximum change per year.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Salary Increases:

Annual Rate of Compensation Increase (%)		
Inflation: 3.50%, plus the following Merit and Promotional increases:		
Age	General	Safety
20	7.0	6.0
25	5.2	5.1
30	3.4	3.6
35	2.2	1.8
40	1.7	0.7
45	1.6	0.5
50	1.4	0.5
55	0.9	0.5
60	0.6	0.0
65+	0.6	

There are assumed to be no “across the board” salary increases (other than inflation).

Annual Payoffs Assumptions:

Additional payoffs are expected to be received during a member’s final average earnings period. The percentages used in this valuation are:

	<u>Final One Year Salary</u>	<u>Final Three Year Salary</u>
General Members	4.50%	2.10%
Safety - Probation	4.50%	2.10%
Safety - Law	9.30%	6.30%
Safety - Fire	5.10%	2.40%

Please note that the annual payoffs assumptions are the same for service and disability retirements.

SECTION 4: Supplemental Information for the Orange County Employees Retirement System

Actuarial Value of Assets:	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period.
Valuation Value of Assets:	The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Actuarial Cost Method:	<p>Entry Age Normal Actuarial Cost Method. Entry Age is the current age minus Vesting Credit. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salaries, with Normal Cost determined as a level percentage of individual salary, as if the current benefit accrual rate had always been in effect. The outstanding balance of the December 31, 2004 unfunded Actuarial Accrued Liability is amortized over a declining 28-year period. Any increases or decreases in unfunded actuarial accrued liability that arise in future years due to actuarial gains or losses will be amortized over separate 15-year periods.</p> <p>Please note that for Probation members who have prior benefit service in another General OCERS plan, the normal cost rate for the current plan is calculated assuming their Entry Age is the date they entered service with their current plan.</p>

SECTION 4: Reporting Information for the Orange County Employees Retirement System

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of the OCERS included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Membership Eligibility: Membership with OCERS begins with the day of employment in an eligible position by the County or a participating employer.

General Plans

2.5% @ 55 Plans (Orange County Sanitation District and Law Library⁽¹⁾)

Plan G General members hired before September 21, 1979.

Plan H General members hired on or after September 21, 1979

2.7% @ 55 Plans (City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members, Orange County Superior Court, Orange County Local Agency Formation Commission⁽¹⁾, Orange County Employees Retirement System⁽²⁾, Children and Family Commission⁽³⁾ and Orange County Fire Authority)

Plan I General members hired before September 21, 1979.

Plan J General members hired on or after September 21, 1979.

⁽¹⁾ *Improvement is prospective only for service after June 23, 2005.*

⁽²⁾ *Improvement for management employees is prospective only for service after June 30, 2005.*

⁽³⁾ *Improvement is prospective only for service after December 22, 2005.*

2.0% @ 55 Plans (Transportation Corridor Agency)

Plan M General members hired before September 21, 1979.

Plan N General members hired on or after September 21, 1979.

All Other General Employers

Plan A General members hired before September 21, 1979.

Plan B General members hired on or after September 21, 1979.

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Safety Plans

Law Enforcement, Fire Protection and Probation Members

Plan E Safety members hired before September 21, 1979.

Plan F Safety members hired on or after September 21, 1979.

Final Compensation for Benefit Determination:

Plans A, E, G, I and M Highest consecutive twelve months of compensation earnable. (§31462.1) (FAS1)

Plans B, F, H, J and N Highest consecutive thirty-six months of compensation earnable. (§31462) (FAS3)

Service: Years of service. (Yrs)

Service Retirement Eligibility:

General Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age. (§31672)

Safety and Probation Age 50 with 10 years of service, or after 20 years, regardless of age. (§31663.25)
All part time employees over age 55 with 10 years of employment may retire with 5 years of service.

Benefit Formula:

General Plans

<i>2.5% @ 55</i>	Retirement Age	Benefit Formula
<i>Plan G (§31676.18)</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)*
	65	(2.62% x FAS1 x Yrs)*
* Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.		
<i>Plan H (§31676.18)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Benefit Formula (continued):

<i>Plan H (§31676.18) (Cont'd)</i>	Retirement Age	Benefit Formula
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65	(2.50% x FAS3 x Yrs)
<i>2.7% @ 55</i>	Retirement Age	Benefit Formula
<i>Plan I (§31676.19)</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65	(2.70% x FAS1 x Yrs)
<i>Plan J (§31676.19)</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65	(2.70% x FAS3 x Yrs)

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Benefit Formula (continued):

<i>2.0% @ 55</i>	Retirement Age	Benefit Formula
<i>Plan M (§31676.16)</i>	50	(1.43% x FAS1 x Yrs)
	55	(2.00% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)**
	62	(2.62% x FAS1 x Yrs)**
	65	(2.62% x FAS1 x Yrs)**
 <i>Plan N (§31676.16)</i>	 50	 (1.43% x FAS3 x Yrs)
	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)***
 <i>All Other General Members</i>	 Retirement Age	 Benefit Formula
<i>Plan A (§31676.12)</i>	50	(1.34% x FAS1 x Yrs)
	55	(1.77% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)
	65	(2.62% x FAS1 x Yrs)

** Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

*** Reflects benefit factors from Plan B as they provide a better benefit than those under 2.0% @ 55.

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Benefit Formula (continued):

	Retirement Age	Benefit Formula
<i>Plan B (§31676.1)</i>	50	(1.18% x FAS3 x Yrs)
	55	(1.49% x FAS3 x Yrs)
	60	(1.92% x FAS3 x Yrs)
	62	(2.09% x FAS3 x Yrs)
	65	(2.43% x FAS3 x Yrs)

Safety Plans

	Retirement Age	Benefit Formula
<i>Plan E (§31664.1)</i>	50	(3.00% x FAS1 x Yrs)
	55	(3.00% x FAS1 x Yrs)
	60	(3.00% x FAS1 x Yrs)
<i>Plan F (§31664.1)</i>	50	(3.00% x FAS3 x Yrs)
	55	(3.00% x FAS3 x Yrs)
	60	(3.00% x FAS3 x Yrs)

Maximum Benefit: 100% of Highest Average Compensation.
 (§31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1)

Ordinary Disability:

General Plans

Plans A, B, G, H, I, J, M and N

Eligibility Five years of service. (§31720)

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Benefit Formula

Plans A, G, I and M:

1.8% per year of service, and if the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.2)

Plans B, H, J and N:

1.5% per year of service, and if the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

Safety Plans

Plans E and F

Eligibility

Five years of service. (§31720)

Benefit Formula

1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation. (§31727)

For all members, 100% of the Service Retirement benefit will be paid, if greater.

Line-of-Duty Disability:

All Members

Eligibility

No age or service requirements. (§31720)

Benefit Formula

50% of the Final Compensation or 100% of Service Retirement benefit, if greater. (§31727.4)

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Pre-Retirement Death:

All Members

Eligibility

None.

Benefit

Refund of employee contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

Death in line of duty

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to spouse or minor-children. (§31787)

OR

Vested Members

Eligibility

Five years of service.

Benefit

60% of the greater of Service or Ordinary Disability Retirement benefit payable to eligible surviving spouse (§31765.1, §31781.1), in lieu of §31781.

Death After Retirement:

All Members

Service or

Ordinary Disability Retirement

60% of member's unmodified allowance continued to eligible spouse. (§31760.1) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790) An eligible spouse is a surviving spouse who was married to the member at least one year prior to the date of retirement. (§31760.1)

Line-of-Duty Disability

100% of member's allowance continued to eligible spouse. (§31786) A lump sum benefit in the amount of \$1,000 is payable upon the death of a member (with 10 years of service) to his/her eligible beneficiary. (§31790)

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Withdrawal Benefits:

<i>Less than Five Years of Service</i>	Refund of accumulated employee contributions with interest or earned benefit at age 70. (§31628) Effective January 1, 2003, a member may also elect to leave their contributions on deposit in the retirement fund. (§31629.5)
<i>Five or More Years of Service</i>	If contributions left on deposit, entitled to earned benefits commencing at any time after eligible to retire. (§31700)

Post-retirement

Cost-of-Living Benefits:

Future changes based on Consumer Price Index to a maximum of 3% per year, excess “banked.” (§31870.1)

Supplemental Benefit:

Non-vested supplemental COLA and medical benefits are also paid by the System to eligible retirees and survivors. These benefits have been excluded from this valuation.

Member Contributions:

Please refer to Appendix A for the specific rates.

General Plans

Plan A

<i>Basic</i>	Provide for an average annuity payable at age 60 equal to 1/200 of FAS1. (§31621.5)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

Plan B

<i>Basic</i>	Provide for an average annuity payable at age 60 equal to 1/120 of FAS3. (§31621)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

Plans G, H, I and J

<i>Basic</i>	Provide for an average annuity payable at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I). (§31621.8)
<i>Cost-of-Living</i>	Provide for one-half of future Cost-of-Living costs.

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Plan M

Basic

Provide for an average annuity payable at age 60 equal to 1/120 of FAS1. (§31621)

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Plan N

Basic

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3. (§31621)

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Safety Plans:

Plans E

Basic

Provide for an average annuity payable at age 50 equal to 1/200 FAS1. (§31639.5)

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Plans F

Basic

Provide for an average annuity payable at age 50 equal to 1/100 of FAS3. (§31639.25)

Cost-of-Living

Provide for one-half of future Cost-of-Living costs.

Other Information:

Safety members with 30 or more years of service are exempt from paying member contributions. The same applies for General members hired on or before March 7, 1973.

Plan Amendments:

City of Rancho Santa Margarita withdrew from the plan effective November 26, 2006.

NOTE: *The summary of major plan provisions is designed to outline principle plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so that both can be sure the proper provisions are valued.*

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Appendix A

UAAL Amortization Schedule as of December 31, 2006

Rate Groups	Date Established	Initial Base	Amortization Amount	Years Remaining	Remaining Base
<i>General Members</i>					
Rate Group #1 – Non-OCTA					
	12/31/2004	\$45,292,000	\$2,842,000	28	\$46,783,000
	12/31/2005	(3,836,000)	(360,000)	14	(3,774,000)
	12/31/2006	2,662,000	<u>241,000</u>	15	<u>2,662,000</u>
Subtotal			2,723,000		45,671,000
Rate Group #2 – 2.7% @ 55					
	12/31/2004	1,303,159,000	81,872,000	28	1,347,502,000
	12/31/2005	85,000,000	7,972,000	14	83,616,000
	12/31/2006	(20,243,000)	<u>(1,834,000)</u>	15	<u>(20,243,000)</u>
Subtotal			88,010,000		1,410,875,000
Rate Group #3 – 2.5% @ 55					
	12/31/2004	67,595,000	4,247,000	28	69,895,000
	12/31/2005	9,864,000	925,000	14	9,703,000
	12/31/2006	2,084,000	<u>189,000</u>	15	<u>2,084,000</u>
Subtotal			5,361,000		81,682,000

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Rate Groups	Date Established	Initial Base	Amortization Amount	Years Remaining	Remaining Base
Rate Group #5 – OCTA					
	12/31/2004	70,302,000	4,417,000	28	72,694,000
	12/31/2005	1,340,000	126,000	14	1,318,000
	12/31/2006	(5,855,000)	<u>(531,000)</u>	15	<u>(5,855,000)</u>
Subtotal			4,012,000		68,157,000
Rate Group #9 – TCA					
	12/31/2004	6,061,000	381,000	28	6,267,000
	12/31/2005	(250,000)	(23,000)	14	(246,000)
	12/31/2006	(325,000)	<u>(29,000)</u>	15	<u>(325,000)</u>
Subtotal			329,000		5,696,000
Rate Group #10 – OCFA					
	12/31/2004	28,348,000	1,781,000	28	29,312,000
	12/31/2005	1,849,000	173,000	14	1,819,000
	12/31/2006	4,331,000	<u>392,000</u>	15	<u>4,331,000</u>
Subtotal			2,346,000		35,462,000
<i>Safety Members</i>					
Rate Group #6 – Probation					
	12/31/2004	82,839,000	5,204,000	28	85,658,000
	12/31/2005	10,520,000	987,000	14	10,349,000
	12/31/2006	2,440,000	<u>221,000</u>	15	<u>2,440,000</u>
Subtotal			6,412,000		98,447,000

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Rate Groups	Date Established	Initial Base	Amortization Amount	Years Remaining	Remaining Base
Rate Group #7 – Law Enforcement					
	12/31/2004	409,515,000	25,728,000	28	423,450,000
	12/31/2005	1,092,000	102,000	14	1,074,000
	12/31/2006	(19,132,000)	<u>(1,734,000)</u>	15	<u>(19,132,000)</u>
Subtotal			24,096,000		405,392,000
Rate Group #8 – Fire Authority					
	12/31/2004	144,849,000	9,100,000	28	149,778,000
	12/31/2005	2,796,000	262,000	14	2,750,000
	12/31/2006	(4,950,000)	<u>(449,000)</u>	15	<u>(4,950,000)</u>
Subtotal			8,913,000		147,578,000
Grand Total			<u>\$142,202,000</u>		<u>\$2,298,960,000</u>

SECTION 4: Reporting Information for the Orange County Employees Retirement System

Appendix B

Member Contribution Rates

**General Tier 1 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan I (2.7% @ 55 non-OCFA)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)</u>		<u>Plan A (OCTA)</u>		<u>Plan A (Non-OCTA)</u>		<u>Plan I (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.35%	9.83%	7.35%	9.72%	5.07%	7.13%	3.04%	5.10%	3.04%	4.85%	7.35%	9.86%
16	7.35%	9.83%	7.35%	9.72%	5.07%	7.13%	3.04%	5.10%	3.04%	4.85%	7.35%	9.86%
17	7.34%	9.82%	7.34%	9.71%	5.07%	7.13%	3.04%	5.10%	3.04%	4.85%	7.34%	9.85%
18	7.33%	9.81%	7.33%	9.71%	5.08%	7.13%	3.05%	5.11%	3.05%	4.86%	7.33%	9.84%
19	7.33%	9.81%	7.33%	9.71%	5.08%	7.14%	3.05%	5.11%	3.05%	4.86%	7.33%	9.84%
20	7.34%	9.82%	7.34%	9.71%	5.09%	7.15%	3.05%	5.11%	3.05%	4.86%	7.34%	9.85%
21	7.35%	9.83%	7.35%	9.72%	5.11%	7.17%	3.06%	5.13%	3.06%	4.88%	7.35%	9.86%
22	7.37%	9.86%	7.37%	9.75%	5.12%	7.20%	3.07%	5.15%	3.07%	4.90%	7.37%	9.89%
23	7.39%	9.89%	7.39%	9.79%	5.15%	7.23%	3.09%	5.17%	3.09%	4.92%	7.39%	9.92%
24	7.43%	9.94%	7.43%	9.83%	5.18%	7.27%	3.11%	5.20%	3.11%	4.95%	7.43%	9.97%
25	7.47%	10.00%	7.47%	9.89%	5.21%	7.32%	3.13%	5.24%	3.13%	4.98%	7.47%	10.02%
26	7.52%	10.07%	7.52%	9.96%	5.25%	7.38%	3.15%	5.28%	3.15%	5.02%	7.52%	10.09%
27	7.58%	10.14%	7.58%	10.03%	5.30%	7.44%	3.18%	5.33%	3.18%	5.07%	7.58%	10.17%
28	7.64%	10.23%	7.64%	10.12%	5.35%	7.51%	3.21%	5.38%	3.21%	5.11%	7.64%	10.26%
29	7.71%	10.32%	7.71%	10.21%	5.40%	7.58%	3.24%	5.43%	3.24%	5.17%	7.71%	10.35%
30	7.79%	10.42%	7.79%	10.31%	5.46%	7.66%	3.27%	5.49%	3.27%	5.22%	7.79%	10.45%
31	7.87%	10.53%	7.87%	10.42%	5.52%	7.75%	3.31%	5.55%	3.31%	5.28%	7.87%	10.56%
32	7.96%	10.65%	7.96%	10.53%	5.58%	7.84%	3.35%	5.61%	3.35%	5.34%	7.96%	10.68%
33	8.05%	10.77%	8.05%	10.65%	5.65%	7.94%	3.39%	5.68%	3.39%	5.41%	8.05%	10.80%
34	8.14%	10.90%	8.14%	10.78%	5.72%	8.04%	3.43%	5.75%	3.43%	5.47%	8.14%	10.93%
35	8.24%	11.03%	8.24%	10.91%	5.80%	8.14%	3.48%	5.83%	3.48%	5.55%	8.24%	11.06%
36	8.35%	11.17%	8.35%	11.05%	5.87%	8.25%	3.52%	5.91%	3.52%	5.62%	8.35%	11.20%
37	8.46%	11.32%	8.46%	11.19%	5.95%	8.36%	3.57%	5.99%	3.57%	5.70%	8.46%	11.35%
38	8.57%	11.46%	8.57%	11.34%	6.04%	8.48%	3.62%	6.07%	3.62%	5.77%	8.57%	11.49%
39	8.68%	11.62%	8.68%	11.49%	6.12%	8.59%	3.67%	6.15%	3.67%	5.85%	8.68%	11.65%

SECTION 4: Reporting Information for the Orange County Employees Retirement System

General Tier 1 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

<u>Entry Age</u>	<u>Plan I (2.7% @ 55 non-OCFA)</u>		<u>Plan G (2.5% @ 55)</u>		<u>Plan M (2.0% @ 55)</u>		<u>Plan A (OCTA)</u>		<u>Plan A (Non-OCTA)</u>		<u>Plan I (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
40	8.80%	11.77%	8.80%	11.64%	6.21%	8.72%	3.72%	6.24%	3.72%	5.94%	8.80%	11.80%
41	8.91%	11.93%	8.91%	11.80%	6.29%	8.84%	3.78%	6.33%	3.78%	6.02%	8.91%	11.96%
42	9.04%	12.09%	9.04%	11.96%	6.38%	8.97%	3.83%	6.42%	3.83%	6.11%	9.04%	12.12%
43	9.16%	12.26%	9.16%	12.12%	6.48%	9.09%	3.89%	6.51%	3.89%	6.19%	9.16%	12.29%
44	9.28%	12.42%	9.28%	12.29%	6.57%	9.22%	3.94%	6.60%	3.94%	6.28%	9.28%	12.46%
45	9.41%	12.59%	9.41%	12.46%	6.66%	9.36%	4.00%	6.70%	4.00%	6.37%	9.41%	12.63%
46	9.54%	12.77%	9.54%	12.63%	6.76%	9.49%	4.06%	6.80%	4.06%	6.47%	9.54%	12.80%
47	9.67%	12.94%	9.67%	12.80%	6.86%	9.63%	4.12%	6.90%	4.12%	6.56%	9.67%	12.98%
48	9.81%	13.12%	9.81%	12.98%	6.96%	9.78%	4.18%	7.00%	4.18%	6.66%	9.81%	13.16%
49	9.94%	13.31%	9.94%	13.16%	7.07%	9.93%	4.24%	7.10%	4.24%	6.76%	9.94%	13.34%
50	10.08%	13.50%	10.08%	13.35%	7.17%	10.08%	4.30%	7.21%	4.30%	6.86%	10.08%	13.53%
51	10.23%	13.69%	10.23%	13.54%	7.28%	10.23%	4.37%	7.32%	4.37%	6.97%	10.23%	13.72%
52	10.37%	13.88%	10.37%	13.73%	7.40%	10.39%	4.44%	7.44%	4.44%	7.08%	10.37%	13.92%
53	10.53%	14.09%	10.53%	13.93%	7.51%	10.55%	4.51%	7.55%	4.51%	7.19%	10.53%	14.13%
54	10.69%	14.30%	10.69%	14.14%	7.64%	10.72%	4.58%	7.68%	4.58%	7.30%	10.69%	14.34%
55	10.69%	14.30%	10.69%	14.14%	7.76%	10.90%	4.66%	7.80%	4.66%	7.42%	10.69%	14.34%
56	10.69%	14.30%	10.69%	14.14%	7.89%	11.08%	4.73%	7.93%	4.73%	7.55%	10.69%	14.34%
57	10.69%	14.30%	10.69%	14.14%	8.02%	11.26%	4.81%	8.06%	4.81%	7.67%	10.69%	14.34%
58	10.69%	14.30%	10.69%	14.14%	8.15%	11.45%	4.89%	8.19%	4.89%	7.80%	10.69%	14.34%
59	10.69%	14.30%	10.69%	14.14%	8.28%	11.63%	4.97%	8.33%	4.97%	7.92%	10.69%	14.34%
60	10.69%	14.30%	10.69%	14.14%	8.28%	11.63%	4.97%	8.33%	4.97%	7.92%	10.69%	14.34%
<i>COLA Loading:</i>		33.83%		32.37%		40.44%		67.55%		59.42%		34.19%

Interest: 7.75%

Salary Increases: See Exhibit IV, page 51

Mortality: See Exhibit IV, page 45

SECTION 4: Reporting Information for the Orange County Employees Retirement System

General Tier 2 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

<u>Entry Age</u>	<u>Plan J (2.7% @ 55 non-OCFA)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)</u>		<u>Plan B (OCTA)</u>		<u>Plan B (Non-OCTA)</u>		<u>Plan J (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.03%	9.40%	7.03%	9.30%	4.87%	6.83%	4.87%	6.84%	4.87%	6.60%	7.03%	9.43%
16	7.03%	9.40%	7.03%	9.30%	4.87%	6.83%	4.87%	6.84%	4.87%	6.60%	7.03%	9.43%
17	7.02%	9.39%	7.02%	9.29%	4.87%	6.83%	4.87%	6.84%	4.87%	6.60%	7.02%	9.42%
18	7.01%	9.38%	7.01%	9.28%	4.87%	6.84%	4.87%	6.84%	4.87%	6.60%	7.01%	9.41%
19	7.01%	9.38%	7.01%	9.28%	4.87%	6.84%	4.87%	6.84%	4.87%	6.60%	7.01%	9.41%
20	7.02%	9.39%	7.02%	9.29%	4.88%	6.86%	4.88%	6.86%	4.88%	6.62%	7.02%	9.42%
21	7.03%	9.40%	7.03%	9.30%	4.90%	6.88%	4.90%	6.88%	4.90%	6.64%	7.03%	9.43%
22	7.05%	9.43%	7.05%	9.33%	4.91%	6.90%	4.91%	6.91%	4.91%	6.67%	7.05%	9.45%
23	7.07%	9.46%	7.07%	9.36%	4.94%	6.93%	4.94%	6.94%	4.94%	6.70%	7.07%	9.49%
24	7.10%	9.51%	7.10%	9.40%	4.96%	6.97%	4.96%	6.98%	4.96%	6.73%	7.10%	9.53%
25	7.14%	9.56%	7.14%	9.46%	5.00%	7.02%	5.00%	7.02%	5.00%	6.78%	7.14%	9.59%
26	7.19%	9.63%	7.19%	9.52%	5.04%	7.07%	5.04%	7.08%	5.04%	6.83%	7.19%	9.65%
27	7.25%	9.70%	7.25%	9.59%	5.08%	7.13%	5.08%	7.14%	5.08%	6.89%	7.25%	9.73%
28	7.31%	9.78%	7.31%	9.68%	5.13%	7.20%	5.13%	7.21%	5.13%	6.96%	7.31%	9.81%
29	7.38%	9.87%	7.38%	9.76%	5.18%	7.27%	5.18%	7.28%	5.18%	7.03%	7.38%	9.90%
30	7.45%	9.97%	7.45%	9.86%	5.23%	7.35%	5.23%	7.36%	5.23%	7.10%	7.45%	10.00%
31	7.53%	10.07%	7.53%	9.96%	5.29%	7.43%	5.29%	7.44%	5.29%	7.18%	7.53%	10.10%
32	7.61%	10.18%	7.61%	10.07%	5.35%	7.52%	5.35%	7.52%	5.35%	7.26%	7.61%	10.21%
33	7.70%	10.30%	7.70%	10.19%	5.42%	7.61%	5.42%	7.62%	5.42%	7.35%	7.70%	10.33%
34	7.79%	10.42%	7.79%	10.31%	5.49%	7.71%	5.49%	7.71%	5.49%	7.45%	7.79%	10.45%
35	7.88%	10.55%	7.88%	10.44%	5.56%	7.81%	5.56%	7.81%	5.56%	7.54%	7.88%	10.58%
36	7.98%	10.68%	7.98%	10.57%	5.63%	7.91%	5.63%	7.92%	5.63%	7.64%	7.98%	10.71%
37	8.09%	10.82%	8.09%	10.70%	5.71%	8.02%	5.71%	8.02%	5.71%	7.75%	8.09%	10.85%
38	8.19%	10.96%	8.19%	10.84%	5.79%	8.13%	5.79%	8.13%	5.79%	7.85%	8.19%	10.99%
39	8.30%	11.11%	8.30%	10.99%	5.87%	8.24%	5.87%	8.25%	5.87%	7.96%	8.30%	11.14%
40	8.41%	11.26%	8.41%	11.13%	5.95%	8.36%	5.95%	8.36%	5.95%	8.07%	8.41%	11.29%
41	8.53%	11.41%	8.53%	11.28%	6.04%	8.48%	6.04%	8.48%	6.04%	8.19%	8.53%	11.44%
42	8.64%	11.56%	8.64%	11.44%	6.12%	8.60%	6.12%	8.60%	6.12%	8.30%	8.64%	11.60%
43	8.76%	11.72%	8.76%	11.59%	6.21%	8.72%	6.21%	8.73%	6.21%	8.42%	8.76%	11.75%
44	8.88%	11.88%	8.88%	11.75%	6.30%	8.85%	6.30%	8.85%	6.30%	8.55%	8.88%	11.91%

SECTION 4: Reporting Information for the Orange County Employees Retirement System

General Tier 2 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)

Calculated Under Recommended Assumptions

<u>Entry Age</u>	<u>Plan J (2.7% @ 55 non-OCFA)</u>		<u>Plan H (2.5% @ 55)</u>		<u>Plan N (2.0% @ 55)</u>		<u>Plan B (OCTA)</u>		<u>Plan B (Non-OCTA)</u>		<u>Plan J (2.7% @ 55 OCFA)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
45	9.00%	12.04%	9.00%	11.91%	6.39%	8.97%	6.39%	8.98%	6.39%	8.67%	9.00%	12.08%
46	9.12%	12.21%	9.12%	12.08%	6.48%	9.11%	6.48%	9.11%	6.48%	8.80%	9.12%	12.24%
47	9.25%	12.38%	9.25%	12.24%	6.58%	9.24%	6.58%	9.25%	6.58%	8.92%	9.25%	12.41%
48	9.38%	12.55%	9.38%	12.42%	6.68%	9.38%	6.68%	9.38%	6.68%	9.06%	9.38%	12.59%
49	9.51%	12.73%	9.51%	12.59%	6.78%	9.52%	6.78%	9.52%	6.78%	9.19%	9.51%	12.76%
50	9.64%	12.91%	9.64%	12.77%	6.88%	9.66%	6.88%	9.67%	6.88%	9.33%	9.64%	12.94%
51	9.78%	13.09%	9.78%	12.95%	6.99%	9.81%	6.99%	9.82%	6.99%	9.48%	9.78%	13.12%
52	9.92%	13.28%	9.92%	13.13%	7.09%	9.96%	7.09%	9.97%	7.09%	9.62%	9.92%	13.31%
53	10.30%	13.78%	10.30%	13.63%	7.21%	10.12%	7.21%	10.13%	7.21%	9.78%	10.30%	13.81%
54	10.69%	14.30%	10.69%	14.14%	7.32%	10.28%	7.32%	10.29%	7.32%	9.93%	10.69%	14.34%
55	10.69%	14.30%	10.69%	14.14%	7.44%	10.45%	7.44%	10.46%	7.44%	10.10%	10.69%	14.34%
56	10.69%	14.30%	10.69%	14.14%	7.57%	10.62%	7.57%	10.63%	7.57%	10.26%	10.69%	14.34%
57	10.69%	14.30%	10.69%	14.14%	7.69%	10.80%	7.69%	10.81%	7.69%	10.43%	10.69%	14.34%
58	10.69%	14.30%	10.69%	14.14%	7.98%	11.21%	7.98%	11.22%	7.98%	10.83%	10.69%	14.34%
59	10.69%	14.30%	10.69%	14.14%	8.28%	11.63%	8.28%	11.64%	8.28%	11.24%	10.69%	14.34%
60	10.69%	14.30%	10.69%	14.14%	8.28%	11.63%	8.28%	11.64%	8.28%	11.24%	10.69%	14.34%
<i>COLA Loading:</i>		33.83%		32.37%		40.44%		40.53%		35.65%		34.19%

Interest: 7.75%

Salary Increases: See Exhibit IV, page 51

Mortality: See Exhibit IV, page 45

SECTION 4: Reporting Information for the Orange County Employees Retirement System

**Safety Tier 1 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	3.77%	8.47%	3.77%	8.46%	3.77%	7.72%
16	3.77%	8.47%	3.77%	8.46%	3.77%	7.72%
17	3.77%	8.47%	3.77%	8.46%	3.77%	7.72%
18	3.77%	8.47%	3.77%	8.46%	3.77%	7.72%
19	3.77%	8.47%	3.77%	8.46%	3.77%	7.72%
20	3.78%	8.48%	3.78%	8.48%	3.78%	7.73%
21	3.78%	8.48%	3.78%	8.48%	3.78%	7.75%
22	3.79%	8.52%	3.79%	8.52%	3.79%	7.77%
23	3.81%	8.55%	3.81%	8.55%	3.81%	7.79%
24	3.83%	8.59%	3.83%	8.59%	3.83%	7.83%
25	3.85%	8.64%	3.85%	8.63%	3.85%	7.87%
26	3.87%	8.70%	3.87%	8.69%	3.87%	7.93%
27	3.90%	8.76%	3.90%	8.76%	3.90%	7.99%
28	3.93%	8.84%	3.93%	8.83%	3.93%	8.05%
29	3.97%	8.92%	3.97%	8.92%	3.97%	8.13%
30	4.02%	9.02%	4.02%	9.02%	4.02%	8.22%
31	4.06%	9.13%	4.06%	9.12%	4.06%	8.32%
32	4.12%	9.24%	4.12%	9.24%	4.12%	8.42%
33	4.17%	9.37%	4.17%	9.37%	4.17%	8.54%
34	4.24%	9.51%	4.24%	9.51%	4.24%	8.67%
35	4.30%	9.66%	4.30%	9.66%	4.30%	8.81%
36	4.38%	9.83%	4.38%	9.82%	4.38%	8.96%
37	4.45%	10.00%	4.45%	9.99%	4.45%	9.11%
38	4.53%	10.18%	4.53%	10.17%	4.53%	9.28%
39	4.61%	10.36%	4.61%	10.36%	4.61%	9.45%
40	4.70%	10.55%	4.70%	10.55%	4.70%	9.62%
41	4.79%	10.75%	4.79%	10.75%	4.79%	9.80%
42	4.88%	10.95%	4.88%	10.95%	4.88%	9.98%
43	4.97%	11.16%	4.97%	11.15%	4.97%	10.17%
44	5.06%	11.36%	5.06%	11.36%	5.06%	10.36%

SECTION 4: Reporting Information for the Orange County Employees Retirement System

**Safety Tier 1 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan E (Fire Authority)</u>		<u>Plan E (Law Enforcement)</u>		<u>Plan E (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
45	5.15%	11.57%	5.15%	11.57%	5.15%	10.55%
46	5.25%	11.78%	5.25%	11.78%	5.25%	10.74%
47	5.34%	12.00%	5.34%	11.99%	5.34%	10.94%
48	5.44%	12.22%	5.44%	12.21%	5.44%	11.13%
49	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
50	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
51	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
52	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
53	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
54	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
55	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
56	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
57	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
58	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
59	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
60	5.54%	12.44%	5.54%	12.43%	5.54%	11.34%
<i>COLA Loading:</i>		<i>124.58%</i>	<i>124.49%</i>		<i>104.69%</i>	
<i>Interest:</i>		<i>7.75%</i>				
<i>Salary Increases:</i>		<i>See Exhibit IV, page 51</i>				
<i>Mortality:</i>		<i>See Exhibit IV, page 45</i>				

SECTION 4: Reporting Information for the Orange County Employees Retirement System

**Safety Tier 2 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
15	7.25%	11.77%	7.25%	11.77%	7.25%	11.05%
16	7.25%	11.77%	7.25%	11.77%	7.25%	11.05%
17	7.25%	11.77%	7.25%	11.77%	7.25%	11.05%
18	7.25%	11.77%	7.25%	11.77%	7.25%	11.05%
19	7.26%	11.78%	7.26%	11.77%	7.26%	11.06%
20	7.27%	11.79%	7.27%	11.79%	7.27%	11.07%
21	7.28%	11.82%	7.28%	11.81%	7.28%	11.09%
22	7.30%	11.85%	7.30%	11.84%	7.30%	11.12%
23	7.33%	11.89%	7.33%	11.89%	7.33%	11.16%
24	7.36%	11.94%	7.36%	11.94%	7.36%	11.21%
25	7.40%	12.01%	7.40%	12.01%	7.40%	11.28%
26	7.45%	12.09%	7.45%	12.09%	7.45%	11.35%
27	7.51%	12.18%	7.51%	12.18%	7.51%	11.44%
28	7.57%	12.29%	7.57%	12.28%	7.57%	11.53%
29	7.64%	12.41%	7.64%	12.40%	7.64%	11.65%
30	7.73%	12.54%	7.73%	12.54%	7.73%	11.77%
31	7.82%	12.69%	7.82%	12.68%	7.82%	11.91%
32	7.92%	12.85%	7.92%	12.85%	7.92%	12.06%
33	8.03%	13.03%	8.03%	13.03%	8.03%	12.23%
34	8.15%	13.23%	8.15%	13.22%	8.15%	12.42%
35	8.28%	13.44%	8.28%	13.43%	8.28%	12.61%
36	8.42%	13.66%	8.42%	13.66%	8.42%	12.83%
37	8.57%	13.90%	8.57%	13.90%	8.57%	13.05%
38	8.72%	14.15%	8.72%	14.15%	8.72%	13.29%
39	8.88%	14.41%	8.88%	14.41%	8.88%	13.53%
40	9.04%	14.67%	9.04%	14.67%	9.04%	13.78%
41	9.21%	14.95%	9.21%	14.94%	9.21%	14.03%
42	9.38%	15.23%	9.38%	15.22%	9.38%	14.29%
43	9.56%	15.51%	9.56%	15.51%	9.56%	14.56%
44	9.73%	15.80%	9.73%	15.79%	9.73%	14.83%

SECTION 4: Reporting Information for the Orange County Employees Retirement System

**Safety Tier 2 Members' Contribution Rates from the December 31, 2006 Actuarial Valuation (Expressed as a Percentage of Monthly Payroll)
Calculated Under Recommended Assumptions**

<u>Entry Age</u>	<u>Plan F (Fire Authority)</u>		<u>Plan F (Law Enforcement)</u>		<u>Plan F (Probation)</u>	
	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>	<u>Normal</u>	<u>Total</u>
45	9.91%	16.09%	9.91%	16.09%	9.91%	15.10%
46	10.10%	16.38%	10.10%	16.38%	10.10%	15.38%
47	10.28%	16.68%	10.28%	16.68%	10.28%	15.66%
48	10.67%	17.32%	10.67%	17.31%	10.67%	16.26%
49	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
50	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
51	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
52	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
53	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
54	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
55	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
56	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
57	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
58	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
59	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
60	11.08%	17.97%	11.08%	17.97%	11.08%	16.87%
<i>COLA Loading:</i>		62.29%		62.25%		52.35%
<i>Interest:</i>		7.75%				
<i>Salary Increases:</i>		See Exhibit IV, page 51				
<i>Mortality:</i>		See Exhibit IV, page 45				

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