

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
THURSDAY, JUNE 6, 2024
9:30 A.M.**

Members of the Committee

Charles Packard, Chair
Adele Tagaloa, Vice Chair
Chris Prevatt
Shari Freidenrich

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

| OCERS Zoom Video/Teleconference information | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Join Using Zoom App (Video & Audio)</p> <p>Join Zoom Meeting https://ocers.zoom.us/j/83042325629</p> <p>Meeting ID: 830 4232 5629 Passcode: 868040</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p> | <p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 253 215 8782 US (Tacoma) +1 346 248 7799 US (Houston) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) +1 312 626 6799 US (Chicago) <p>Meeting ID: 830 4232 5629 Passcode: 868040</p> |
| <p>A Zoom Meeting Participant Guide is available on OCERS' website Board & Committee meetings page</p> | |

AGENDA

This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

OPEN SESSION

1. **CALL MEETING TO ORDER AND ROLL CALL**
2. **BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY)
(Government Code section 54953(f))**
3. **PUBLIC COMMENTS**

Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom. When

addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

C-1 AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

March 28, 2024

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee’s discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 2023 FINANCIAL STATEMENT AUDIT

Introduction by Brenda Shott, Assistant CEO of Finance and Internal Operations, and Tracy Bowman, Director of Finance, OCERS

Presentation by Kory Hoggan and Aaron Hamilton, Moss Adams

Recommendations:

1. Approve OCERS’ audited financial statements for the year ended December 31, 2023;
2. Direct staff to finalize OCERS’ 2023 Annual Comprehensive Financial Report (Annual Report);
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2023; and
4. Receive and file Moss Adams LLP’s (Moss Adams) “OCERS’ Report to the Audit Committee for the Year Ended December 31, 2023” and their “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.”

A-3 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Tracy Bowman, Director of Finance

Recommendations:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2023; and
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2023 for distribution to Employers.

A-4 ORANGE COUNTY TRANSPORTATION AUTHORITY EMPLOYER AUDIT

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

CLOSED SESSION

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES

(Government Code Section § 54957)

Consultation with OCERS Director of Cyber Security

Recommendation: Take appropriate action.

***** END OF CLOSED SESSION AGENDA *****

INFORMATION ITEM

I-1 BIENNIAL REPORT ON THE OPERATION AND EFFECTIVENESS OF THE OCERS COMPLIANCE PROGRAM

Presentation by Kwame Addo, Chief Compliance Officer

I-2 MEMBER SERVICES BENEFIT CALCULATIONS QUALITY ASSURANCE REPORT

Presentation by Jeff Lamberson, Director of Retirement Operations, Member Services, and Suzanne Jenike, Assistant CEO, External Operations

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

Orange County Employees Retirement System
June 6, 2024
Audit Committee Meeting

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COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

JUNE 17, 2024

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

JUNE 17, 2024

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

PERSONNEL COMMITTEE MEETING

JUNE 21, 2024

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

BUILDING COMMITTEE MEETING

JUNE 27, 2024

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If

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June 6, 2024
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such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
THURSDAY, March 28, 2024
9:30 A.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 9:32 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Charles Packard, Chair; Adele Tagaloa, Vice Chair; Shari Freidenrich, Ex-Officio Member; Chris Prevatt; Board Member

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO of External Operations, Brenda Shott, Assistant CEO of Internal Operations; Manuel Serpa, General Counsel; David Kim, Director of Internal Audit; Kwame Addo, Chief Compliance Officer; Jeff Lamberson, Director of Member Services; Mark Adviento, Senior Internal Auditor; Jenny Davey, Internal Auditor; Laura Barker, Finance Manager, Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Kory Hogan and Aaron Hamilton, Moss Adams

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

January 19, 2023

MOTION by Ms. Freidenrich, **seconded** by Mr. Prevatt, to approve the Minutes.

The motion passed **unanimously**.

INFORMATIONAL ITEM

Orange County Employees Retirement System
March 28, 2024
Audit Committee Meeting

I-1 2023 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Presentation by Kory Hoggan and Aaron Hamilton, Moss Adams

Mr. Hamilton presented the audit plan, which included a list of reports that will be provided at the end of the audit. Mr. Hamilton noted employers are very responsive which is a testament to the collaboration between OCERS and the employers.

ACTION ITEMS

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

None.

A-2 ADOPTION OF THE CHIEF COMPLIANCE OFFICER CHARTER

Presentation by Kwame Addo, Chief Compliance Officer

Recommendation: Approve and recommend that the Board approve the adoption of the Chief Compliance Officer Charter as presented.

Mr. Addo presented the Chief Compliance Charter and informed the committee of the hierarchy for reporting to the Audit Committee and Board. Mr. Delaney clarified to the Committee that the Compliance Officer is not an auditor, but rather an essential part of risk mitigation.

After further discussion, a **MOTION** by Mr. Prevatt, **seconded** by Ms. Freidenrich, to approve and recommend that the Board approve the adoption of the Chief Compliance Officer Charter with the suggested changes.

The motion passed **unanimously.**

A-3 ADOPTION OF THE COMPLIANCE PROGRAM CHARTER

Presentation by Kwame Addo, Chief Compliance Officer

Recommendation: Approve and recommend that the Board approve the adoption of the Compliance Program Charter as presented.

Mr. Addo presented the Compliance Program Charter, noting that the compliance model follows a first, second (Compliance), and third (Audit) line of defense.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve and recommend that the Board approve the adoption of the Compliance Program Charter as presented.

After discussion, an **AMENDED MOTION** by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve and recommend that the Board approve the Compliance Program Charter with the suggested changes.

The motion passed **unanimously.**

Orange County Employees Retirement System
March 28, 2024
Audit Committee Meeting

A-4 OUT-OF-CYCLE REVIEW OF THE AUDIT COMMITTEE CHARTER

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve and recommend that the Board approve the revisions to the Audit Committee Charter as presented.

Mr. Kim presented the revised Audit Committee Charter, which incorporated suggested changes from the IIA Quality Assurance review team and incorporated changes from the Compliance Officer Charter. After discussion, Ms. Freidenrich provided direction to staff to attach guidelines as a reference when presenting changes going forward.

MOTION by Ms. Freidenrich, **seconded** by Mr. Prevatt, to approve and recommend that the Board approve the revisions to the Audit Committee Charter with suggested changes.

The motion passed **unanimously**.

A-5 OUT-OF-CYCLE REVIEW OF THE INTERNAL AUDIT CHARTER

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve and recommend that the Board approve the revisions to the Internal Audit Charter as presented.

Mr. Kim presented the Internal Audit Charter, which provided clarification on the independence of Internal Audit, as well as the responsibilities to coordinate with Compliance.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to Approve and recommend that the Board approve the revisions to the Internal Audit Charter as presented.

The motion passed **unanimously**.

A-6 OUT-OF-CYCLE REVIEW OF THE ETHICS, COMPLIANCE, AND FRAUD HOTLINE POLICY

Presentation by David Kim, Director of Internal Audit

Recommendation: Approve and recommend that the Board approve the revisions to the Ethics, Compliance, and Fraud Hotline Policy as presented.

Mr. Kim presented the Ethics, Compliance, and Fraud Hotline Policy, the changes made reflect the responsibility shifting from Internal Audit to Compliance.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to approve and recommend that the Board approve the revisions to the Ethics, Compliance, and Fraud Hotline Policy as presented.

The motion passed **unanimously**.

Orange County Employees Retirement System
March 28, 2024
Audit Committee Meeting

A-7 CONTINUOUS AUDIT OF FINAL AVERAGE SALARY CALCULATIONS (Q3 2023)

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Adviento presented the audit of Final Average Salary Calculations. The audit contained two observations over the ten-dollar threshold. Mr. Delany commented he shared the audit results with employers, noting the low dollar amounts of the calculation errors and the limited impact on the basic benefit. Additionally, the use of automation will remove human error in the future.

Ms. Freidenrich inquired if the automation bot had been used to perform calculations. Mr. Lamberson clarified the automation bot was not used in these particular calculations, however, the bot will be able to catch these errors going forward. Ms. Freidenrich suggested having the bot perform a validation test when an error is found. Mr. Kim noted Internal Audit used an automation bot to perform part of the audit testing.

Ms. Freidenrich directed staff to provide a report on the automation bots used and the processes they perform and present to the Board.

MOTION by Ms. Freidenrich, **seconded** by Mr. Prevatt, to receive and file.

The motion passed **unanimously**.

A-8 AUDIT REPORT - OCERS PAYROLL TRANSMITTAL PROCESS

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Adviento presented the audit report on OCERS Payroll Transmittal Process and found four observations. Ms. Tagaloa suggested creating a policy that would hold OCERS and its employers accountable for providing accurate information. Mr. Delaney and Ms. Jenike updated the committee that a Service Level Agreement policy will be presented to the Governance Committee in May.

Ms. Freidenrich questioned if the MOU outlined the terms and conditions and if it could be enforced. Mr. Serpa provided clarification that the CERL allows OCERS to charge fees for services incurred. Mr. Packard would like to shift costs, rather than OCERS incurring the expense of hiring additional employees, the employer should be responsible for providing accurate data.

MOTION by Ms. Freidenrich, **seconded** by Ms. Tagaloa, to receive and file.

The motion passed **unanimously**.

A-9 AUDIT REPORT - OCERS ACCOUNTS PAYABLE PROCESS

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Senior Internal Auditor

Orange County Employees Retirement System
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Recommendation: Receive and file.

Mr. Adviento presented the report on the Accounts Payable Process and noted two observations regarding process documentation and record retention. Mr. Packard inquired if there is a records retention policy in place. Mr. Adviento advised that there is a policy and a department matrix. Mr. Prevatt noted that the new Chief Compliance Officer should send out a policy reminder to all departments.

MOTION by Ms. Tagaloa, **seconded** by Ms. Freidenrich, to receive and file.

The motion passed **unanimously**.

A-10 INVESTMENT ALLOCATION AND REBALANCING AUDIT

Presentation by David Kim, Director of Internal Audit and Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Adviento presented the Investment Allocation and Rebalancing Audit and noted no observations. Ms. Freidenrich directed staff to rename the title “asset allocation” to be consistent with investment reports. Ms. Freidenrich also thanked the audit team for their good work.

MOTION by Ms. Tagaloa, **seconded** by Ms. Freidenrich, to receive and file.

The motion passed **unanimously**.

A-11 CONSIDERATION OF REVISED 2024 AUDIT PLAN

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

Mr. Kim presented the revised audit plan incorporating changes the Committee directed to reduce the number of audits performed on Final Average Salary and Alameda Recalculations and focus on alternate areas.

MOTION by Ms. Tagaloa, **seconded** by Ms. Freidenrich, to receive and file.

The motion passed **unanimously**.

CLOSED SESSION ITEMS

The Committee adjourned to closed session at 12:10 p.m.

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES

Orange County Employees Retirement System
March 28, 2024
Audit Committee Meeting

(Government Code Section § 54957)
Consultation with OCERS Director of Cyber Security

Recommendation: Take appropriate action.

OPEN SESSION

The Committee reconvened to open session at 1:18 p.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Chair Packard reported no reportable action was taken during closed session.

INFORMATION ITEM

I-2 AUDIT COMMITTEE FEEDBACK AND DIRECTION SUMMARY

Presentation by David Kim, Director of Internal Audit

Mr. Kim presented the Audit Committee Feedback and Direction Summary from the January 19, 2024, Audit Committee meeting, requesting clarification on the format and content of the document. Mr. Packard noted the summary is very helpful. The Committee directed Mr. Kim to provide quarterly updates presented in a high-level, bulleted summary.

WRITTEN REPORTS

R-1 OPERATIONAL RISK MANAGEMENT ANNUAL REPORT

Written Report

R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-3 STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

STAFF/COUNSEL/COMMITTEE MEMBER COMMENTS

None.

CHIEF EXECUTIVE OFFICER

Mr. Delaney clarified that the Employer Data Reporting Policy will be discussed at the Governance Committee on May 23rd, and not during the Personnel Committee.

ADJOURNMENT

Chair Packard adjourned the meeting at 1:30 p.m.

Orange County Employees Retirement System
March 28, 2024
Audit Committee Meeting

Submitted by:

Submitted by:

Approved by:

David Kim
Committee Liaison

Steve Delaney
Secretary to the Board

Charles Packard
Chair



Memorandum

DATE: June 6, 2024

TO: Audit Committee Members

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations; Tracy Bowman, Director of Finance

SUBJECT: 2023 FINANCIAL STATEMENT AUDIT

Recommendation

Recommend to the Board of Retirement the following:

1. Approve OCERS' audited financial statements for the year ended December 31, 2023;
2. Direct staff to finalize OCERS' 2023 Annual Comprehensive Financial Report (Annual Report);
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2023; and
4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2023" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."

Background/Discussion

The attached draft of OCERS' 2023 Annual Report, including the audited financial statements and related notes for the year ended December 31, 2023, is in substantial final form and includes a draft of the unmodified (clean) audit opinion from Moss Adams, OCERS' independent auditors. Moss Adams will issue the signed audit opinion after presenting the draft financial statements to the Audit Committee. The audited financial statements and related notes are included in the Financial Section of OCERS' 2023 Annual Report.

The attached Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2023 is used for reporting purposes and is separate and distinct from the funding actuarial valuation. This valuation contains necessary information and schedules that have been incorporated into OCERS' 2023 Annual Report in compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*.

As part of the normal course of an annual financial statement audit, Moss Adams has issued a draft of their "Report to the Audit Committee" that includes the required communications of the independent auditors, comments and recommendations based on their 2023 audit of OCERS. Moss Adams has also issued a draft "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Performed in Accordance with *Government Auditing Standards*."

Moss Adams will be present at the Audit Committee Meeting on June 6, 2024. They will provide the Committee with a verbal report on their audit. A draft of the 2023 Annual Report in substantially final form will be presented to the Board at its regularly scheduled Board meeting on June 17, 2024. The final signed audit reports and the Annual Report will be distributed to the Board once finalized.



Memorandum

California's Government Code Section 7504 requires all state and local retirement agencies, including OCERS, to submit annual financial information to the State Controller within six months of the end of the fiscal year end. The State Controller's Office (SCO) has an automated system to allow retirement systems to provide the prescribed report containing specific financial and plan information to the SCO (this report is referred to as the State Controller's Report). In addition to the State Controller's Report, OCERS is also required to submit the annual audited financial statements and the most current funding actuarial valuation. Once the Board approves the financial statements for the year ended December 31, 2023, staff will file a timely submission of the State Controller's Report and submit OCERS' 2023 Annual Report and the Actuarial Valuation (for funding purposes) as of December 31, 2022 by the deadline of June 30, 2023.

As required by Government Code Section 315971.1, OCERS Chief Executive Officer will file in the office of the County Auditor and with the Board of Supervisors a sworn statement which will exhibit the financial condition of OCERS at the close of the preceding calendar year and its financial transactions for the year ending on December 31, 2023.

Submitted by:



TB - Approved

Tracy Bowman
Director of Finance

Approved by:



BS - Approved

Brenda Shott
Asst. CEO, Finance & Internal Operations



2023 Financial Statement Audit

Presented on June 6, 2024

Brenda Shott and Tracy Bowman



Recommendation

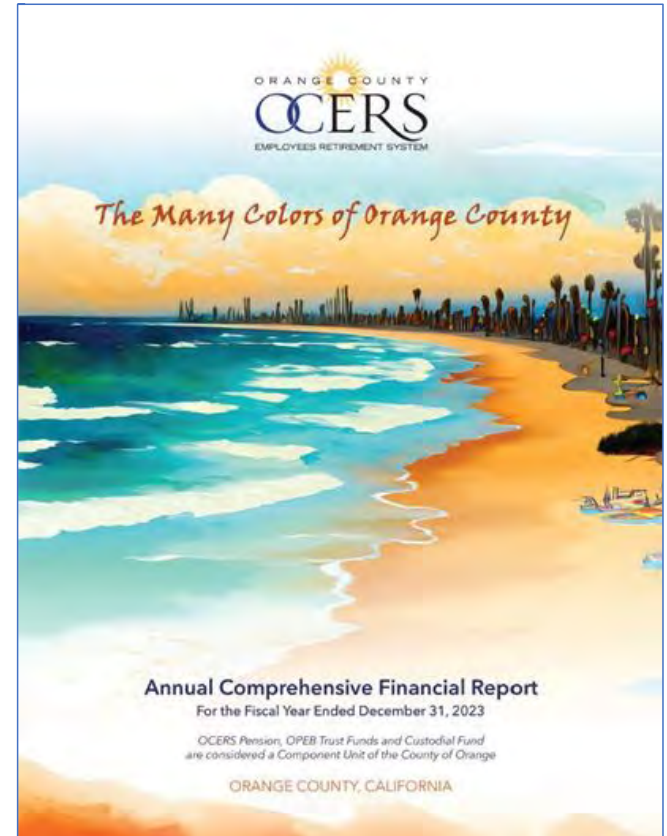
Recommend to the Board of Retirement the following:

1. Approve OCERS' audited financial statements for the year ended December 31, 2023
2. Direct staff to finalize OCERS' 2023 Annual Comprehensive Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2023
4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2023" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards"



2023 Annual Report

- Third year audit was performed by Moss Adams
- Preliminary unaudited financial statements provided to the Board in March
 - No material changes reflected in final audited version included in the Annual Report
- Theme: **The Many Colors of Orange County**
- No new GASB pronouncements adopted; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, was evaluated, but determined to have an insignificant impact to OCERS financials



Financial Highlights – MD&A

- Net position in 2023 totaled **\$22.4 billion**, an **increase of \$2.2 billion** or 10.6% from the prior year
- Total additions increased from **-\$1.1 billion** in 2022 to **\$3.4 billion** in 2023
 - Net investment income of **\$2.4 billion** or **11.4%** vs. a loss of **-\$2.1 billion**, or **-7.8%** in the prior year
 - Employee and employer contributions of approximately **\$1.0 billion**
- Total deductions increased **6.8%** from **\$1.2 billion** in 2022 to **\$1.3 billion** in 2023
 - Member pension benefit payments increased **7.6%** from **\$1.1 billion** in 2022 to **\$1.2 billion** in 2023

Table 2 : Changes in Fiduciary Net Position
For the Years Ended December 31, 2023 and 2022
(Dollars in Thousands)

| | 12/31/2023 | 12/31/2022 | Increase / (Decrease) | Percentage Change |
|--------------------------------------------------------------------------------------------------------|----------------------|----------------------|-----------------------|-------------------|
| Additions | | | | |
| Employer Pension Contributions | \$ 749,776 | \$ 719,691 | \$ 30,085 | 4.2% |
| Employer Health Care Contributions | 26,245 | 44,821 | (18,576) | -41.4% |
| Employee Pension Contributions | 277,455 | 269,999 | 7,456 | 2.8% |
| Employer OPEB Contributions | 794 | 655 | 139 | 21.2% |
| Net Investment Income/(Loss) | 2,384,772 | (2,105,160) | 4,489,932 | 213.3% |
| Total Additions | 3,439,042 | (1,069,994) | 4,509,036 | 421.4% |
| Deductions | | | | |
| Participant Benefits - Pension | 1,200,307 | 1,115,918 | 84,389 | 7.6% |
| Participant Benefits - Health Care | 43,994 | 43,671 | 323 | 0.7% |
| Death Benefits | 1,190 | 1,558 | (368) | -23.6% |
| Member Withdrawals and Refunds | 14,751 | 22,239 | (7,488) | -33.7% |
| Employer OPEB Payments | 1,531 | 1,466 | 65 | 4.4% |
| Administrative Expenses - Pension | 29,056 | 23,546 | 5,510 | 23.4% |
| Administrative Expenses - Health Care and Employer | 70 | 68 | 2 | 2.9% |
| Total Deductions | 1,290,899 | 1,208,466 | 82,433 | 6.8% |
| Increase/(Decrease) in Net Position Restricted for Pension, Other Postemployment Benefits and Employer | 2,148,143 | (2,278,460) | 4,426,603 | 194.3% |
| Net Position Restricted for Pension, Other Postemployment Benefits and Employer | | | | |
| Beginning of the Year | 20,210,967 | 22,489,427 | | |
| End of the Year | \$ 22,359,110 | \$ 20,210,967 | | |



Financial Highlights – MD&A (continued)

Table 3 : Membership Data
As of December 31, 2023 and 2022

| | 12/31/2023 | 12/31/2022 | Increase/ (Decrease) | Percentage Change |
|-------------------------|---------------|---------------|-------------------------|----------------------|
| Active Members | 22,782 | 22,061 | 721 | 3.3% |
| Retired Members | 21,283 | 20,678 | 605 | 2.9% |
| Deferred Members | 8,579 | 7,894 | 685 | 8.7% |
| Total Membership | 52,644 | 50,633 | 2,011 | 4.0% |

- Increases in member pension benefit payments can be attributed to an increase in the number of retirees receiving a benefit
 - Number of retirees increased by 2.9% or 605, for a total of 21,283 payees as of December 31, 2023
 - The average annual benefit paid to retired members and beneficiaries during 2023 was \$56,397 vs. \$53,966 in 2022, an increase of 4.5%

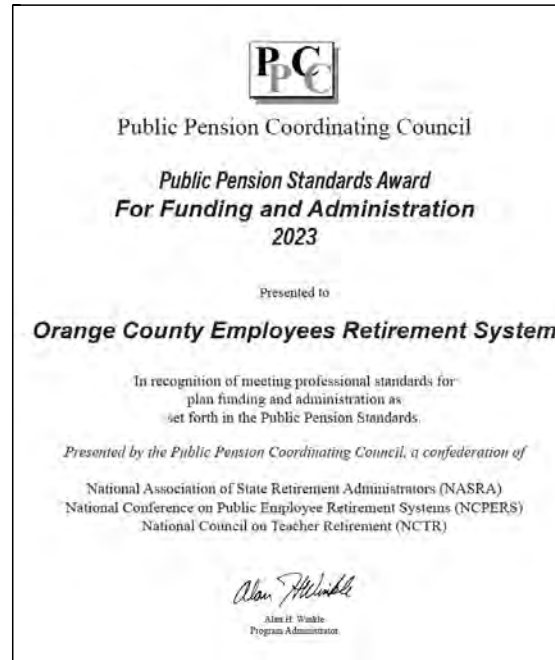
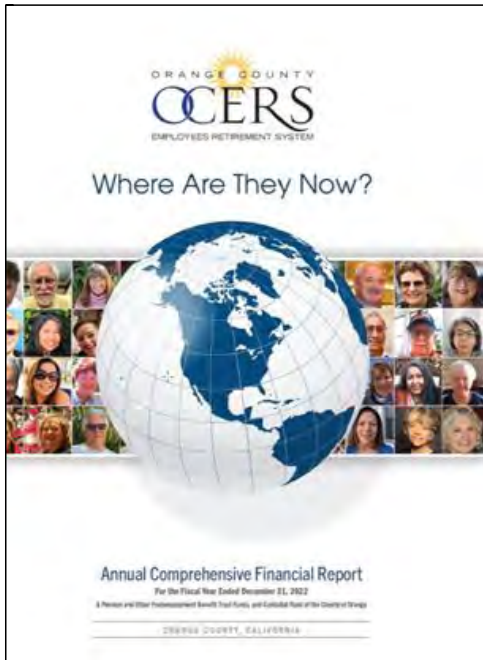


Financial Highlights – MD&A (continued)

- Annual Report includes information from the December 31, 2022 funding valuation, which is the most currently available information at the time the Annual Report is completed
 - Funding status based on actuarial value of assets (which smooths market gains and losses over five years) was 81.5% versus 77.0% if market gains and losses were recognized immediately
 - In comparison, in the December 31, 2023 funding valuation to be presented at the June Board meeting, the funding status based on actuarial value of assets was 82.6% versus 80.8% if market gains and losses were recognized immediately



2022 Annual Report Awards



GASB 67

- GASB 67 Valuation is prepared by Segal for *reporting purposes only*
 - Information is incorporated into the Notes (Note 8) and Required Supplementary Information sections of the Annual Report
 - Total Pension Liability (TPL) is based on rolling forward the TPL from the 2022 valuation to the December 31, 2023 measurement date
- 2023 Net Pension Liability (NPL) decreased from \$5.4 billion to \$4.8 billion, primarily due to higher-than-expected returns
 - 2023 NPL is amount used in GASB 68 proportionate share calculation



Conclusion

Questions?



Thank you!



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**Please refer to the Financial Reports on the
OCERS' website**

(<https://www.ocers.org/financial-reports>)

**to view the final version of the audited
financial statements included in the Annual
Comprehensive Financial Report for the
Fiscal Year Ended December 31, 2023.**

Orange County Employees Retirement System (OCERS)

**Governmental Accounting Standards Board
Statement No. 67 Actuarial Valuation as of
December 31, 2023**



Except as may be required by law, this valuation report should not otherwise be copied or reproduced in any form and should only be shared with other parties in its entirety as necessary for the proper administration of the Plan.

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May 8, 2024

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Accounting Valuation as of December 31, 2023 for the Orange County Employees Retirement System (“OCERS” or “the Plan”). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to OCERS' Actuarial Valuation and Review as of December 31, 2022 for the data and OCERS' Actuarial Valuation and Review as of December 31, 2023 for the assumptions and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Retirement (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Retirement based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of OCERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Board of Retirement
May 8, 2024

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

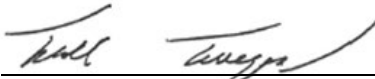
Segal



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Senior Vice President and Actuary



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Vice President and Actuary



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Senior Vice President and Actuary

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of December 31, 2023. This report is based on:

- The benefit provisions of OCERS, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of December 31, 2022, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2023, provided by OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2023 valuation.

General observations on a GASB 67 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as OCERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as OCERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is December 31, 2023 and the NPL was measured as of the same date. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2022 while the Plan FNP was valued as of the measurement date.
2. The NPL decreased from \$5,391.0 million as of December 31, 2022 to \$4,846.7 million as of December 31, 2023 primarily due to a return on the market value of assets of 11.9%¹ during calendar year 2023 that was more than the assumption of 7.00% used in the December 31, 2022 valuation (a gain of about \$954.8 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3 - Schedule of changes in Net Pension Liability* on page 20.
3. The discount rate used to measure the TPL and NPL as of December 31, 2023 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2023. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
4. The Plan FNP of \$19,690,021,000 as of December 31, 2022 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2022. This differs from the \$19,534,631,000 market value of assets used in our December 31, 2022 funding valuation because the market value of assets in the funding valuation excludes \$140,992,000 in the County Investment Account and \$14,398,000 in O.C. Sanitation District UAAL Deferred Account.

The Plan FNP of \$ \$21,797,429,000 as of December 31, 2023 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2023. This differs from the \$21,635,294,000 market value of assets used in our December 31, 2023 funding valuation because the market value of assets in the funding valuation excludes \$146,110,000 in the County Investment Account and \$16,025,000 in O.C. Sanitation District UAAL Deferred Account.

5. On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement at ACERA. That decision has important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that as of December 31, 2023, OCERS has refunded contributions previously paid by certain members in conjunction with such pay items and changed benefit amounts previously determined using those pay items. However, we understand some of these adjustments are still ongoing and therefore the final impact of the decision has not been fully reflected in this valuation.

¹ As documented in the funding valuation report, return on the market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment return on net pension plan assets was \$2,258,475,000 during 2023 after including both the administrative expenses and discount for prepaid contributions while excluding the gains credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account. Without these adjustments, the actual investment return was \$2,325,481,000.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

| Line Description | Current Year | Prior Year |
|-------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Reporting and Measurement Date | December 31, 2023 | December 31, 2022 |
| Disclosure elements | | |
| Service cost ¹ | \$536,399,540 | \$526,768,913 |
| Total Pension Liability | 26,644,141,574 | 25,081,027,171 |
| Plan Fiduciary Net Position | 21,797,429,000 | 19,690,021,000 |
| Net Pension Liability | 4,846,712,574 | 5,391,006,171 |
| Schedule of contributions | | |
| Actuarially determined contributions | \$736,016,000 | \$707,319,000 |
| Actual contributions ² | 749,776,000 | 719,691,000 |
| Contribution deficiency / (excess) ³ | (13,760,000) | (12,372,000) |
| Demographic data | | |
| Number of retired members and beneficiaries | 21,283 | 20,678 |
| Number of inactive members ⁴ | 8,579 | 7,894 |
| Number of active members | 22,782 | 22,061 |
| Key assumptions | | |
| Investment rate of return | 7.00% | 7.00% |
| Inflation rate | 2.50% | 2.50% |
| “Across-the-board” salary increase | 0.50% | 0.50% |
| Projected salary increases ⁵ | General: 3.90% to 8.00% Safety: 4.50% to 15.00% | General: 4.00% to 11.00% Safety: 4.60% to 15.00% |
| Cost-of-living adjustments | 2.75% of retirement income | 2.75% of retirement income |

¹ The service cost is based on the previous year's valuation, meaning the service cost as of the December 31, 2023 and December 31, 2022 measurement dates are based on the valuations as of December 31, 2022 and December 31, 2021, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the December 31, 2022 and December 31, 2021 valuations.

² Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

³ Includes additional contributions made by employers toward the reduction of their UAAL. Details are shown in *Section 2, Exhibit 3 - Schedule of employer contributions* on page 21.

⁴ Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

⁵ Includes inflation at 2.50% plus “across-the-board” salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

| Input Item | Description |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan provisions | Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits. |
| Member information | An actuarial valuation for a plan is based on data provided to the actuary by OCERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data. |
| Financial information | The valuation is based on the fair value of assets as of the measurement date, as provided by OCERS. |
| Actuarial assumptions | In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong. |
| Actuarial models | Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. |

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If OCERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by OCERS upon delivery and review. OCERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

The Orange County Employees Retirement System (“OCERS” or “the Plan”) was established by the County of Orange in 1945. OCERS is administered by the Board of Retirement and governed by the County Employees’ Retirement Law of 1937 (California Government Code Section 31450 et. seq.).

OCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and General members employed by the County of Orange. OCERS also provides retirement benefits to the employee members of the Orange County Courts, the Orange County Retirement System, two cities and thirteen special districts.

The management of OCERS is vested with the Orange County Board of Retirement (the Board). The Board consists of nine members and one alternate:

- The County Treasurer is a member of the Board by law;
- Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor;
- Two members are elected by the General membership;
- One member and one alternate are elected by the Safety membership; and
- One member is elected by the retired members of the System.

All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with the County Treasurer term.

Section 2: GASB Information

Plan membership

At December 31, 2023, pension plan membership consisted of the following:

| Membership | Count |
|-----------------------------------|---------------|
| Retired members and beneficiaries | 21,283 |
| Inactive members* | 8,579 |
| Active members | 22,782 |
| Total | 52,644 |

Note: Data as of December 31, 2023 is not used in the measurement of the TPL as of December 31, 2023.

Benefits provided

OCERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Orange or contracting agencies who work a minimum of 20 hours per week become members of OCERS effective on the first day of employment in an eligible position. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. All other employees are classified as General members.

Any new member who becomes a member on or after January 1, 2013 is designated as PEPRA General or PEPRA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. Final average compensation consists of the highest 12 consecutive months for a General Tier 1 or Safety Tier 1 member and the highest 36 consecutive months for a General Tier 2, General PEPRA, Safety Tier 2 or Safety PEPRA member. For members with membership dates before January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members with membership dates on or after January 1, 2013, excluding members of Plan T and Plan W.

The member may elect an unmodified retirement allowance or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective

* Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

Section 2: GASB Information

retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

OCERS provides an annual cost-of-living adjustment (COLA) benefit to all retirees. The COLA, based upon the ratio of the past two annual Consumer Price Indices for All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area, is capped at 3.0%.

General members

General members hired prior to January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of retirement service credit is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit. All General members can also retire at the age of 70 regardless of service.

General member benefits are calculated pursuant to the provisions of Sections 31676.01, 31676.1, 31676.12, 31676.16, 31676.18 or 31676.19. For Section 31676.01, the monthly allowance is equal to one-ninetyth of final compensation times years of accrued retirement service credit times age factor from that Section. For Section 31676.1, the monthly allowance is equal to one-sixtieth of final compensation times years of accrued retirement service credit times age factor from that Section. For Sections 31676.12, 31676.16, 31676.18 or 31676.19, the monthly allowance is equal to one-fiftieth of final compensation times years of accrued retirement service credit times age factor from the corresponding Section. General member benefits for those who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety members

Safety members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of retirement service credit is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired 5 years of retirement service credit. All Safety members can also retire at the age of 70 regardless of service.

Safety member benefits are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664.2. The monthly allowance is equal to 3% of final compensation times years of accrued retirement service credit times age factor from

Section 2: GASB Information

the corresponding Section. Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

Contributions

The County of Orange and contracting agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2023 or the second half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 41.16%¹ of compensation. The average employer contribution rate for the last six months of calendar year 2023 or the first half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 37.82%¹ of compensation.

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2023 or the second half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 12.16%² of compensation. The average member contribution rate for the last six months of calendar year 2023 or the first half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 12.08%² of compensation.

¹ These employer contribution rates may be higher or lower than the composite rate for 2023 as shown on page 20 of this report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect any change in proportion of payroll between the membership groups as well as the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

² It should be noted that these member contribution rates provided above have not been adjusted to reflect any pick-ups or reverse pick-ups.

Section 2: GASB Information

Exhibit 1 – Net Pension Liability

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Reporting and Measurement Date | December 31, 2023 | December 31, 2022 |
| Components of the Net Pension Liability | | |
| Total Pension Liability | \$26,644,141,574 | \$25,081,027,171 |
| Plan Fiduciary Net Position | (21,797,429,000) | (19,690,021,000) |
| Net Pension Liability | \$4,846,712,574 | \$5,391,006,171 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability* | 81.81% | 78.51% |

The NPL for the Plan in this valuation was measured as of December 31, 2023. The Plan FNP was valued as of the measurement date and the TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2022.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2023 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2023.

Actuarial assumptions

The TPL as of December 31, 2023 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2023. The TPL as of December 31, 2023 was remeasured by (a) revaluing the TPL as of December 31, 2022 (before the roll forward) to reflect the actuarial assumptions adopted in the experience study for the period January 1, 2020 through December 31, 2022, and (b) using this revalued TPL in rolling forward the results from December 31, 2022 to December 31, 2023. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

* These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB Information

| Assumption Type | Assumption |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.50% |
| “Across-the-board” salary increase | 0.50% |
| Salary increases | General: 3.90% to 8.00% Safety: 4.50% to 15.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | See analysis of actuarial experience during the period January 1, 2020 through December 31, 2022 |

Detailed information regarding all actuarial assumptions can be found in the December 31, 2023 Actuarial Valuation and Review.

The following actuarial assumptions were applied to all periods included in the measurement of the TPL as of December 31, 2022:

| Assumption Type | Assumption |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.50% |
| “Across-the-board” salary increase | 0.50% |
| Salary increases | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | See analysis of actuarial experience during the period January 1, 2017 through December 31, 2019 |

Detailed information regarding all actuarial assumptions can be found in the December 31, 2022 Actuarial Valuation and Review.

Section 2: GASB Information

Exhibit 2 – Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments* was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with December 31, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with December 31, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Beginning with December 31, 2023 this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, are shown in the following tables. For December 31, 2022 these rates are before deducting investment management expenses while for December 31, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of December 31, 2023 and December 31, 2022. This information will be subject to change every three years based on the results of an actuarial experience study.

* Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.

Section 2: GASB Information

December 31, 2023

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return* |
|-----------------------------------|-------------------|----------------------------------------------------|
| Global Equity | 45.00% | 7.05% |
| Investment Grade Bonds | 9.00% | 1.97% |
| High Yield Bond | 0.50% | 4.63% |
| TIPS | 2.00% | 1.77% |
| Emerging Market Debt | 0.50% | 4.72% |
| Long-Term Government Bonds | 3.30% | 2.82% |
| Real Estate | 3.00% | 3.86% |
| Private Equity | 15.00% | 9.84% |
| Private Credit | 3.50% | 6.47% |
| Value Added Real Estate | 3.00% | 7.38% |
| Opportunistic Real Estate | 1.00% | 9.74% |
| Energy | 2.00% | 10.89% |
| Infrastructure (Core Private) | 1.00% | 5.98% |
| Infrastructure (Non-Core Private) | 3.00% | 8.88% |
| Global Macro | 1.70% | 3.17% |
| CTA (Trend Following) | 3.30% | 3.15% |
| Alternative Risk Premia | 1.70% | 3.24% |
| Special Situations Lending | 1.50% | 8.96% |
| Total | 100.00% | 6.55% |

* Arithmetic real rates of return are net of inflation.

Orange County Employees Retirement System – GASB 67 Actuarial Valuation as of December 31, 2023

Section 2: GASB Information

December 31, 2022

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return* |
|-----------------------------------|-------------------|----------------------------------------------------|
| Large Cap Equity | 23.10% | 5.43% |
| Small Cap Equity | 1.90% | 6.21% |
| International Developed Equity | 13.00% | 6.67% |
| Emerging Markets Equity | 9.00% | 8.58% |
| Core Bonds | 9.00% | 1.10% |
| High Yield Bonds | 1.50% | 2.91% |
| TIPS | 2.00% | 0.65% |
| Emerging Market Debt | 2.00% | 3.25% |
| Corporate Credit | 1.00% | 0.53% |
| Long Duration Fixed Income | 2.50% | 1.44% |
| Real Estate | 3.01% | 4.42% |
| Private Equity | 13.00% | 9.41% |
| Value Added Real Estate | 3.01% | 7.42% |
| Opportunistic Real Estate | 0.98% | 10.18% |
| Energy | 2.00% | 9.68% |
| Infrastructure (Core Private) | 1.50% | 5.08% |
| Infrastructure (Non-Core Private) | 1.50% | 8.92% |
| CTA - Trend Following | 2.50% | 2.38% |
| Global Macro | 2.50% | 2.13% |
| Private Credit | 2.50% | 5.47% |
| Alternative Risk Premia | 2.50% | 2.50% |
| Total | 100.00% | 5.67% |

* Arithmetic real rates of return are net of inflation.

Orange County Employees Retirement System – GASB 67 Actuarial Valuation as of December 31, 2023

Section 2: GASB Information

Discount rate

The discount rate used to measure the TPL was 7.00% as of both December 31, 2023 and December 31, 2022.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.* Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2023 and December 31, 2022.

Discount rate sensitivity

The following presents the NPL of OCERS as of December 31, 2023 calculated using the current discount rate of 7.00%, as well as what OCERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

| Item | 1% Decrease in Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
|-----------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|
| Net Pension Liability | \$8,494,916,861 | \$4,846,712,574 | \$1,864,403,075 |

* For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Section 2: GASB Information

Exhibit 3 – Schedule of changes in Net Pension Liability

| Line Description | Current Year | Prior Year |
|----------------------------------------------------------------------------|-------------------------|--------------------------|
| Reporting and Measurement Date | December 31, 2023 | December 31, 2022 |
| Total Pension Liability | | |
| Service cost | \$536,399,540 | \$526,768,913 |
| Interest | 1,750,651,189 | 1,675,053,178 |
| Change of benefit terms | 0 | 0 |
| Differences between expected and actual experience | 326,785,307 | 46,500,358 |
| Changes of assumptions | 165,526,367 | 0 |
| Benefit payments, including refunds of member contributions | (1,216,248,000) | (1,139,715,000) |
| Transfer of members among Rate Groups | 0 | 0 |
| Other | 0 | 0 |
| Net change in Total Pension Liability | \$1,563,114,403 | \$1,108,607,449 |
| Total Pension Liability — beginning | 25,081,027,171 | 23,972,419,722 |
| Total Pension Liability — ending | \$26,644,141,574 | \$25,081,027,171 |
| Plan Fiduciary Net Position | | |
| Contributions — employer ¹ | \$749,776,000 | \$719,691,000 |
| Contributions — member | 277,455,000 | 269,999,000 |
| Net investment income | 2,325,481,000 | (2,058,590,000) |
| Benefit payments, including refunds of member contributions | (1,216,248,000) | (1,139,715,000) |
| Transfer of members among Rate Groups | 0 | 0 |
| Administrative expense | (29,056,000) | (23,546,000) |
| Other | 0 | 0 |
| Net change in Plan Fiduciary Net Position | \$2,107,408,000 | \$(2,232,161,000) |
| Plan Fiduciary Net Position — beginning | 19,690,021,000 | 21,922,182,000 |
| Plan Fiduciary Net Position — ending | \$21,797,429,000 | \$19,690,021,000 |
| Net Pension Liability | | |
| Net Pension Liability — ending | \$4,846,712,574 | \$5,391,006,171 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 81.81% | 78.51% |
| Covered payroll ² | \$2,042,240,000 | \$1,932,374,000 |
| Plan Net Pension Liability as percentage of covered payroll | 237.32% | 278.98% |

¹ Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

² Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB Information

Exhibit 4 – Schedule of employer contributions

| Year Ended December 31 | Actuarially Determined Contributions ^{1,2} | Contributions in Relation to the Actuarially Determined Contributions ^{1,2} | Contribution Deficiency / (Excess) | Covered Payroll ³ | Contributions as a Percentage of Covered Payroll ² |
|---------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------|------------------------------|---------------------------------------------------------------------|
| 2014 | \$476,320,000 | \$625,520,000 ⁴ | \$(149,200,000) | \$1,513,206,000 | 41.34% |
| 2015 | 502,886,000 | 571,298,000 ⁵ | (68,412,000) | 1,521,036,000 | 37.56% |
| 2016 | 521,447,000 | 567,196,000 ⁶ | (45,749,000) | 1,602,675,000 | 35.40% |
| 2017 | 536,726,000 | 572,104,000 ⁷ | (35,378,000) | 1,678,322,000 | 34.09% |
| 2018 | 556,728,000 | 580,905,000 ⁸ | (24,177,000) | 1,718,798,000 | 33.80% |
| 2019 | 583,057,000 | 653,793,000 ⁹ | (70,736,000) | 1,783,054,000 | 36.67% |
| 2020 | 638,215,000 | 659,807,000 ¹⁰ | (21,592,000) | 1,909,268,000 | 34.56% |
| 2021 | 684,142,000 ¹¹ | 698,791,000 ^{11,12} | (14,649,000) | 1,870,387,000 | 37.36% |
| 2022 | 707,318,000 | 719,691,000 ¹³ | (12,373,000) | 1,932,374,000 | 37.24% |
| 2023 | 736,016,000 | 749,776,000 ¹⁴ | (13,760,000) | 2,042,240,000 | 37.39% |

See accompanying notes to this schedule on next page.

¹ The Actuarially Determined Contributions through December 31, 2014 were determined as the Annual Required Contribution under GAS 25 and 27.

² Reduced by discount for prepaid contributions, transfers from County Investment Account, and transfers from O.C. Sanitation District Deferred UAAL Account. Those amounts are as shown on the next page.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

⁴ Includes additional contributions of \$1,663,000 made by O.C. Cemetery District, \$22,537,000 made by O.C. Fire Authority and \$125,000,000 made by O.C. Sanitation District towards the reduction of their UAAL.

⁵ Includes additional contributions of \$18,412,000 made by O.C. Fire Authority and \$50,000,000 made by O.C. Sanitation District towards the reduction of their UAAL.

⁶ Includes additional contributions of \$5,133,000 made by O.C. Fire Authority, \$1,500,000 made by Law Library and \$5,587,000 made by O.C. Sanitation District towards the reduction of their UAAL as well as \$33,529,000 made by O.C. Sanitation District to their UAAL Deferred Account.

⁷ Includes additional contributions of \$32,096,000 made by O.C. Fire Authority, \$1,538,000 made by Law Library and \$1,744,000 made by O.C. Children and Families Commission towards the reduction of their UAAL.

⁸ Includes additional contributions of \$23,437,000 made by O.C. Fire Authority and \$740,000 made by Cypress Recreation and Parks District towards the reduction of their UAAL.

⁹ Includes additional contributions of \$19,043,000 made by O.C. Fire Authority, \$878,000 made by O.C. Vector Control, \$12,815,000 Transportation Corridor and \$8,116,000 made by O.C. Sanitation District towards the reduction of their UAAL as well as \$29,884,000 made by O.C. Sanitation District to their UAAL Deferred Account.

¹⁰ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹¹ Includes a contribution of \$6,500,000 made by City of San Juan Capistrano related to transferring its Water Department employees to a separate special district, which resulted in a triggering event under the Board's Declining Employer Payroll policy.

¹² Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹³ Includes additional contributions of \$11,777,000 made by O.C. Fire Authority and \$596,000 made by Cypress Recreation and Parks District towards the reduction of their UAAL.

¹⁴ Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

Section 2: GASB Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2023

Contributions and transfers excluded from Actuarially Determined Contributions and Contributions in Relation to the Actuarially Determined Contributions

The contributions are reduced by discount for prepaid contributions, transfers from County Investment Account (funded by pension obligation proceeds held by OCERS), and transfers from O.C. Sanitation District Deferred UAAL Account (amount required to offset UAAL increases for assumption changes in 2017 and actuarial losses in 2018). Those amounts are as follows:

| Year Ended December 31 | Discount for Prepaid Contributions | Transfers from County Investment Account | Transfers from O.C. Sanitation District UAAL Deferred Account | Year Ended December 31 | Discount for Prepaid Contributions | Transfers from County Investment Account | Transfers from O.C. Sanitation District UAAL Deferred Account |
|------------------------|------------------------------------|------------------------------------------|---------------------------------------------------------------|------------------------|------------------------------------|------------------------------------------|---------------------------------------------------------------|
| 2014 | \$29,114,000 | \$5,000,000 | \$0 | 2019 | \$22,049,000 | \$0 | \$18,631,000 |
| 2015 | 27,301,000 | 0 | 0 | 2020 | 24,731,000 | 5,000,000 | 0 |
| 2016 | 24,353,000 | 0 | 0 | 2021 | 31,520,000 | 15,077,000 | 0 |
| 2017 | 22,921,000 | 0 | 24,042,000 | 2022 | 37,039,000 | 14,962,000 | 0 |
| 2018 | 21,218,000 | 0 | 14,589,000 | 2023 | 21,205,000 | 10,000,000 | 0 |

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2023 (i.e., the second half of fiscal year 2022–2023) are calculated based on the December 31, 2020 valuation. Actuarially determined contribution rates for the last six months of calendar year 2023 (i.e., the first half of fiscal year 2023–2024) are calculated based on the December 31, 2021 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2020 valuation and 3.00% payroll growth assumed in the December 31, 2021 valuation)

Section 2: GASB Information

Remaining amortization period

December 31, 2020 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.

December 31, 2021 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.

Asset valuation method

The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected market return 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.

Section 2: GASB Information

Actuarial assumptions

| Assumption Type | Assumption Used in the December 31, 2020 Actuarial Valuation | Assumption Used in the December 31, 2021 Actuarial Valuation |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan administrative and investment expense, including inflation | 7.00%, net of pension plan administrative and investment expense, including inflation |
| Inflation rate | 2.50% | 2.50% |
| "Across-the-board" salary increase | 0.50% | 0.50% |
| Salary increases | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | Same as those used in the funding actuarial valuation as of December 31, 2020 | Same as those used in the funding actuarial valuation as of December 31, 2021 |

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of December 31, 2023 (\$ in millions)

| Year Beginning January 1 | Beginning Plan Fiduciary Net Position (a) | Total Contributions ¹ (b) | Benefit Payments (c) | Administrative Expenses (d) | Investment Earnings (e) | Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e) |
|--------------------------|-------------------------------------------|--------------------------------------|----------------------|-----------------------------|-------------------------|----------------------------------------------------------------|
| 2023 | \$19,690 | \$1,027 | \$1,216 | \$29 | \$2,325 | \$21,797 |
| 2024 | 21,797 | 1,046 | 1,299 | 32 | 1,516 | 23,028 |
| 2025 | 23,028 | 1,054 | 1,372 | 34 | 1,600 | 24,276 |
| 2026 | 24,276 | 1,074 | 1,446 | 36 | 1,685 | 25,553 |
| 2027 | 25,553 | 1,119 | 1,523 | 38 | 1,774 | 26,886 |
| 2028 | 26,886 | 1,108 | 1,601 | 40 | 1,864 | 28,216 |
| 2029 | 28,216 | 1,114 | 1,682 | 42 | 1,954 | 29,561 |
| 2030 | 29,561 | 1,122 | 1,765 | 44 | 2,046 | 30,920 |
| 2031 | 30,920 | 1,130 | 1,848 | 46 | 2,138 | 32,294 |
| 2032 | 32,294 | 1,138 | 1,933 | 48 | 2,232 | 33,683 |
| 2048 | 39,177 | 215 | 3,042 | 58 | 2,643 | 38,935 |
| 2049 | 38,935 | 205 | 3,076 | 57 | 2,624 | 38,630 |
| 2050 | 38,630 | 195 | 3,106 | 57 | 2,601 | 38,264 |
| 2051 | 38,264 | 186 | 3,132 | 56 | 2,575 | 37,837 |
| 2097 | 26,935 | 55 | 143 | 40 | 1,881 | 28,688 |
| 2098 | 28,688 | 56 | 112 | 42 | 2,005 | 30,594 |
| 2099 | 30,594 | 57 | 87 | 45 | 2,139 | 32,658 |
| 2100 | 32,658 | 59 | 66 | 48 | 2,284 | 34,886 |
| 2131 | 264,762 | 391 ² | 0 | 391 | 18,533 | 283,295 ³ |

¹ Of all the projected total contributions, only the first year's (i.e., 2023) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

² Mainly attributable to employer contributions to fund each year's annual administrative expenses.

³ The Plan Fiduciary Net Position of \$283,295 million has a value of \$190 million as of December 31, 2023 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$146 million is the balance available in the County Investment Account and \$16 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2023.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2023 row are actual amounts, based on the final audited financial statements provided by OCERS.
3. Certain years have been omitted from the table.
4. **Column (a):** Except for the "discounted value" for 2131 shown in footnote 3 on the previous page, all of the projected beginning Plan FNP amounts shown have not been adjusted for the time value of money.
5. **Column (b):** We have not utilized the balance in the County Investment Account to reduce the projected total contributions even though those amounts have been used to reduce the NPL for the County as of December 31, 2023.
6. **Column (b):** Projected total contributions include member and employer normal cost rates applied to closed group projected payroll (based on covered active members as of December 31, 2022), plus employer contributions to the Unfunded Actuarial Accrued Liability. Contributions are assumed to occur halfway through the year, on average.
7. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of December 31, 2022. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2023 valuation report.
8. **Column (d):** Projected administrative expenses are calculated as approximately 0.15% of the projected beginning Plan FNP amount. The 0.15% portion was based on the actual calendar year 2023 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2023. Administrative expenses are assumed to occur halfway through the year, on average.
9. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
10. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2023 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

| Term | Definition |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Active employees | Individuals employed at the end of the reporting or measurement period, as applicable. |
| Actual contributions | Cash contributions recognized as additions to the Plan Fiduciary Net Position. |
| Actuarial present value of projected benefit payments | Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. |
| Actuarial valuation | The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB. |
| Actuarial valuation date | The date as of which an actuarial valuation is performed. |
| Actuarially determined contribution | A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. |
| Ad hoc cost-of-living adjustments (Ad Hoc COLAs) | Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions. |
| Ad hoc postemployment benefit changes | Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions. |
| Agent employer | An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan. |
| Agent multiple-employer defined benefit pension plan (agent pension plan) | A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees. |
| Automatic cost-of-living adjustments (Automatic COLAs) | Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index). |
| Automatic postemployment benefit changes | Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index). |

Appendix B: Definition of terms

| Term | Definition |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Closed period | A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth. |
| Contributions | Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources. |
| Cost-of-living adjustments | Postemployment benefit changes intended to adjust benefit payments for the effects of inflation. |
| Cost-sharing employer | An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan. |
| Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan) | A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan. |
| Covered payroll | Payroll on which contributions to a pension plan are based. |
| Deferred retirement option program (DROP) | A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period. |
| Defined benefit pension plans | Pension plans that are used to provide defined benefit pensions. |
| Defined benefit pensions | Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.) |
| Defined contribution pension plans | Pension plans that are used to provide defined contribution pensions. |

Appendix B: Definition of terms

| Term | Definition |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Defined contribution pensions | <p>Pensions having terms that:</p> <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account. |
| Discount rate | <p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate. |
| Entry age actuarial cost method | <p>A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.</p> |
| Inactive employees | <p>Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.</p> |
| Measurement period | <p>The period between the prior and the current measurement dates.</p> |
| Multiple-employer defined benefit pension plan | <p>A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.</p> |
| Net Pension Liability (NPL) | <p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.</p> |

Appendix B: Definition of terms

| Term | Definition |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-employer contributing entities | Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. |
| Other postemployment benefits | All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits. |
| Pension plans | Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due. |
| Pensions | Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits. |
| Plan members | Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members). |
| Postemployment | The period after employment. |
| Postemployment benefit changes | Adjustments to the pension of an inactive employee. |
| Postemployment healthcare benefits | Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment. |
| Projected benefit payments | All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service. |
| Public employee retirement system | A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans. |
| Real rate of return | The rate of return on an investment after adjustment to eliminate inflation. |
| Service costs | The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. |
| Single employer | An employer whose employees are provided with pensions through a single-employer defined benefit pension plan. |
| Single-employer defined benefit pension plan (Single-employer pension plan) | A defined benefit pension plan that is used to provide pensions to employees of only one employer. |

Appendix B: Definition of terms

| Term | Definition |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Special funding situations | <p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan. |
| Termination benefits | <p>Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.</p> |
| Total Pension Liability (TPL) | <p>The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.</p> |

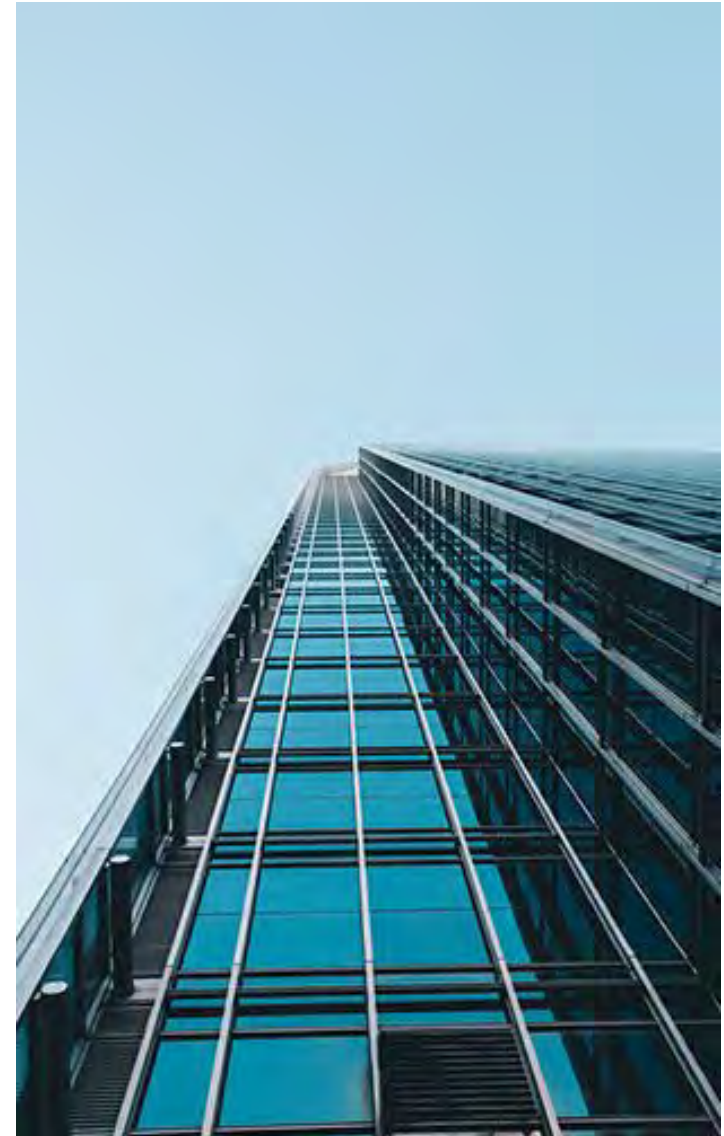
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Orange County Employees Retirement System

2023 AUDIT RESULTS

Report to Audit Committee
June 6, 2024





Issued Reports

We will issue the following reports for the year ended December 31, 2023:

- Audit report on the annual comprehensive financial report
- Report on internal control over financial reporting in accordance with *government auditing standards*
- Audit report on the schedule of allocated pension amounts by employer

Unmodified opinions

Financial statements and schedule of allocated pension amounts are presented fairly in accordance with accounting principles generally accepted in the United States of America

No material weaknesses or significant deficiencies reported



Financial Highlights – Pension Trust Fund

| (in thousands) | 2023 | 2022 | 2021 |
|-------------------------------------------|----------------------|----------------------|----------------------|
| Total pension liability (a) | \$ 26,644,141 | \$ 25,081,027 | \$ 23,972,420 |
| Plan fiduciary net position | | | |
| Employer contributions | \$ 749,776 | \$ 719,691 | \$ 698,791 |
| Member contributions | 277,455 | 269,999 | 271,334 |
| Net investment income (loss) | 2,325,481 | (2,058,590) | 3,222,065 |
| Benefit payments | (1,216,248) | (1,139,715) | (1,045,738) |
| Administrative expense | (29,056) | (23,546) | (21,473) |
| Net change in plan fiduciary net position | 2,107,408 | (2,232,161) | 3,124,979 |
| Plan fiduciary net position | | | |
| Beginning of year | 19,690,021 | 21,922,182 | 18,797,203 |
| End of year (b) | \$ 21,797,429 | \$ 19,690,021 | \$ 21,922,182 |
| Net pension liability (a) - (b) | \$ 4,846,712 | \$ 5,391,006 | \$ 2,050,238 |
| Funded status (b) / (a) | 81.8% | 78.5% | 91.4% |



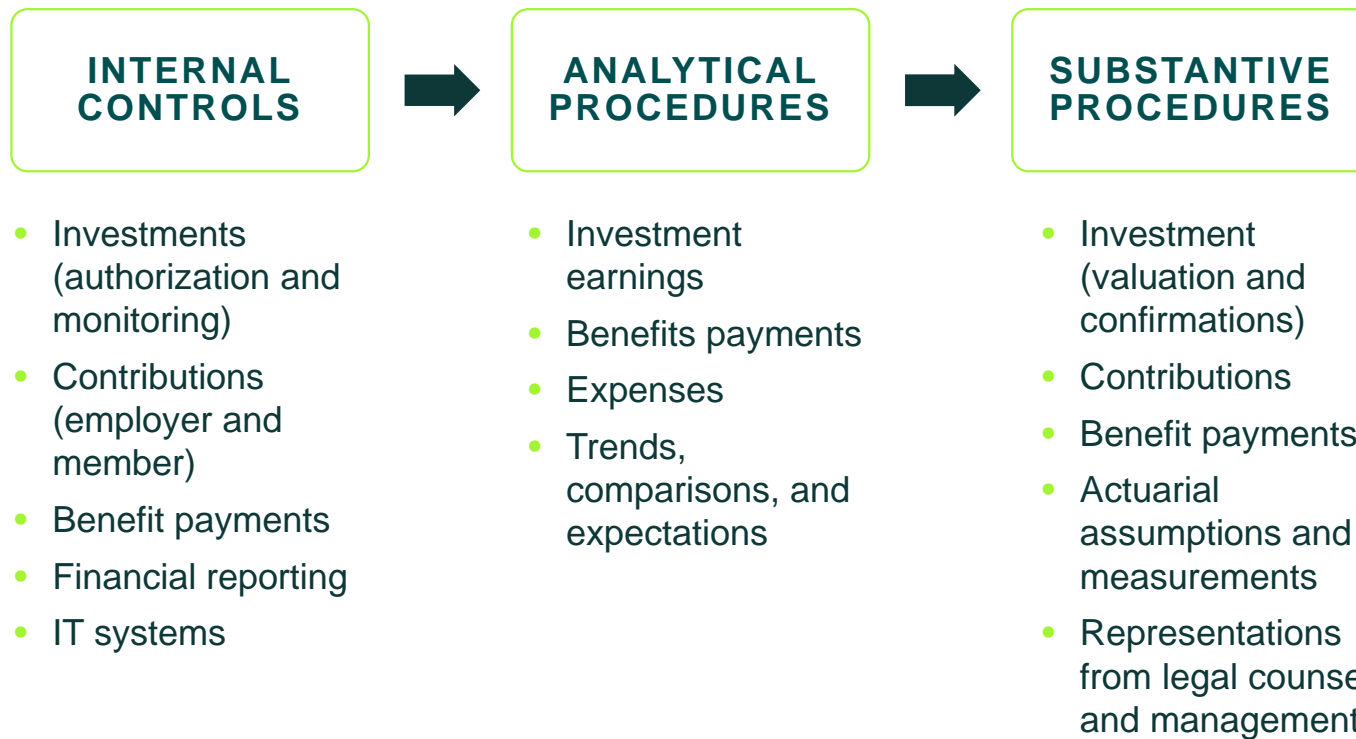
Financial Highlights (continued)

| (in thousands) | County Health Care Fund | OCFA Health Care Fund | OCTA Custodial Fund |
|-------------------------------------------|----------------------------|--------------------------|------------------------|
| Plan fiduciary net position | | | |
| Employer contributions | \$ - | \$ 26,245 | \$ 794 |
| Net investment income | 48,979 | 7,309 | 3,003 |
| Benefit payments | (36,837) | (7,157) | (1,531) |
| Administrative expense | (24) | (23) | (23) |
| Net change in plan fiduciary net position | 12,118 | 26,374 | 2,243 |
| Plan fiduciary net position | | | |
| Beginning of year | 452,720 | 51,005 | 17,221 |
| End of year | \$ 464,838 | \$ 77,379 | \$ 19,464 |

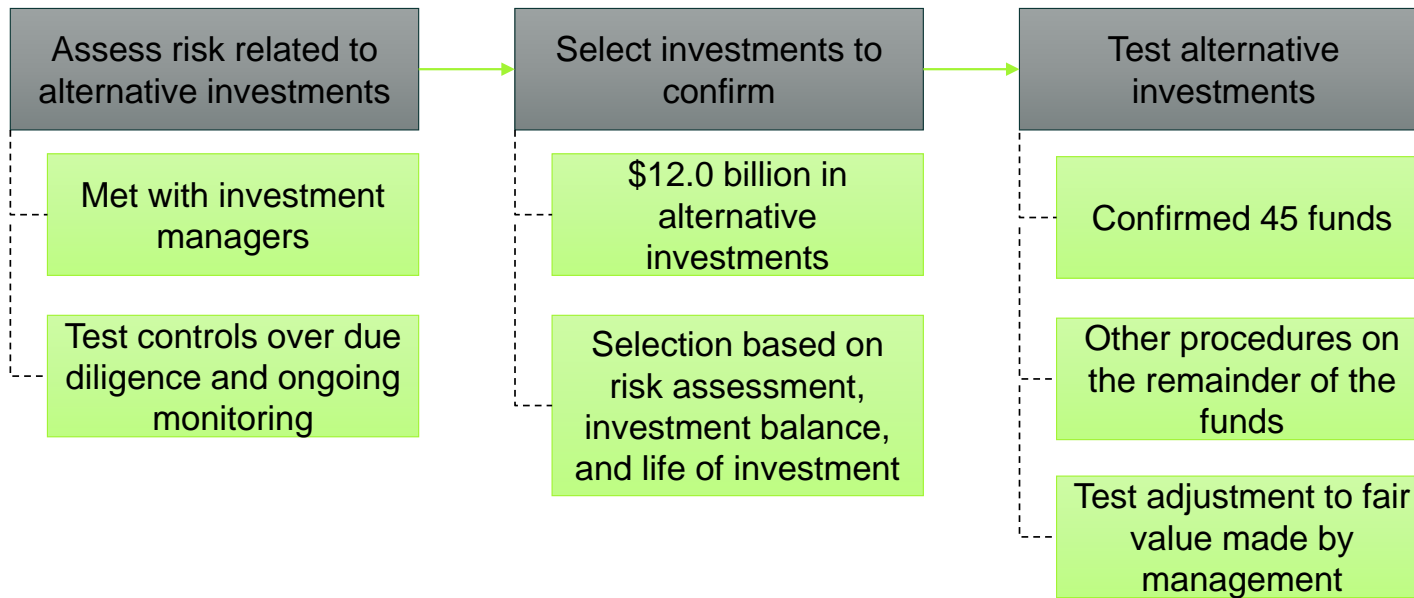




Areas of Audit Emphasis



Alternative Investment Testing





GASB No. 96 *Subscription Based Information Technology Arrangements (SBITA)*

- Reviewed management's analysis and memo on the adoption of GASB 96
- Made selection of contracts and reviewed provisions to conclude on management's determination of applicability
- Management concluded that contracts under GASB No. 96 would have a minimal impact on the financial statements

Construction in Progress

- Reviewed several invoices to determine if the amounts capitalized in construction in progress meet GAAP



Required Communications

- Significant accounting policies are summarized in Note 2 to financial statements
- Financial statement disclosures are consistent, clear, and understandable
- Written and oral representations to be received from management
- No audit adjustments (other than fair value adjustments to investments provided by management during audit)
- No uncorrected misstatements noted
- No disagreements with management



Required Communications (continued)

- Consultation with other independent auditors (none of which we are aware)
- No difficulties encountered during the audit
- Illegal acts (none noted)
- Ability to continue as a going concern (no disclosure necessary)
- Our audit report does not cover other information included in annual comprehensive financial report
- No circumstances noted that affect the form and content of the audit report
- Consideration of fraud in a financial statement audit
 - Procedures performed included journal entry testing and interviews of personnel
- Moss Adams is independent with respect to OCERS and its participating employers





- Audit performed within the scope, and timeline discussed during our entrance meeting and audit planning
- Attitude from management and staff was candid, helpful and open in response to audit requests

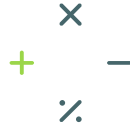


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DRAFT

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

December 31, 2023





Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Retirement
Orange County Employees Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of fiduciary net position of Orange County Employees Retirement System (the System) as of and for the year ended December 31, 2023, and the related pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Irvine, California
June 6, 2024

DRAFT



Memorandum

DATE: June 6, 2024

TO: Audit Committee Members

FROM: Brenda Shott, Assistant CEO, Finance and Internal Operations; Tracy Bowman, Director of Finance

SUBJECT: GASB 68 VALUATION AND AUDIT REPORT

Recommendation

Recommend to the Board of Retirement the following:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2023; and
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2023 for distribution to Employers.

Background/Discussion

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, requires employers to record their proportionate share of the total pension liability less the plan's fiduciary net position (i.e., net pension liability) on the face of their financial statements. A proportionate share of the total pension expense and collective deferred inflows of resources and deferred outflows of resources of the pension trust fund at OCERS is shown on the face of each employer's financial statements.

Net Pension Liability vs. Unfunded Actuarial Accrued Liability

The Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation Based on December 31, 2023 Measurement Date for Employer Reporting as of June 30, 2024 is used for financial reporting purposes and was prepared by Segal Consulting (Attachment 1). This report is *separate and distinct from the funding actuarial valuation*. The net pension liability (NPL) shown in Exhibit 2 of the GASB 68 valuation as of December 31, 2023 is \$4.8 billion compared to the unfunded actuarial accrued liability (UAAL) of \$4.7 billion in the funding actuarial valuation as of December 31, 2023. The differences between the NPL and the UAAL are a direct result of the different liability and asset values used in measuring these amounts as detailed in the attached letter from Segal Consulting which includes a reconciliation of the Plan's December 31, 2023 NPL and UAAL (Attachment 2). The primary differences can be attributed to NPL being calculated using the Plan's current market value of assets, including the proceeds available in the County Investment Account and the Orange County Sanitation District UAAL Deferred Account; the UAAL is calculated by adjusting the market value of assets for asset smoothing per OCERS Actuarial Funding Policy and excludes the County Investment Account reserves and the Orange County Sanitation District UAAL Deferred Account. Differences are also created by timing differences of when actuarial gains and losses are recognized in the liability calculation for financial reporting purposes compared to funding valuation purposes.



Memorandum

Schedule of Allocated Pension Amounts by Employer

The Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2023 and related notes were audited by OCERS' independent auditor, Moss Adams LLP (Moss Adams) (Attachment 3). The proportionate share allocation is based on rate groups. All rate groups, with the exception of rate groups 1 and 2, have only one active employer, so all of the NPL for those rate groups is allocated to that employer. For rate groups 1 and 2, the NPL is allocated based on the actual employer contributions within the rate group and excludes employers with inactive membership. If an employer participates in several rate groups, the employer's total proportionate share of the NPL is the sum of its allocated NPL from each rate group.

The audit report and GASB 68 valuation, once approved by the Audit Committee and Board of Retirement, will be made available to participating employers with the following disclaimer:

To complete its financial statements, each participating employer will need to record its own proportionate share of collective pension amounts for all benefits provided through OCERS' cost-sharing multiple-employer defined benefit pension plan. OCERS has provided a schedule of pension amounts by employer, prepared by independent actuary Segal Consulting, in accordance with the methodology set forth in GASB 68, based on data maintained and provided by OCERS. This schedule has been audited by independent auditor, Moss Adams. Please note that OCERS is not responsible for employers' compliance with the requirements of GASB 68. Employers are solely responsible for accurately presenting their financial statements within the requirements of GASB 68.

Submitted by:

Tracy Bowman
Director of Finance

Approved by:

Brenda Shott
Asst. CEO, Finance & Internal Operations



GASB 68 Valuation and Audit Report

Presented on June 6, 2024

Brenda Shott and Tracy Bowman



Recommendation

Recommend to the Board of Retirement the following:

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2023
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2023 for distribution to employers



Overview

- This information is needed by Employers for their annual financial reporting.
- **Reports are prepared for GASB reporting purposes only - there are no actionable decisions to be made on content.**
- This item is brought before you because the Audit Committee Charter requires approval of all audit reports.



Audit Report on GASB 68 Schedules

- Using the Net Pension Liability (NPL) calculated for GASB 67, Segal prepares the Schedule of Allocated Pension Amounts by Employer (included in Appendix B of the full GASB 68 valuation - Section 3)
- Moss Adams audits this schedule which includes amounts and information required for GASB 68 reporting for each employer
- Moss Adams has issued an unmodified opinion on the 2023 schedule and related notes which will allow our Employers' auditors to rely on Moss Adam's work, avoiding multiple audits of OCERS' information.



Conclusion

Questions?



Thank you!



Brenda Shott

Assistant CEO, Finance
and Internal Operations



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bshott@ocers.org



Tracy Bowman

Director of Finance



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tbowman@ocers.org



Orange County Employees Retirement System (OCERS)

**Governmental Accounting Standards Board
Statement No. 68 Actuarial Valuation as of
December 31, 2023 for Employer Reporting as of
June 30, 2024**



Except as may be required by law, this valuation report should not otherwise be copied or reproduced in any form and should only be shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



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T 415.263.8200

May 30, 2024

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 68 (GASB 68) Actuarial Valuation as of December 31, 2023 for the Orange County Employees Retirement System (“OCERS” or “the Plan”) for employer reporting as of June 30, 2024. It contains various information that will need to be disclosed in order for OCERS employers to comply with GASB 68. Please refer to OCERS’ Actuarial Valuation and Review as of December 31, 2022 for the data and OCERS’ Actuarial Valuation and Review as of December 31, 2023 for the assumptions and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Retirement (the Board), based upon information provided by the staff of the Plan and the Plan’s other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board of Retirement based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of OCERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Board of Retirement
May 30, 2024

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

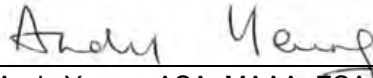
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

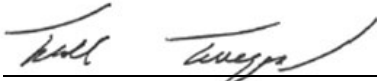
Segal



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

JY/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 68 (GASB 68) as of December 31, 2023 for employer reporting as of June 30, 2024. The results used in preparing this GASB 68 report are comparable to those used in preparing the Governmental Accounting Standards Board Statement No. 67 (GASB 67) report for the plan based on a reporting date and a measurement date as of December 31, 2023. This report is based on:

- The benefit provisions of OCERS, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of December 31, 2022, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2023, provided by OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2023 valuation.

General observations on a GASB 68 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as OCERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as OCERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the employer is June 30, 2024 and the NPL was measured as of December 31, 2023. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2022 while the Plan FNP was valued as of the measurement date.
2. The results of this valuation reflect an experience study of the actuarial assumptions based on the experience during the period January 1, 2020 through December 31, 2022. Based on that study and the recommendations provided in our report dated August 11, 2023, the Board adopted updated actuarial assumptions for use in this valuation.
3. The NPL decreased from \$5,391.0 million as of December 31, 2022 to \$4,846.7 million as of December 31, 2023 primarily due to a return on the market value of assets of 11.9%* during calendar year 2023 that was more than the assumption of 7.00% used in the December 31, 2022 valuation (a gain of about \$954.8 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3 - Schedule of changes in Net Pension Liability* on page 23.
4. The pension expense decreased from \$728.3 million as of December 31, 2022 to a pension expense of \$475.0 million as of December 31, 2023. The primary cause of the decrease was due to the favorable investment return on the market value of assets during 2023, which resulted in a decrease in the pension expense of about \$191.0 million this year.
5. The discount rate used to measure the TPL and NPL as of December 31, 2023 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2023. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
6. The Plan FNP of \$19,690,021,000 as of December 31, 2022 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2022. This differs from the \$19,534,631,000 market value of assets used in our December 31, 2022 funding valuation because the market value of assets in the funding valuation excludes \$140,992,000 in the County Investment Account and \$14,398,000 in O.C. Sanitation District UAAL Deferred Account.

The Plan FNP of \$ \$21,797,429,000 as of December 31, 2023 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2023. This differs from the \$21,635,294,000 market value of assets used in our December 31, 2023 funding valuation because the market value of assets in the funding valuation excludes \$146,110,000 in the County Investment Account and \$16,025,000 in O.C. Sanitation District UAAL Deferred Account.
7. On July 30, 2020, the California Supreme Court issued a decision in the case of Alameda County Deputy Sheriffs' Association et al. v. Alameda County Employees' Retirement Association (ACERA) and Board of Retirement at ACERA. That decision has

* As documented in the funding valuation report, return on market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment return on net pension plan assets was \$2,258,475,000 during 2023 after including both the administrative expenses and discount for prepaid contributions while excluding the gains credited to County Investment Account and O.C. Sanitation District UAAL Deferred Account. Without these adjustments, the actual investment return was \$2,325,481,000.

Section 1: Actuarial Valuation Summary

important implications for OCERS and its members. In particular, the decision requires pension systems like OCERS to exclude certain pay items from a legacy member's compensation earnable. It should be noted that as of December 31, 2023, OCERS has refunded contributions previously paid by certain members in conjunction with such pay items and changed benefit amounts previously determined using those pay items. However, we understand some of these adjustments are still ongoing and therefore the final impact of the decision has not been fully reflected in this valuation.

8. Results shown in this report exclude any employer contributions made after the measurement date of December 31, 2023. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
9. All Rate Groups except Rate Groups #1 and #2 only have one active employer, so all of the NPL for those Rate Groups is allocated to that employer.

For Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the Rate Group. The steps we used are as follows:

- Calculate ratio of employer's contributions to the total contributions for the Rate Group.
- Multiply this ratio by the NPL for the Rate Group to determine the employer's proportionate share of the NPL for the Rate Group.

If the employer is in several Rate Groups, the employer's total allocated NPL is the sum of its allocated NPL from each Rate Group. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers. Details on the allocation of the NPL by employer can be found in *Section 2, Exhibit 5 – Determination of proportionate share* starting on page 28.

10. In *Appendix B*, we show the Schedule of Pension Amounts by Employer. The expanded information shown in *Appendix B* has been used to prepare the Schedules that show the Pension Expense as well as the Deferred Outflows of Resources and Deferred Inflows of Resources.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

| Line Description | Current Year | Prior Year |
|-------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Disclosure elements | | |
| Service cost ¹ | \$536,399,540 | \$526,768,913 |
| Total Pension Liability | 26,644,141,574 | 25,081,027,171 |
| Plan Fiduciary Net Position | 21,797,429,000 | 19,690,021,000 |
| Net Pension Liability | 4,846,712,574 | 5,391,006,171 |
| Pension expense | 474,974,502 | 728,323,232 |
| Schedule of contributions | | |
| Actuarially determined contributions | \$736,016,000 | \$707,319,000 |
| Actual contributions ² | 749,776,000 | 719,691,000 |
| Contribution deficiency / (excess) ³ | (13,760,000) | (12,372,000) |
| Demographic data⁴ | | |
| Number of retired members and beneficiaries | 21,283 | 20,678 |
| Number of inactive members ⁵ | 8,579 | 7,894 |
| Number of active members | 22,782 | 22,061 |
| Key assumptions | | |
| Investment rate of return | 7.00% | 7.00% |
| Inflation rate | 2.50% | 2.50% |
| "Across-the-board" salary increase | 0.50% | 0.50% |
| Projected salary increases ⁶ | General: 3.90% to 8.00% Safety: 4.50% to 15.00% | General: 4.00% to 11.00% Safety: 4.60% to 15.00% |
| Cost-of-living adjustments | 2.75% of retirement income | 2.75% of retirement income |

¹ The service cost is based on the previous year's valuation, meaning the service cost as of the December 31, 2023 and December 31, 2022 measurement dates are based on the valuations as of December 31, 2022 and December 31, 2021, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the December 31, 2022 and December 31, 2021 valuations.

² Reduced by discount for prepaid contributions and transfer from County investment Account, if any.

³ Includes additional contributions made by employers toward the reduction of their UAAL. Details are shown in *Section 2, Exhibit 3 - Schedule of employer contributions* on page 24.

⁴ Data shown as of the December 31, 2022 measurement date is used in the measurement of the TPL as of December 31, 2023.

⁵ Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

⁶ Includes inflation at 2.50% plus "across-the-board" salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

| Input Item | Description |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Plan provisions | Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits. |
| Member information | An actuarial valuation for a plan is based on data provided to the actuary by OCERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data. |
| Financial information | The valuation is based on the fair value of assets as of the measurement date, as provided by OCERS. |
| Actuarial assumptions | In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong. |
| Actuarial models | <p>Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>The discount rate used for calculating Total Pension Liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.</p> |

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If OCERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by OCERS upon delivery and review. OCERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 68 Information

General information about the pension plan

Plan administration

The Orange County Employees Retirement System (“OCERS” or “the Plan”) was established by the County of Orange in 1945. OCERS is administered by the Board of Retirement and governed by the County Employees’ Retirement Law of 1937 (California Government Code Section 31450 et. seq.).

OCERS is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death and survivor benefits to the Safety and General members employed by the County of Orange. OCERS also provides retirement benefits to the employee members of the Orange County Courts, the Orange County Retirement System, two cities and thirteen special districts.

The management of OCERS is vested with the Orange County Board of Retirement (the Board). The Board consists of nine members and one alternate:

- The County Treasurer is a member of the Board by law;
- Four members are appointed by the Board of Supervisors, one of whom may be a County Supervisor;
- Two members are elected by the General membership;
- One member and one alternate are elected by the Safety membership; and
- One member is elected by the retired members of the System.

All members of the Board of Retirement serve terms of three years except for the County Treasurer whose term runs concurrent with the County Treasurer term.

Section 2: GASB 68 Information

Plan membership

At December 31, 2023, pension plan membership consisted of the following:

| Membership | Count |
|-----------------------------------|---------------|
| Retired members and beneficiaries | 21,283 |
| Inactive members* | 8,579 |
| Active members | 22,782 |
| Total | 52,644 |

Note: Data as of December 31, 2023 is not used in the measurement of the TPL as of December 31, 2023.

Benefits provided

OCERS provides service retirement, disability, death and survivor benefits to eligible employees. All regular full-time employees of the County of Orange or contracting agencies who work a minimum of 20 hours per week become members of OCERS effective on the first day of employment in an eligible position. There are separate retirement plans for General and Safety member employees. Safety membership is extended to those involved in active law enforcement, fire suppression, and certain probation officers. All other employees are classified as General members.

Any new member who becomes a member on or after January 1, 2013 is designated as PEPRA General or PEPRA Safety and is subject to the provisions of California Public Employees' Pension Reform Act of 2013 (PEPRA), California Government Code 7522 et seq.

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and tier. Final average compensation consists of the highest 12 consecutive months for a General Tier 1 or Safety Tier 1 member and the highest 36 consecutive months for a General Tier 2, General PEPRA, Safety Tier 2 or Safety PEPRA member. For members with membership dates before January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, the maximum monthly retirement allowance is 100% of final compensation. There is no maximum for members with membership dates on or after January 1, 2013, excluding members of Plan T and Plan W.

The member may elect an unmodified retirement allowance, or choose an optional retirement allowance. The unmodified retirement allowance provides the highest monthly benefit and a 60% continuance to an eligible surviving spouse or domestic partner. An eligible surviving spouse or domestic partner is one married to or registered with the member one year prior to the effective

* Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

Section 2: GASB 68 Information

retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional retirement allowances the member may choose. Each of the optional retirement allowances requires a reduction in the unmodified retirement allowance in order to allow the member the ability to provide certain benefits to a surviving spouse, domestic partner, or named beneficiary having an insurable interest in the life of the member.

OCERS provides an annual cost-of-living adjustment (COLA) benefit to all retirees. The COLA, based upon the ratio of the past two annual Consumer Price Indices for All Urban Consumers for the Los Angeles-Long Beach-Anaheim Area, is capped at 3.0%.

General members

General members hired prior to January 1, 2013, including all members of Plan T and Plan W hired on or after January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 30 years of retirement service credit is eligible to retire regardless of age. General members who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are eligible to retire once they have attained the age of 52, and have acquired 5 years of retirement service credit. All General members can also retire at the age of 70 regardless of service.

General member benefits are calculated pursuant to the provisions of Sections 31676.01, 31676.1, 31676.12, 31676.16, 31676.18 or 31676.19. For Section 31676.01, the monthly allowance is equal to one-ninetieth of final average compensation times years of accrued retirement service credit times age factor from that Section. For Section 31676.1, the monthly allowance is equal to one-sixtieth of final average compensation times years of accrued retirement service credit times age factor from that Section. For Sections 31676.12, 31676.16, 31676.18 or 31676.19, the monthly allowance is equal to one-fiftieth of final average compensation times years of accrued retirement service credit times age factor from the corresponding Section. General member benefits for those who are first hired on or after January 1, 2013, excluding members of Plan T and Plan W, are calculated pursuant to the provision of California Government Code Section 7522.20(a). The monthly allowance is equal to the final average compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).

Safety members

Safety members hired prior to January 1, 2013, are eligible to retire once they attain the age of 50 and have acquired 10 or more years of retirement service credit. A member with 20 years of retirement service credit is eligible to retire regardless of age. Safety members who are first hired on or after January 1, 2013, are eligible to retire once they have attained the age of 50, and have acquired 5 years of retirement service credit. All Safety members can also retire at the age of 70 regardless of service.

Safety member benefits are calculated pursuant to the provisions of California Government Code Sections 31664.1 and 31664.2. The monthly allowance is equal to 3% of final average compensation times years of accrued retirement service credit times age

Section 2: GASB 68 Information

factor from the corresponding Section. Safety member benefits for those who are first hired on or after January 1, 2013, are calculated pursuant to the provision of California Government Code Section 7522.25(d). The monthly allowance is equal to the final average compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).

Contributions

The County of Orange and contracting agencies contribute to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from OCERS' actuary after the completion of the annual actuarial valuation. The average employer contribution rate for the first six months of calendar year 2023 or the second half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 41.16%¹ of compensation. The average employer contribution rate for the last six months of calendar year 2023 or the first half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 37.82%¹ of compensation.

All members are required to make contributions to OCERS regardless of the retirement plan or tier in which they are included. The average member contribution rate for the first six months of calendar year 2023 or the second half of fiscal year 2022-2023 (based on the December 31, 2020 valuation) was 12.16%² of compensation. The average member contribution rate for the last six months of calendar year 2023 or the first half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 12.08%² of compensation.

¹ These employer contribution rates may be higher or lower than the composite rate for 2023 as shown on page 24 of this report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect any change in proportion of payroll between the membership groups as well as the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

² It should be noted that these member contribution rates provided above have not been adjusted to reflect any pick-ups or reverse pick-ups.

Section 2: GASB 68 Information

Exhibit 1 – Net Pension Liability

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of the Net Pension Liability | | |
| Total Pension Liability | \$26,644,141,574 | \$25,081,027,171 |
| Plan Fiduciary Net Position | (21,797,429,000) | (19,690,021,000) |
| Net Pension Liability | \$4,846,712,574 | \$5,391,006,171 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability* | 81.81% | 78.51% |

The NPL for the Plan in this valuation was measured as of December 31, 2023. The Plan FNP was valued as of the measurement date and the TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2022.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2023 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2023.

Actuarial assumptions

The TPL as of December 31, 2023 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2023. The TPL as of December 31, 2023 was remeasured by (a) revaluing the TPL as of December 31, 2022 (before the roll forward) to reflect the actuarial assumptions adopted in the experience study for the period January 1, 2020 through December 31, 2022, and (b) using this revalued TPL in rolling forward the results from December 31, 2022 to December 31, 2023. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

* These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 68 Information

| Assumption Type | Assumption |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.50% |
| “Across-the-board” salary increase | 0.50% |
| Salary increases | General: 3.90% to 8.00% Safety: 4.50% to 15.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | See analysis of actuarial experience during the period January 1, 2020 through December 31, 2022 |

Detailed information regarding all actuarial assumptions can be found in the December 31, 2023 Actuarial Valuation and Review.

The following actuarial assumptions were applied to all periods included in the measurement of the TPL as of December 31, 2022:

| Assumption Type | Assumption |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |
| Inflation rate | 2.50% |
| “Across-the-board” salary increase | 0.50% |
| Salary increases | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | See analysis of actuarial experience during the period January 1, 2017 through December 31, 2019 |

Detailed information regarding all actuarial assumptions can be found in the December 31, 2022 Actuarial Valuation and Review.

Section 2: GASB 68 Information

Exhibit 2 – Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments* was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with December 31, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with December 31, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Beginning with December 31, 2023 this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, are shown in the following tables. For December 31, 2022 these rates are before deducting investment management expenses while for December 31, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of December 31, 2023 and December 31, 2022. This information will be subject to change every three years based on the results of an actuarial experience study.

* Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.

Section 2: GASB 68 Information

December 31, 2023

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return* |
|-----------------------------------|-------------------|----------------------------------------------------|
| Global Equity | 45.00% | 7.05% |
| Investment Grade Bonds | 9.00% | 1.97% |
| High Yield Bond | 0.50% | 4.63% |
| TIPS | 2.00% | 1.77% |
| Emerging Market Debt | 0.50% | 4.72% |
| Long-Term Government Bonds | 3.30% | 2.82% |
| Real Estate | 3.00% | 3.86% |
| Private Equity | 15.00% | 9.84% |
| Private Credit | 3.50% | 6.47% |
| Value Added Real Estate | 3.00% | 7.38% |
| Opportunistic Real Estate | 1.00% | 9.74% |
| Energy | 2.00% | 10.89% |
| Infrastructure (Core Private) | 1.00% | 5.98% |
| Infrastructure (Non-Core Private) | 3.00% | 8.88% |
| Global Macro | 1.70% | 3.17% |
| CTA (Trend Following) | 3.30% | 3.15% |
| Alternative Risk Premia | 1.70% | 3.24% |
| Special Situations Lending | 1.50% | 8.96% |
| Total | 100.00% | 6.55% |

* Arithmetic real rates of return are net of inflation.

Section 2: GASB 68 Information

December 31, 2022

| Asset Class | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return* |
|-----------------------------------|-------------------|----------------------------------------------------|
| Large Cap Equity | 23.10% | 5.43% |
| Small Cap Equity | 1.90% | 6.21% |
| International Developed Equity | 13.00% | 6.67% |
| Emerging Markets Equity | 9.00% | 8.58% |
| Core Bonds | 9.00% | 1.10% |
| High Yield Bonds | 1.50% | 2.91% |
| TIPS | 2.00% | 0.65% |
| Emerging Market Debt | 2.00% | 3.25% |
| Corporate Credit | 1.00% | 0.53% |
| Long Duration Fixed Income | 2.50% | 1.44% |
| Real Estate | 3.01% | 4.42% |
| Private Equity | 13.00% | 9.41% |
| Value Added Real Estate | 3.01% | 7.42% |
| Opportunistic Real Estate | 0.98% | 10.18% |
| Energy | 2.00% | 9.68% |
| Infrastructure (Core Private) | 1.50% | 5.08% |
| Infrastructure (Non-Core Private) | 1.50% | 8.92% |
| CTA - Trend Following | 2.50% | 2.38% |
| Global Macro | 2.50% | 2.13% |
| Private Credit | 2.50% | 5.47% |
| Alternative Risk Premia | 2.50% | 2.50% |
| Total | 100.00% | 5.67% |

* Arithmetic real rates of return are net of inflation.

Section 2: GASB 68 Information

Discount rate

The discount rate used to measure the TPL was 7.00% as of both December 31, 2023 and December 31, 2022.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.* Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2023 and December 31, 2022.

* For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Section 2: GASB 68 Information

Discount rate sensitivity

The following presents the NPL of OCERS as of December 31, 2023 calculated using the current discount rate of 7.00%, as well as what OCERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

| Employer | 1% Decrease in Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase in Discount Rate (8.00%) |
|----------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| Orange County | \$6,778,900,961 | \$4,061,810,157 | \$1,840,661,044 |
| O.C. Cemetery District | 3,167,403 | 993,411 | (783,769) |
| O.C. Law Library | 768,976 | (1,034,826) | (2,509,386) |
| O.C. Vector Control District | 4,705,117 | 752,245 | (2,479,123) |
| O.C. Retirement System | 55,184,382 | 34,539,527 | 17,662,910 |
| O.C. Fire Authority | 533,655,246 | 168,457,678 | (130,081,574) |
| Cypress Recreation and Parks | 372,692 | (641,475) | (1,470,530) |
| Department of Education | 4,728,697 | 3,189,922 | 1,932,015 |
| Transportation Corridor Agency | 6,902,932 | (1,889,567) | (9,077,200) |
| City of San Juan Capistrano | 27,869,530 | 17,443,348 | 8,920,223 |
| O.C. Sanitation District | 109,406,478 | (18,531,537) | (123,117,445) |
| O.C. Transportation Authority | 373,417,299 | 207,825,439 | 72,458,519 |
| U.C.I. | 39,458,619 | 26,555,318 | 16,007,215 |
| O.C. Children and Families Comm. | 1,254,795 | 189,581 | (681,203) |
| Local Agency Formation Comm. | 2,724,090 | 1,704,989 | 871,902 |
| Rancho Santa Margarita | 6,292 | 119 | (4,927) |
| O.C. Superior Court | 551,030,286 | 344,886,083 | 176,368,707 |
| O.C. IHSS Public Authority | 1,363,066 | 462,162 | (274,303) |
| Total for all Employers | \$8,494,916,861 | \$4,846,712,574 | \$1,864,403,075 |

Section 2: GASB 68 Information

Exhibit 3 – Schedule of changes in Net Pension Liability

| Line Description | Current Year | Prior Year |
|----------------------------------------------------------------------------|-------------------------|--------------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Total Pension Liability | | |
| Service cost | \$536,399,540 | \$526,768,913 |
| Interest | 1,750,651,189 | 1,675,053,178 |
| Change of benefit terms | 0 | 0 |
| Differences between expected and actual experience | 326,785,307 | 46,500,358 |
| Changes of assumptions | 165,526,367 | 0 |
| Benefit payments, including refunds of member contributions | (1,216,248,000) | (1,139,715,000) |
| Transfer of members among Rate Groups | 0 | 0 |
| Other | 0 | 0 |
| Net change in Total Pension Liability | \$1,563,114,403 | \$1,108,607,449 |
| Total Pension Liability — beginning | 25,081,027,171 | 23,972,419,722 |
| Total Pension Liability — ending | \$26,644,141,574 | \$25,081,027,171 |
| Plan Fiduciary Net Position | | |
| Contributions — employer ¹ | \$749,776,000 | \$719,691,000 |
| Contributions — member | 277,455,000 | 269,999,000 |
| Net investment income | 2,325,481,000 | (2,058,590,000) |
| Benefit payments, including refunds of member contributions | (1,216,248,000) | (1,139,715,000) |
| Transfer of members among Rate Groups | 0 | 0 |
| Administrative expense | (29,056,000) | (23,546,000) |
| Other | 0 | 0 |
| Net change in Plan Fiduciary Net Position | \$2,107,408,000 | \$(2,232,161,000) |
| Plan Fiduciary Net Position — beginning | 19,690,021,000 | 21,922,182,000 |
| Plan Fiduciary Net Position — ending | \$21,797,429,000 | \$19,690,021,000 |
| Net Pension Liability | | |
| Net Pension Liability — ending | \$4,846,712,574 | \$5,391,006,171 |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 81.81% | 78.51% |
| Covered payroll ² | \$2,042,240,000 | \$1,932,374,000 |
| Plan Net Pension Liability as percentage of covered payroll | 237.32% | 278.98% |

¹ Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

² Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 68 Information

Exhibit 4 – Schedule of employer contributions

| Year Ended December 31 | Actuarially Determined Contributions ^{1,2} | Contributions in Relation to the Actuarially Determined Contributions ^{1,2} | Contribution Deficiency / (Excess) | Covered Payroll ³ | Contributions as a Percentage of Covered Payroll ² |
|------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------|------------------------------|---------------------------------------------------------------|
| 2014 | \$476,320,000 | \$625,520,000 ⁴ | \$(149,200,000) | \$1,513,206,000 | 41.34% |
| 2015 | 502,886,000 | 571,298,000 ⁵ | (68,412,000) | 1,521,036,000 | 37.56% |
| 2016 | 521,447,000 | 567,196,000 ⁶ | (45,749,000) | 1,602,675,000 | 35.40% |
| 2017 | 536,726,000 | 572,104,000 ⁷ | (35,378,000) | 1,678,322,000 | 34.09% |
| 2018 | 556,728,000 | 580,905,000 ⁸ | (24,177,000) | 1,718,798,000 | 33.80% |
| 2019 | 583,057,000 | 653,793,000 ⁹ | (70,736,000) | 1,783,054,000 | 36.67% |
| 2020 | 638,215,000 | 659,807,000 ¹⁰ | (21,592,000) | 1,909,268,000 | 34.56% |
| 2021 | 684,142,000 ¹¹ | 698,791,000 ^{11,12} | (14,649,000) | 1,870,387,000 | 37.36% |
| 2022 | 707,318,000 | 719,691,000 ¹³ | (12,373,000) | 1,932,374,000 | 37.24% |
| 2023 | 736,016,000 | 749,776,000 ¹⁴ | (13,760,000) | 2,042,240,000 | 37.39% |

See accompanying notes to this schedule on next page.

¹ The Actuarially Determined Contributions through December 31, 2014 were determined as the Annual Required Contribution under GASB 25 and 27.

² Reduced by discount for prepaid contributions, transfers from County Investment Account, and transfers from O.C. Sanitation District Deferred UAAL Account. Those amounts are as shown on the next page.

³ Covered payroll represents payroll on which contributions to the pension plan are based.

⁴ Includes additional contributions of \$1,663,000 made by O.C. Cemetery District, \$22,537,000 made by O.C. Fire Authority and \$125,000,000 made by O.C. Sanitation District towards the reduction of their UAAL.

⁵ Includes additional contributions of \$18,412,000 made by O.C. Fire Authority and \$50,000,000 made by O.C. Sanitation District towards the reduction of their UAAL.

⁶ Includes additional contributions of \$5,133,000 made by O.C. Fire Authority, \$1,500,000 made by Law Library and \$5,587,000 made by O.C. Sanitation District towards the reduction of their UAAL as well as \$33,529,000 made by O.C. Sanitation District to their UAAL Deferred Account.

⁷ Includes additional contributions of \$32,096,000 made by O.C. Fire Authority, \$1,538,000 made by Law Library and \$1,744,000 made by O.C. Children and Families Commission towards the reduction of their UAAL.

⁸ Includes additional contributions of \$23,437,000 made by O.C. Fire Authority and \$740,000 made by Cypress Recreation and Parks District towards the reduction of their UAAL.

⁹ Includes additional contributions of \$19,043,000 made by O.C. Fire Authority, \$878,000 made by O.C. Vector Control, \$12,815,000 Transportation Corridor and \$8,116,000 made by O.C. Sanitation District towards the reduction of their UAAL as well as \$29,884,000 made by O.C. Sanitation District to their UAAL Deferred Account.

¹⁰ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹¹ Includes a contribution of \$6,500,000 made by City of San Juan Capistrano related to transferring its Water Department employees to a separate special district, which resulted in a triggering event under the Board's Declining Employer Payroll policy.

¹² Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹³ Includes additional contributions of \$11,777,000 made by O.C. Fire Authority and \$596,000 made by Cypress Recreation and Parks District towards the reduction of their UAAL.

¹⁴ Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

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Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2023

Contributions and transfers excluded from Actuarially Determined Contributions and Contributions in Relation to the Actuarially Determined Contributions

The contributions are reduced by discount for prepaid contributions, transfers from County Investment Account (funded by pension obligation proceeds held by OCERS), and transfers from O.C. Sanitation District Deferred UAAL Account (amount required to offset UAAL increases for assumption changes in 2017 and actuarial losses in 2018 and 2019). Those amounts are as follows:

| Year Ended December 31 | Discount for Prepaid Contributions | Transfers from County Investment Account | Transfers from O.C. Sanitation District UAAL Deferred Account | Year Ended December 31 | Discount for Prepaid Contributions | Transfers from County Investment Account | Transfers from O.C. Sanitation District UAAL Deferred Account |
|------------------------|------------------------------------|------------------------------------------|---------------------------------------------------------------|------------------------|------------------------------------|------------------------------------------|---------------------------------------------------------------|
| 2014 | \$29,114,000 | \$5,000,000 | \$0 | 2019 | \$22,049,000 | \$0 | \$18,631,000 |
| 2015 | 27,301,000 | 0 | 0 | 2020 | 24,731,000 | 5,000,000 | 0 |
| 2016 | 24,353,000 | 0 | 0 | 2021 | 31,520,000 | 15,077,000 | 0 |
| 2017 | 22,921,000 | 0 | 24,042,000 | 2022 | 37,039,000 | 14,962,000 | 0 |
| 2018 | 21,218,000 | 0 | 14,589,000 | 2023 | 21,205,000 | 10,000,000 | 0 |

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2023 (i.e., the second half of fiscal year 2022–2023) are calculated based on the December 31, 2020 valuation. Actuarially determined contribution rates for the last six months of calendar year 2023 (i.e., the first half of fiscal year 2023–2024) are calculated based on the December 31, 2021 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2020 valuation and 3.00% payroll growth assumed in the December 31, 2021 valuation)

Section 2: GASB 68 Information

Remaining amortization period

December 31, 2020 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.

December 31, 2021 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.

Asset valuation method

The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected market return 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.

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Actuarial assumptions

| Assumption Type | Assumption Used in the December 31, 2020 Actuarial Valuation | Assumption Used in the December 31, 2021 Actuarial Valuation |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment rate of return | 7.00%, net of pension plan administrative and investment expense, including inflation | 7.00%, net of pension plan administrative and investment expense, including inflation |
| Inflation rate | 2.50% | 2.50% |
| "Across-the-board" salary increase | 0.50% | 0.50% |
| Salary increases | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase | General: 4.00% to 11.00% Safety: 4.60% to 15.00% The above salary increases vary by service and include inflation and "across-the-board" salary increase |
| Cost-of-living adjustments | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter | Retiree COLA increases of 2.75% per year For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |
| Other assumptions | Same as those used in the funding actuarial valuation as of December 31, 2020 | Same as those used in the funding actuarial valuation as of December 31, 2021 |

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Exhibit 5 – Determination of proportionate share

Actual Contributions* by Employer and Rate Group
January 1, 2022 to December 31, 2022

| Employer | Rate Group #1 | Rate Group #1 Percentage | Rate Group #2 | Rate Group #2 Percentage | Rate Group #3 | Rate Group #3 Percentage |
|----------------------------------|---------------------|-----------------------------|----------------------|-----------------------------|--------------------|-----------------------------|
| Orange County | \$13,706,000 | 98.583% | \$370,256,000 | 88.630% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 3,614,000 | 0.865% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 2,138,000 | 0.512% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 8,686,000 | 100.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 187,000 | 0.045% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 182,000 | 0.044% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 41,375,000 | 9.904% | 0 | 0.000% |
| O.C. IHSS Public Authority | 197,000 | 1.417% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$13,903,000 | 100.000% | \$417,752,000 | 100.000% | \$8,686,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

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Actual Contributions* by Employer and Rate Group January 1, 2022 to December 31, 2022

| Employer | Rate Group #4 | Rate Group #4 Percentage | Rate Group #5 | Rate Group #5 Percentage | Rate Group #9 | Rate Group #9 Percentage |
|----------------------------------|---------------|-----------------------------|---------------------|-----------------------------|------------------|-----------------------------|
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 895,000 | 100.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 33,081,000 | 100.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$0 | 100.000% | \$33,081,000 | 100.000% | \$895,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Actual Contributions* by Employer and Rate Group January 1, 2022 to December 31, 2022

| Employer | Rate Group #10 | | Rate Group #11 | | Rate Group #12 | |
|----------------------------------|--------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | Rate Group #10 | Percentage | Rate Group #11 | Percentage | Rate Group #12 | Percentage |
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 285,000 | 100.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 128,000 | 100.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 8,293,000 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$8,293,000 | 100.000% | \$285,000 | 100.000% | \$128,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Actual Contributions* by Employer and Rate Group January 1, 2022 to December 31, 2022

| Employer | Rate Group #6 | Rate Group #6 Percentage | Rate Group #7 | Rate Group #7 Percentage | Rate Group #8 | Rate Group #8 Percentage |
|----------------------------------|---------------------|-----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|
| Orange County | \$31,341,000 | 100.000% | \$171,671,000 | 100.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 69,659,000 | 100.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$31,341,000 | 100.000% | \$171,671,000 | 100.000% | \$69,659,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Actual Contributions¹ by Employer and Rate Group January 1, 2022 to December 31, 2022

| Employer | Total Contributions ² | Total Percentage |
|----------------------------------|----------------------------------|------------------|
| Orange County | \$586,974,000 | 77.674% |
| O.C. Cemetery District | 285,000 | 0.038% |
| O.C. Law Library | 128,000 | 0.017% |
| O.C. Vector Control District | 0 | 0.000% |
| O.C. Retirement System | 3,614,000 | 0.478% |
| O.C. Fire Authority | 77,952,000 | 10.315% |
| Cypress Recreation and Parks | 0 | 0.000% |
| Department of Education | 0 | 0.000% |
| Transportation Corridor Agency | 895,000 | 0.118% |
| City of San Juan Capistrano | 2,138,000 | 0.283% |
| O.C. Sanitation District | 8,686,000 | 1.149% |
| O.C. Transportation Authority | 33,081,000 | 4.378% |
| U.C.I. | 0 | 0.000% |
| O.C. Children and Families Comm. | 187,000 | 0.025% |
| Local Agency Formation Comm. | 182,000 | 0.024% |
| Rancho Santa Margarita | 0 | 0.000% |
| O.C. Superior Court | 41,375,000 | 5.475% |
| O.C. IHSS Public Authority | 197,000 | 0.026% |
| Total for all Employers | \$755,694,000 | 100.000% |

Note: Results may not total due to rounding.

¹ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

² Excludes combined additional contributions of \$11,777,000 made by O.C. Fire Authority towards the reduction of their UAALs, combined contributions of \$4,186,000 made by Department of Education, U.C.I., and Cypress Recreation & Parks and combined employer pick-up contributions of \$33,000 made by O.C. Children and Families Commission and Local Agency Formation Commission.

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Allocation of December 31, 2022 Net Pension Liability

| Employer | Rate Group #1 | Rate Group #1 Percentage | Rate Group #2 | Rate Group #2 Percentage | Rate Group #3 | Rate Group #3 Percentage |
|----------------------------------|---------------------|-----------------------------|------------------------|-----------------------------|-----------------------|-----------------------------|
| Orange County | \$43,084,275 | 56.320% | \$3,141,103,763 | 88.388% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District* | 47,967 | 0.063% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 31,526,121 | 0.887% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks* | 61,016 | 0.080% | 0 | 0.000% | 0 | 0.000% |
| Department of Education* | 3,323,372 | 4.344% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 18,650,483 | 0.525% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | (10,604,801) | 100.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I.* | 29,314,724 | 38.321% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | (21,846) | (0.001%) | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 1,587,646 | 0.045% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 360,927,849 | 10.156% | 0 | 0.000% |
| O.C. IHSS Public Authority | 666,697 | 0.872% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$76,498,051 | 100.000% | \$3,553,774,016 | 100.000% | \$(10,604,801) | 100.000% |

Note: Results may not total due to rounding.

* In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2021 to December 31, 2022 for the actual contributions, benefit payments and return on their VVAs during 2022. Those VVAs are then marked to the Plan FNP as of December 31, 2022. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2021).

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Allocation of December 31, 2022 Net Pension Liability

| Employer | Rate Group #4 | Rate Group #4 Percentage | Rate Group #5 | Rate Group #5 Percentage | Rate Group #9 | Rate Group #9 Percentage |
|----------------------------------|----------------|-----------------------------|----------------------|-----------------------------|--------------------|-----------------------------|
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | (659,689) | 100.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 207,132,957 | 100.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 1,652 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$1,652 | 100.000% | \$207,132,957 | 100.000% | \$(659,689) | 100.000% |

Note: Results may not total due to rounding.

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Allocation of December 31, 2022 Net Pension Liability

| Employer | Rate Group #10 | | Rate Group #11 | | Rate Group #12 | |
|----------------------------------|---------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| | Rate Group #10 | Percentage | Rate Group #11 | Percentage | Rate Group #12 | Percentage |
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 1,031,416 | 100.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | (321,987) | 100.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 37,555,646 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$37,555,646 | 100.000% | \$1,031,416 | 100.000% | \$(321,987) | 100.000% |

Note: Results may not total due to rounding.

Section 2: GASB 68 Information

Allocation of December 31, 2022 Net Pension Liability

| Employer | Rate Group #6 | Rate Group #6 Percentage | Rate Group #7 | Rate Group #7 Percentage | Rate Group #8 | Rate Group #8 Percentage |
|----------------------------------|----------------------|-----------------------------|------------------------|-----------------------------|----------------------|-----------------------------|
| Orange County | \$199,228,663 | 100.000% | \$1,085,865,303 | 100.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 241,504,944 | 100.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$199,228,663 | 100.000% | \$1,085,865,303 | 100.000% | \$241,504,944 | 100.000% |

Note: Results may not total due to rounding.

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Allocation of December 31, 2022 Net Pension Liability

| Employer | Total NPL | Total Percentage |
|----------------------------------|------------------------|------------------|
| Orange County | \$4,469,282,004 | 82.903% |
| O.C. Cemetery District | 1,031,416 | 0.019% |
| O.C. Law Library | (321,987) | (0.006%) |
| O.C. Vector Control District* | 47,967 | 0.001% |
| O.C. Retirement System | 31,526,121 | 0.585% |
| O.C. Fire Authority | 279,060,590 | 5.176% |
| Cypress Recreation and Parks* | 61,016 | 0.001% |
| Department of Education* | 3,323,372 | 0.062% |
| Transportation Corridor Agency | (659,689) | (0.012%) |
| City of San Juan Capistrano | 18,650,483 | 0.346% |
| O.C. Sanitation District | (10,604,801) | (0.197%) |
| O.C. Transportation Authority | 207,132,957 | 3.842% |
| U.C.I.* | 29,314,724 | 0.544% |
| O.C. Children and Families Comm. | (21,846) | 0.000% |
| Local Agency Formation Comm. | 1,587,646 | 0.029% |
| Rancho Santa Margarita | 1,652 | 0.000% |
| O.C. Superior Court | 360,927,849 | 6.695% |
| O.C. IHSS Public Authority | 666,697 | 0.012% |
| Total for all Employers | \$5,391,006,171 | 100.000% |

Note: Results may not total due to rounding.

* In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2021 to December 31, 2022 for the actual contributions, benefit payments and return on their VVAs during 2022. Those VVAs are then marked to the Plan FNP as of December 31, 2022. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2021).

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

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Notes regarding determination of proportionate share as of December 31, 2022 measurement date

1. Based on the January 1, 2022 through December 31, 2022 employer contributions as provided by OCERS. These contributions have been adjusted to include transfers made from the County Investment Account and to exclude employer paid member contributions and they have not been reduced for discount due to prepaid contributions.
2.
 - a. The Net Pension Liability (NPL) for each Rate Group is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (FNP). The TPL for each Rate Group is obtained from internal valuation results. The Plan FNP for each Rate Group is estimated by adjusting the Valuation Value of Assets (VVA) for each membership class by the ratio of the total OCERS Plan FNP (excluding the balance of the County Investment Account and the O.C. Sanitation District UAAL Deferred Account) to total OCERS VVA. As previously directed by OCERS, the County Investment Account is then allocated among the four County Rate Groups using the proportions of County POB contributions applied during 2022. These amounts are provided in item 3. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has decreased from \$15,643,000 to \$14,398,000 at the end of the year. The balance of the O.C. Sanitation District UAAL Deferred Account was used to reduce the NPL for the O.C. Sanitation District as of the measurement date.
 - b. Each of General Rate Groups #3, #4, #5, #9, #10, #11 and #12 and Safety Rate Groups #6, #7 and #8 have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer.
 - c. For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.
 - The NPL for Rate Group #1 was adjusted by the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I. prior to allocating the net NPL to the other employers in Rate Group #1 as the NPLs for these four employers were calculated separately.
 - Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:

| | |
|--------------------------------------------------|-------------|
| i) Rate Group #1 (Department of Education): | \$366,917 |
| ii) Rate Group #1 (U.C.I.): | \$3,223,630 |
| iii) Rate Group #1 (Cypress Recreation & Parks): | \$595,600 |

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- Multiply this ratio (unrounded) by the NPL for the Rate Group to determine the employer's proportionate share of the NPL for the Rate Group.
 - The UAAL contributions referenced in (i), (ii) and (iii) above are adjusted with interest to December 31, 2022 and are used to reduce the NPL for the three employers as of December 31, 2022.
3. The percentages of contributions by employer are not exactly equal to the percentages we use to allocate the NPL by employer because the NPL for the County has been reduced to reflect the portion of the County Investment Account that has been allocated among the four County Rate Groups. The amounts of the County Investment Account that have been allocated to those Rate Groups are as follows:

| Group | Amount |
|----------------|----------------------|
| Rate Group #1: | \$3,300,236 |
| Rate Group #2: | 88,762,138 |
| Rate Group #6: | 7,563,286 |
| Rate Group #7: | 41,366,340 |
| Total: | \$140,992,000 |

In addition, the NPL for Rate Group #2 was allocated prior to applying the adjusted balance of the \$1,744,454 in additional UAAL contributions made by O.C. Children and Families Commission on November 15, 2017. That balance is equal to \$1,704,902 as of December 31, 2021 and is equal to \$1,653,109 as of December 31, 2022 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2022 to December 31, 2022. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

4. If the employer is in several Rate Groups, the employer's total allocated NPL is the sum of its allocated NPL from each Rate Group. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

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Actual Contributions* by Employer and Rate Group January 1, 2023 to December 31, 2023

| Employer | Rate Group #1 | Rate Group #1 Percentage | Rate Group #2 | Rate Group #2 Percentage | Rate Group #3 | Rate Group #3 Percentage |
|----------------------------------|---------------------|-----------------------------|----------------------|-----------------------------|--------------------|-----------------------------|
| Orange County | \$13,260,000 | 98.499% | \$387,681,000 | 88.195% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 4,477,000 | 1.018% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 2,261,000 | 0.514% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 8,888,000 | 100.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 231,000 | 0.053% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 221,000 | 0.050% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 44,704,000 | 10.170% | 0 | 0.000% |
| O.C. IHSS Public Authority | 202,000 | 1.501% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$13,462,000 | 100.000% | \$439,575,000 | 100.000% | \$8,888,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 2: GASB 68 Information

Actual Contributions* by Employer and Rate Group January 1, 2023 to December 31, 2023

| Employer | Rate Group #4 | Rate Group #4 Percentage | Rate Group #5 | Rate Group #5 Percentage | Rate Group #9 | Rate Group #9 Percentage |
|----------------------------------|---------------|--------------------------|---------------------|--------------------------|------------------|--------------------------|
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 867,000 | 100.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 33,339,000 | 100.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$0 | 100.000% | \$33,339,000 | 100.000% | \$867,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Actual Contributions* by Employer and Rate Group January 1, 2023 to December 31, 2023

| Employer | Rate Group #10 | | Rate Group #11 | | Rate Group #12 | |
|----------------------------------|--------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | Rate Group #10 | Percentage | Rate Group #11 | Percentage | Rate Group #12 | Percentage |
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 274,000 | 100.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 130,000 | 100.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 8,040,000 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$8,040,000 | 100.000% | \$274,000 | 100.000% | \$130,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 2: GASB 68 Information

Actual Contributions* by Employer and Rate Group January 1, 2023 to December 31, 2023

| Employer | Rate Group #6 | Rate Group #6 Percentage | Rate Group #7 | Rate Group #7 Percentage | Rate Group #8 | Rate Group #8 Percentage |
|----------------------------------|---------------------|-----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|
| Orange County | \$28,844,000 | 100.000% | \$168,194,000 | 100.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 62,271,000 | 100.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$28,844,000 | 100.000% | \$168,194,000 | 100.000% | \$62,271,000 | 100.000% |

Note: Results may not total due to rounding.

* Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 2: GASB 68 Information

Actual Contributions¹ by Employer and Rate Group January 1, 2023 to December 31, 2023

| Employer | Total Contributions ² | Total Percentage |
|----------------------------------|----------------------------------|------------------|
| Orange County | \$597,979,000 | 78.283% |
| O.C. Cemetery District | 274,000 | 0.036% |
| O.C. Law Library | 130,000 | 0.017% |
| O.C. Vector Control District | 0 | 0.000% |
| O.C. Retirement System | 4,477,000 | 0.586% |
| O.C. Fire Authority | 70,311,000 | 9.204% |
| Cypress Recreation and Parks | 0 | 0.000% |
| Department of Education | 0 | 0.000% |
| Transportation Corridor Agency | 867,000 | 0.113% |
| City of San Juan Capistrano | 2,261,000 | 0.296% |
| O.C. Sanitation District | 8,888,000 | 1.164% |
| O.C. Transportation Authority | 33,339,000 | 4.364% |
| U.C.I. | 0 | 0.000% |
| O.C. Children and Families Comm. | 231,000 | 0.030% |
| Local Agency Formation Comm. | 221,000 | 0.029% |
| Rancho Santa Margarita | 0 | 0.000% |
| O.C. Superior Court | 44,704,000 | 5.852% |
| O.C. IHSS Public Authority | 202,000 | 0.026% |
| Total for all Employers | \$763,884,000 | 100.000% |

Note: Results may not total due to rounding.

¹ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

² Excludes combined additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAALs, combined contributions of \$3,297,000 made by Department of Education and U.C.I. and combined employer pick-up contributions of \$42,000 made by O.C. Children and Families Commission, Local Agency Formation Commission, and Orange County Law Enforcement.

Section 2: GASB 68 Information

Allocation of December 31, 2023 Net Pension Liability

| Employer | Rate Group #1 | Rate Group #1 Percentage | Rate Group #2 | Rate Group #2 Percentage | Rate Group #3 | Rate Group #3 Percentage |
|----------------------------------|---------------------|-----------------------------|------------------------|-----------------------------|-----------------------|-----------------------------|
| Orange County | \$27,102,081 | 47.200% | \$2,896,260,193 | 87.898% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District* | 752,245 | 1.310% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 34,539,527 | 1.048% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks* | (641,475) | (1.117%) | 0 | 0.000% | 0 | 0.000% |
| Department of Education* | 3,189,922 | 5.555% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 17,443,348 | 0.529% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | (18,531,537) | 100.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I.* | 26,555,318 | 46.247% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 189,581 | 0.006% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 1,704,989 | 0.052% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 344,886,083 | 10.467% | 0 | 0.000% |
| O.C. IHSS Public Authority | 462,162 | 0.805% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$57,420,253 | 100.000% | \$3,295,023,721 | 100.000% | \$(18,531,537) | 100.000% |

Note: Results may not total due to rounding.

* In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2022 to December 31, 2023 for the actual contributions, benefit payments and return on their VVAs during 2023. Those VVAs are then marked to the Plan FNP as of December 31, 2023. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2022). The TPLs as of December 31, 2023 were remeasured by (a) revaluing the TPLs as of December 31, 2022 (before the roll forward) to reflect the actuarial assumptions adopted in the experience study for the period January 1, 2020 through December 31, 2022, and (b) using the revalued TPLs in rolling forward the results from December 31, 2022 to December 31, 2023.

Section 2: GASB 68 Information

Allocation of December 31, 2023 Net Pension Liability

| Employer | Rate Group #4 | Rate Group #4 Percentage | Rate Group #5 | Rate Group #5 Percentage | Rate Group #9 | Rate Group #9 Percentage |
|----------------------------------|---------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | (1,889,567) | 100.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 207,825,439 | 100.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 119 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$119 | 100.000% | \$207,825,439 | 100.000% | \$(1,889,567) | 100.000% |

Note: Results may not total due to rounding.

Section 2: GASB 68 Information

Allocation of December 31, 2023 Net Pension Liability

| Employer | Rate Group #10 | | Rate Group #11 | | Rate Group #12 | |
|----------------------------------|---------------------|-----------------|------------------|-----------------|----------------------|-----------------|
| | Rate Group #10 | Percentage | Rate Group #11 | Percentage | Rate Group #12 | Percentage |
| Orange County | \$0 | 0.000% | \$0 | 0.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 993,411 | 100.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | (1,034,826) | 100.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 27,738,768 | 100.000% | 0 | 0.000% | 0 | 0.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$27,738,768 | 100.000% | \$993,411 | 100.000% | \$(1,034,826) | 100.000% |

Note: Results may not total due to rounding.

Section 2: GASB 68 Information

Allocation of December 31, 2023 Net Pension Liability

| Employer | Rate Group #6 | Rate Group #6 Percentage | Rate Group #7 | Rate Group #7 Percentage | Rate Group #8 | Rate Group #8 Percentage |
|----------------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|
| Orange County | \$179,894,626 | 100.000% | \$958,553,257 | 100.000% | \$0 | 0.000% |
| O.C. Cemetery District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Law Library | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Vector Control District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Retirement System | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Fire Authority | 0 | 0.000% | 0 | 0.000% | 140,718,910 | 100.000% |
| Cypress Recreation and Parks | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Department of Education | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Transportation Corridor Agency | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| City of San Juan Capistrano | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Sanitation District | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Transportation Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| U.C.I. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Children and Families Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Local Agency Formation Comm. | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Rancho Santa Margarita | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. Superior Court | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| O.C. IHSS Public Authority | 0 | 0.000% | 0 | 0.000% | 0 | 0.000% |
| Total for all Employers | \$179,894,626 | 100.000% | \$958,553,257 | 100.000% | \$140,718,910 | 100.000% |

Note: Results may not total due to rounding.

Section 2: GASB 68 Information

Allocation of December 31, 2023 Net Pension Liability

| Employer | Total NPL | Total Percentage |
|----------------------------------|------------------------|------------------|
| Orange County | \$4,061,810,157 | 83.805% |
| O.C. Cemetery District | 993,411 | 0.020% |
| O.C. Law Library | (1,034,826) | (0.021%) |
| O.C. Vector Control District* | 752,245 | 0.015% |
| O.C. Retirement System | 34,539,527 | 0.713% |
| O.C. Fire Authority | 168,457,678 | 3.476% |
| Cypress Recreation and Parks* | (641,475) | (0.013%) |
| Department of Education* | 3,189,922 | 0.066% |
| Transportation Corridor Agency | (1,889,567) | (0.039%) |
| City of San Juan Capistrano | 17,443,348 | 0.360% |
| O.C. Sanitation District | (18,531,537) | (0.382%) |
| O.C. Transportation Authority | 207,825,439 | 4.288% |
| U.C.I.* | 26,555,318 | 0.548% |
| O.C. Children and Families Comm. | 189,581 | 0.004% |
| Local Agency Formation Comm. | 1,704,989 | 0.035% |
| Rancho Santa Margarita | 119 | 0.000% |
| O.C. Superior Court | 344,886,083 | 7.116% |
| O.C. IHSS Public Authority | 462,162 | 0.009% |
| Total for all Employers | \$4,846,712,574 | 100.000% |

Note: Results may not total due to rounding.

* In determining the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I., we first start by rolling forward the VVAs of these employers as of December 31, 2022 to December 31, 2023 for the actual contributions, benefit payments and return on their VVAs during 2023. Those VVAs are then marked to the Plan FNP as of December 31, 2023. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2022). The TPLs as of December 31, 2023 were remeasured by (a) revaluing the TPLs as of December 31, 2022 (before the roll forward) to reflect the actuarial assumptions adopted in the experience study for the period January 1, 2020 through December 31, 2022, and (b) using the revalued TPLs in rolling forward the results from December 31, 2022 to December 31, 2023.

Section 2: GASB 68 Information

Notes regarding determination of proportionate share as of December 31, 2023 measurement date

1. Based on the January 1, 2023 through December 31, 2023 employer contributions as provided by OCERS. These contributions have been adjusted to include transfers made from the County Investment Account and to exclude employer paid member contributions and they have not been reduced for discount due to prepaid contributions.
2.
 - a. The Net Pension Liability (NPL) for each Rate Group is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (FNP). The TPL for each Rate Group is obtained from internal valuation results. The Plan FNP for each Rate Group is estimated by adjusting the Valuation Value of Assets (VVA) for each membership class by the ratio of the total OCERS Plan FNP (excluding the balance of the County Investment Account and the O.C. Sanitation District UAAL Deferred Account) to total OCERS VVA. As previously directed by OCERS, the County Investment Account is then allocated among the four County Rate Groups using the proportions of County POB contributions applied during 2023. These amounts are provided in item 3. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has increased from \$14,398,000 to \$16,025,000 at the end of the year. The balance of the O.C. Sanitation District UAAL Deferred Account was used to reduce the NPL for the O.C. Sanitation District as of the measurement date.
 - b. Each of General Rate Groups #3, #4, #5, #9, #10, #11 and #12 and Safety Rate Groups #6, #7 and #8 have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer.
 - c. For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.
 - The NPL for Rate Group #1 was adjusted by the NPLs for the O.C. Vector Control District, Cypress Recreation and Parks, Department of Education and U.C.I. prior to allocating the net NPL to the other employers in Rate Group #1 as the NPLs for these four employers were calculated separately.
 - Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:

| | |
|---------------------------------------------|-------------|
| i) Rate Group #1 (Department of Education): | \$316,960 |
| ii) Rate Group #1 (U.C.I.): | \$2,980,443 |
 - Multiply this ratio (unrounded) by the NPL for the Rate Group to determine the employer's proportionate share of the NPL for the Rate Group.
 - The UAAL contributions referenced in (i) and (ii) above are adjusted with interest to December 31, 2023 and are used to reduce the NPL for the three employers as of December 31, 2023.

Section 2: GASB 68 Information

3. The percentages of contributions by employer are not exactly equal to the percentages we use to allocate the NPL by employer because the NPL for the County has been reduced to reflect the portion of the County Investment Account that has been allocated among the four County Rate Groups. The amounts of the County Investment Account that have been allocated to those Rate Groups are as follows:

| Group | Amount |
|----------------|----------------------|
| Rate Group #1: | \$3,235,878 |
| Rate Group #2: | 94,652,961 |
| Rate Group #6: | 7,074,542 |
| Rate Group #7: | 41,146,619 |
| Total: | \$146,110,000 |

In addition, the NPL for Rate Group #2 was allocated prior to applying the adjusted balance of the \$1,744,454 in additional UAAL contributions made by O.C. Children and Families Commission on November 15, 2017. That balance is equal to \$1,653,109 as of December 31, 2022 and is equal to \$1,592,557 as of December 31, 2023 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2023 to December 31, 2023. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

Section 2: GASB 68 Information

4. If the employer is in several Rate Groups, the employer's total allocated NPL is the sum of its allocated NPL from each Rate Group. Proportionate share of total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

For the active employers, the following items are allocated based on the corresponding proportionate share within each Rate Group:

- a. Net Pension Liability
- b. Service cost
- c. Interest on the Total Pension Liability
- d. Current-period benefit changes
- e. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- f. Expensed portion of current-period changes of assumptions or other inputs
- g. Member contributions
- h. Projected earnings on plan investments
- i. Expensed portion of current-period differences between actual and projected earnings on plan investments
- j. Administrative expense
- k. Recognition of beginning of year deferred outflows of resources as pension expense
- l. Recognition of beginning of year deferred inflows of resources as pension expense

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Total for All Employers

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$536,399,540 | \$526,768,913 |
| Interest on the Total Pension Liability | 1,750,651,189 | 1,675,053,178 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 61,081,366 | 8,595,262 |
| Expensed portion of current-period changes of assumptions or other inputs | 30,939,509 | 0 |
| Member contributions* | (277,497,000) | (270,032,000) |
| Projected earnings on plan investments | (1,370,658,364) | (1,528,466,374) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (190,964,528) | 717,411,276 |
| Administrative expense | 29,056,000 | 23,546,000 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 807,826,542 | 487,751,950 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (901,859,752) | (912,304,973) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$474,974,502 | \$728,323,232 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Orange County

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$386,526,125 | \$380,041,954 |
| Interest on the Total Pension Liability | 1,301,503,117 | 1,251,187,176 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | (2,748,624) | 1,786,458 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 42,699,713 | 4,117,589 |
| Expensed portion of current-period changes of assumptions or other inputs | 23,752,462 | 0 |
| Member contributions* | (205,220,382) | (201,176,237) |
| Projected earnings on plan investments | (989,243,833) | (1,106,094,213) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (137,865,610) | 518,370,000 |
| Administrative expense | 21,976,640 | 17,678,496 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 573,376,226 | 356,184,404 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (639,315,324) | (645,848,775) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 4,069,056 | 3,818,335 |
| Pension expense | \$379,509,566 | \$580,065,187 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Cemetery District

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$444,699 | \$407,963 |
| Interest on the Total Pension Liability | 1,019,489 | 944,512 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 65,715 | 19,388 |
| Expensed portion of current-period changes of assumptions or other inputs | 29,580 | 0 |
| Member contributions* | (198,000) | (191,000) |
| Projected earnings on plan investments | (931,669) | (1,029,298) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (127,450) | 489,415 |
| Administrative expense | 12,898 | 10,944 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 663,846 | 423,199 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (629,519) | (664,112) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$349,589 | \$411,011 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Law Library

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$334,491 | \$319,023 |
| Interest on the Total Pension Liability | 887,611 | 839,331 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | (30,934) | 6,542 |
| Expensed portion of current-period changes of assumptions or other inputs | 4,773 | 0 |
| Member contributions* | (172,000) | (165,000) |
| Projected earnings on plan investments | (896,769) | (1,010,753) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (122,312) | 480,213 |
| Administrative expense | 8,344 | 6,733 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 511,347 | 288,619 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (724,022) | (740,456) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$(199,471) | \$24,252 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Vector Control District

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$0 | \$0 |
| Interest on the Total Pension Liability | 1,828,491 | 1,803,819 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 334,638 | 122,278 |
| Expensed portion of current-period changes of assumptions or other inputs | 36,235 | 0 |
| Member contributions* | 0 | 0 |
| Projected earnings on plan investments | (1,825,133) | (2,188,933) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (256,650) | 1,054,636 |
| Administrative expense | 0 | 0 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 1,255,728 | 773,823 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (1,656,992) | (1,674,671) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$(283,683) | \$(109,048) |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Retirement System

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$2,805,187 | \$2,306,862 |
| Interest on the Total Pension Liability | 10,185,318 | 8,273,183 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 871,227 | (125,526) |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 307,377 | 36,835 |
| Expensed portion of current-period changes of assumptions or other inputs | 273,035 | 0 |
| Member contributions* | (1,643,242) | (1,365,769) |
| Projected earnings on plan investments | (7,587,658) | (7,167,638) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (1,065,033) | 3,354,700 |
| Administrative expense | 171,604 | 114,335 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 4,488,967 | 2,397,791 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (4,682,049) | (3,997,514) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 1,018,297 | 1,185,182 |
| Pension expense | \$5,143,030 | \$5,012,441 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Fire Authority

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$71,080,267 | \$71,985,133 |
| Interest on the Total Pension Liability | 177,235,065 | 166,418,627 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 2,408,223 | 4,851,903 |
| Expensed portion of current-period changes of assumptions or other inputs | 559,062 | 0 |
| Member contributions* | (31,508,000) | (30,119,000) |
| Projected earnings on plan investments | (156,580,908) | (172,732,558) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (21,539,655) | 81,400,488 |
| Administrative expense | 3,216,967 | 2,801,567 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 96,558,035 | 48,039,184 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (109,134,518) | (113,363,957) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$32,294,538 | \$59,281,387 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Cypress Recreation and Parks

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$0 | \$0 |
| Interest on the Total Pension Liability | 318,034 | 319,876 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | (95,426) | (6,841) |
| Expensed portion of current-period changes of assumptions or other inputs | 3,961 | 0 |
| Member contributions* | 0 | 0 |
| Projected earnings on plan investments | (313,762) | (345,920) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (43,485) | 161,776 |
| Administrative expense | 0 | 14,170 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 233,006 | 868,805 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (194,086) | (187,246) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$(91,758) | \$824,620 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Department of Education

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$0 | \$0 |
| Interest on the Total Pension Liability | 751,807 | 752,044 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 68,493 | 88,973 |
| Expensed portion of current-period changes of assumptions or other inputs | (3,962) | 0 |
| Member contributions* | 0 | 0 |
| Projected earnings on plan investments | (529,310) | (658,415) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (78,639) | 316,706 |
| Administrative expense | 8,965 | 8,729 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 517,872 | 353,747 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (443,127) | (646,524) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$292,099 | \$215,260 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Transportation Corridor Agency

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$1,517,776 | \$1,719,824 |
| Interest on the Total Pension Liability | 4,187,221 | 4,004,357 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 230,931 | (70,168) |
| Expensed portion of current-period changes of assumptions or other inputs | 98,900 | 0 |
| Member contributions* | (871,000) | (769,000) |
| Projected earnings on plan investments | (4,184,666) | (4,700,977) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (574,327) | 2,231,602 |
| Administrative expense | 47,831 | 38,494 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 2,478,533 | 1,160,518 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (2,723,219) | (2,917,822) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$207,980 | \$696,828 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

City of San Juan Capistrano

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$1,416,691 | \$1,364,714 |
| Interest on the Total Pension Liability | 5,143,847 | 4,894,318 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 6,333 | (691,040) |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 155,233 | 21,791 |
| Expensed portion of current-period changes of assumptions or other inputs | 137,890 | 0 |
| Member contributions* | (829,879) | (807,973) |
| Projected earnings on plan investments | (3,831,962) | (4,240,291) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (537,869) | 1,984,601 |
| Administrative expense | 86,664 | 67,639 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 2,267,044 | 1,418,505 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (2,364,555) | (2,364,883) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | (782,450) | 182,364 |
| Pension expense | \$866,987 | \$1,829,745 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Sanitation District

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$17,756,049 | \$17,682,577 |
| Interest on the Total Pension Liability | 60,516,087 | 57,349,037 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 4,423,910 | 2,583,448 |
| Expensed portion of current-period changes of assumptions or other inputs | 1,676,370 | 0 |
| Member contributions* | (8,539,000) | (8,371,000) |
| Projected earnings on plan investments | (60,592,819) | (69,189,314) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (8,349,540) | 32,900,795 |
| Administrative expense | 480,151 | 394,721 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 42,123,623 | 23,879,318 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (40,971,577) | (41,874,971) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$8,523,254 | \$15,354,611 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Transportation Authority

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$26,035,180 | \$24,124,909 |
| Interest on the Total Pension Liability | 77,920,180 | 76,125,814 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 7,169,015 | (3,790,022) |
| Expensed portion of current-period changes of assumptions or other inputs | 1,607,156 | 0 |
| Member contributions* | (11,860,000) | (11,226,000) |
| Projected earnings on plan investments | (63,075,124) | (70,749,224) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (8,989,687) | 33,238,497 |
| Administrative expense | 1,228,167 | 1,010,939 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 34,696,608 | 21,776,737 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (48,264,405) | (47,521,666) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$16,467,090 | \$22,989,984 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

U.C.I.

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$0 | \$0 |
| Interest on the Total Pension Liability | 6,400,356 | 6,588,721 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 262,674 | 188,437 |
| Expensed portion of current-period changes of assumptions or other inputs | 16,124 | 0 |
| Member contributions* | 0 | 0 |
| Projected earnings on plan investments | (4,452,071) | (5,503,209) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (660,624) | 2,644,474 |
| Administrative expense | 84,304 | 76,694 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 3,351,956 | 2,481,257 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (3,436,470) | (4,219,897) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$1,566,249 | \$2,256,477 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Children and Families Comm.

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$15,397 | \$(1,598) |
| Interest on the Total Pension Liability | 55,905 | (5,733) |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 70,624 | 265,607 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 1,687 | (26) |
| Expensed portion of current-period changes of assumptions or other inputs | 1,499 | 0 |
| Member contributions* | (9,019) | 946 |
| Projected earnings on plan investments | (41,647) | 4,967 |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (5,846) | (2,325) |
| Administrative expense | 942 | (79) |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 24,639 | (1,662) |
| Recognition of beginning of year deferred inflows of resources as pension expense | (25,699) | 2,770 |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | (30,266) | (374,763) |
| Pension expense | \$58,216 | \$(111,896) |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Local Agency Formation Comm.

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$138,474 | \$116,173 |
| Interest on the Total Pension Liability | 502,782 | 416,635 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 36,039 | (35,036) |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 15,173 | 1,855 |
| Expensed portion of current-period changes of assumptions or other inputs | 13,478 | 0 |
| Member contributions* | (81,116) | (68,780) |
| Projected earnings on plan investments | (374,553) | (360,960) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (52,574) | 168,942 |
| Administrative expense | 8,471 | 5,758 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 221,591 | 120,752 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (231,122) | (201,314) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 12,308 | 39,141 |
| Pension expense | \$208,951 | \$203,166 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

Rancho Santa Margarita

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$0 | \$0 |
| Interest on the Total Pension Liability | 3,016 | 3,016 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 184 | 182 |
| Expensed portion of current-period changes of assumptions or other inputs | 0 | 0 |
| Member contributions* | 0 | 0 |
| Projected earnings on plan investments | (2,900) | (3,452) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (527) | 1,467 |
| Administrative expense | 0 | 0 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 2,039 | 1,146 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (1,767) | (3,040) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 0 |
| Pension expense | \$45 | \$(681) |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. Superior Court

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$28,010,519 | \$26,410,194 |
| Interest on the Total Pension Liability | 101,703,026 | 94,715,812 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 1,760,352 | (1,226,025) |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | 3,069,235 | 421,707 |
| Expensed portion of current-period changes of assumptions or other inputs | 2,726,324 | 0 |
| Member contributions* | (16,408,191) | (15,636,056) |
| Projected earnings on plan investments | (75,764,724) | (82,058,946) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (10,634,625) | 38,406,398 |
| Administrative expense | 1,713,509 | 1,308,963 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 44,823,495 | 27,451,185 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (46,751,470) | (45,765,677) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | (4,266,729) | (4,814,963) |
| Pension expense | \$29,980,721 | \$39,212,592 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 6 – Pension expense

O.C. IHSS Public Authority

| Line Description | Current Year | Prior Year |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Components of Pension Expense | | |
| Service cost | \$318,685 | \$291,185 |
| Interest on the Total Pension Liability | 489,837 | 422,633 |
| Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions | 4,049 | 25,562 |
| Benefit changes | 0 | 0 |
| Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability | (4,475) | 1,391 |
| Expensed portion of current-period changes of assumptions or other inputs | 6,622 | 0 |
| Member contributions* | (157,171) | (137,131) |
| Projected earnings on plan investments | (428,856) | (437,240) |
| Expensed portion of current-period differences between projected and actual earnings on plan investments | (60,075) | 208,891 |
| Administrative expense | 10,543 | 7,897 |
| Other | 0 | 0 |
| Recognition of beginning of year deferred outflows of resources as pension expense | 231,987 | 134,622 |
| Recognition of beginning of year deferred inflows of resources as pension expense | (309,831) | (315,218) |
| Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions | (20,216) | (35,296) |
| Pension expense | \$81,099 | \$167,296 |

* Member contributions include employer paid member contributions, if any.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Total for All Employers

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|----------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$27,613,400 | \$25,097,401 | |
| Changes of assumptions or other inputs | 198,937,580 | 101,253,219 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 2,152,233,822 | 2,869,645,098 | |
| Difference between actual and expected experience in the Total Pension Liability | 377,651,069 | 163,731,917 | |
| Total deferred outflows | \$2,756,435,871 | \$3,159,727,635 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$27,613,400 | \$25,097,401 | |
| Changes of assumptions or other inputs | 58,441,920 | 90,703,515 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 1,729,371,061 | 1,783,252,999 | |
| Difference between expected and actual experience in the Total Pension Liability | 79,305,152 | 129,435,283 | |
| Total deferred inflows | \$1,894,731,533 | \$2,028,489,198 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(94,033,210) |
| | June 30, 2025 | \$57,543,241 | 156,486,894 |
| | June 30, 2026 | 249,644,599 | 348,588,252 |
| | June 30, 2027 | 617,728,800 | 716,672,453 |
| | June 30, 2028 | (95,419,601) | 3,524,048 |
| | June 30, 2029 | 32,207,299 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Orange County

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|----------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$10,300,302 | \$16,413,390 | |
| Changes of assumptions or other inputs | 154,874,422 | 81,544,510 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 1,549,490,233 | 2,073,479,998 | |
| Difference between actual and expected experience in the Total Pension Liability | 244,533,088 | 85,249,532 | |
| Total deferred outflows | \$1,959,198,045 | \$2,256,687,430 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$15,444,066 | \$5,531,581 | |
| Changes of assumptions or other inputs | 38,617,023 | 59,952,702 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 1,249,169,736 | 1,293,513,728 | |
| Difference between expected and actual experience in the Total Pension Liability | 29,192,872 | 55,012,441 | |
| Total deferred inflows | \$1,332,423,697 | \$1,414,010,452 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(61,967,363) |
| | June 30, 2025 | \$43,691,695 | 118,419,418 |
| | June 30, 2026 | 187,524,536 | 262,742,907 |
| | June 30, 2027 | 445,011,678 | 521,061,361 |
| | June 30, 2028 | (71,749,797) | 2,420,655 |
| | June 30, 2029 | 22,296,236 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Cemetery District

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 181,187 | 82,339 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 1,468,243 | 1,957,658 |
| Difference between actual and expected experience in the Total Pension Liability | 542,855 | 401,601 |
| Total deferred outflows | \$2,192,285 | \$2,441,598 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 0 | 0 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 1,157,741 | 1,193,794 |
| Difference between expected and actual experience in the Total Pension Liability | 71,657 | 155,323 |
| Total deferred inflows | \$1,229,398 | \$1,349,117 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | \$34,327 |
| | June 30, 2025 | 177,985 |
| | June 30, 2026 | 359,849 |
| | June 30, 2027 | 512,373 |
| | June 30, 2028 | 7,947 |
| | June 30, 2029 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Law Library

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 47,821 | 42,717 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 1,440,637 | 1,920,850 |
| Difference between actual and expected experience in the Total Pension Liability | 29,992 | 45,465 |
| Total deferred outflows | \$1,518,450 | \$2,009,032 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 0 | 0 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 1,117,024 | 1,166,471 |
| Difference between expected and actual experience in the Total Pension Liability | 421,803 | 472,570 |
| Total deferred inflows | \$1,538,827 | \$1,639,041 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | N/A |
| | June 30, 2025 | \$(150,202) |
| | June 30, 2026 | (18,547) |
| | June 30, 2027 | 303,313 |
| | June 30, 2028 | (145,788) |
| | June 30, 2029 | (9,153) |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Vector Control District

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 192,850 | 56,144 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 3,163,908 | 4,218,544 | |
| Difference between actual and expected experience in the Total Pension Liability | 1,976,449 | 700,950 | |
| Total deferred outflows | \$5,333,207 | \$4,975,638 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 2,385,741 | 2,582,253 | |
| Difference between expected and actual experience in the Total Pension Liability | 524,310 | 958,190 | |
| Total deferred inflows | \$2,910,051 | \$3,540,443 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(401,264) |
| | June 30, 2025 | \$293,926 | 179,703 |
| | June 30, 2026 | 630,232 | 516,009 |
| | June 30, 2027 | 1,204,836 | 1,090,613 |
| | June 30, 2028 | 164,357 | 50,134 |
| | June 30, 2029 | 129,805 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Retirement System

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-----------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$4,993,789 | \$2,347,774 | |
| Changes of assumptions or other inputs | 1,802,479 | 814,678 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 11,891,923 | 13,418,801 | |
| Difference between actual and expected experience in the Total Pension Liability | 1,727,337 | 480,173 | |
| Total deferred outflows | \$20,415,528 | \$17,061,426 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$428,045 | \$553,571 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 9,609,522 | 8,372,177 | |
| Difference between expected and actual experience in the Total Pension Liability | 80,095 | 185,187 | |
| Total deferred inflows | \$10,117,662 | \$9,110,935 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$854,892 |
| | June 30, 2025 | \$2,216,813 | 1,644,189 |
| | June 30, 2026 | 2,846,078 | 2,114,489 |
| | June 30, 2027 | 4,373,916 | 3,373,284 |
| | June 30, 2028 | 352,984 | (36,363) |
| | June 30, 2029 | 508,075 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Fire Authority

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 3,185,426 | 1,263,564 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 244,201,463 | 325,601,951 |
| Difference between actual and expected experience in the Total Pension Liability | 40,056,478 | 44,228,199 |
| Total deferred outflows | \$287,443,367 | \$371,093,714 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 19,418,863 | 30,147,517 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 194,620,351 | 198,693,451 |
| Difference between expected and actual experience in the Total Pension Liability | 13,281,661 | 21,455,804 |
| Total deferred inflows | \$227,320,875 | \$250,296,772 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | N/A |
| | June 30, 2025 | \$(4,354,524) |
| | June 30, 2026 | 14,776,701 |
| | June 30, 2027 | 65,244,858 |
| | June 30, 2028 | (16,583,091) |
| | June 30, 2029 | 1,038,548 |
| | | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Cypress Recreation and Parks

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 17,230 | 232 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 485,329 | 647,105 |
| Difference between actual and expected experience in the Total Pension Liability | 101,487 | 172,485 |
| Total deferred outflows | \$604,046 | \$819,822 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 4,647 | 7,213 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 376,709 | 387,447 |
| Difference between expected and actual experience in the Total Pension Liability | 438,432 | 30,171 |
| Total deferred inflows | \$819,788 | \$424,831 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | \$38,920 |
| | June 30, 2025 | 86,612 |
| | June 30, 2026 | 109,580 |
| | June 30, 2027 | 162,686 |
| | June 30, 2028 | (2,807) |
| | June 30, 2029 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Department of Education

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 0 | 589 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 950,116 | 1,266,822 |
| Difference between actual and expected experience in the Total Pension Liability | 704,856 | 607,487 |
| Total deferred outflows | \$1,654,972 | \$1,874,898 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 55,533 | 59,457 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 729,838 | 804,206 |
| Difference between expected and actual experience in the Total Pension Liability | 75,925 | 108,970 |
| Total deferred inflows | \$861,296 | \$972,633 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | \$74,745 |
| | June 30, 2025 | 173,583 |
| | June 30, 2026 | 225,727 |
| | June 30, 2027 | 391,730 |
| | June 30, 2028 | 36,480 |
| | June 30, 2029 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Transportation Corridor Agency

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 495,686 | 104,567 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 6,694,806 | 8,926,408 | |
| Difference between actual and expected experience in the Total Pension Liability | 1,274,675 | 477,961 | |
| Total deferred outflows | \$8,465,167 | \$9,508,936 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 5,218,632 | 5,366,673 | |
| Difference between expected and actual experience in the Total Pension Liability | 672,291 | 950,161 | |
| Total deferred inflows | \$5,890,923 | \$6,316,834 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(244,686) |
| | June 30, 2025 | \$206,332 | 450,828 |
| | June 30, 2026 | 688,333 | 932,829 |
| | June 30, 2027 | 1,837,406 | 2,081,902 |
| | June 30, 2028 | (273,267) | (28,771) |
| | June 30, 2029 | 115,440 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

City of San Juan Capistrano

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$2,248,881 | \$3,130,785 | |
| Changes of assumptions or other inputs | 910,298 | 481,954 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 6,005,726 | 7,938,405 | |
| Difference between actual and expected experience in the Total Pension Liability | 872,350 | 284,065 | |
| Total deferred outflows | \$10,037,255 | \$11,835,209 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$3,940,450 | \$5,632,351 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 4,853,056 | 4,952,882 | |
| Difference between expected and actual experience in the Total Pension Liability | 40,450 | 109,555 | |
| Total deferred inflows | \$8,833,956 | \$10,694,788 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(879,118) |
| | June 30, 2025 | \$(362,772) | (129,643) |
| | June 30, 2026 | 477,920 | 706,533 |
| | June 30, 2027 | 1,496,071 | 1,717,042 |
| | June 30, 2028 | (512,727) | (274,393) |
| | June 30, 2029 | 104,807 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Sanitation District

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|-------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 10,975,775 | 5,759,591 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 98,702,383 | 131,603,178 | |
| Difference between actual and expected experience in the Total Pension Liability | 33,942,756 | 21,845,552 | |
| Total deferred outflows | \$143,620,914 | \$159,208,321 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 76,337,381 | 79,859,618 | |
| Difference between expected and actual experience in the Total Pension Liability | 9,903,026 | 13,954,206 | |
| Total deferred inflows | \$86,240,407 | \$93,813,824 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$1,152,046 |
| | June 30, 2025 | \$9,079,208 | 11,328,468 |
| | June 30, 2026 | 15,940,192 | 18,189,452 |
| | June 30, 2027 | 31,416,059 | 33,665,319 |
| | June 30, 2028 | (1,190,048) | 1,059,212 |
| | June 30, 2029 | 2,135,096 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Transportation Authority

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 8,058,375 | 1,729,712 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 99,715,493 | 132,953,990 | |
| Difference between actual and expected experience in the Total Pension Liability | 32,212,886 | 1,823,315 | |
| Total deferred outflows | \$139,986,754 | \$136,507,017 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 80,654,909 | 82,873,325 | |
| Difference between expected and actual experience in the Total Pension Liability | 23,702,731 | 33,789,970 | |
| Total deferred inflows | \$104,357,640 | \$116,663,295 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(13,567,797) |
| | June 30, 2025 | \$(898,628) | (685,112) |
| | June 30, 2026 | 7,968,319 | 8,181,835 |
| | June 30, 2027 | 27,255,189 | 27,468,705 |
| | June 30, 2028 | (1,767,427) | (1,553,909) |
| | June 30, 2029 | 3,071,661 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

U.C.I.

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 70,139 | 4,733 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 7,933,424 | 10,577,898 | |
| Difference between actual and expected experience in the Total Pension Liability | 2,326,206 | 1,886,324 | |
| Total deferred outflows | \$10,329,769 | \$12,468,955 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 | |
| Changes of assumptions or other inputs | 343,353 | 533,050 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 6,113,058 | 6,709,422 | |
| Difference between expected and actual experience in the Total Pension Liability | 0 | 7,913 | |
| Total deferred inflows | \$6,456,411 | \$7,250,385 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(84,514) |
| | June 30, 2025 | \$514,504 | 896,330 |
| | June 30, 2026 | 1,109,359 | 1,491,185 |
| | June 30, 2027 | 2,456,484 | 2,838,310 |
| | June 30, 2028 | (304,567) | 77,259 |
| | June 30, 2029 | 97,578 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Children and Families Comm.

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$1,267,036 | \$1,255,317 | |
| Changes of assumptions or other inputs | 9,893 | (565) | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 65,273 | (9,299) | |
| Difference between actual and expected experience in the Total Pension Liability | 9,481 | (333) | |
| Total deferred outflows | \$1,351,683 | \$1,245,120 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$358,869 | \$684,632 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 52,745 | (5,801) | |
| Difference between expected and actual experience in the Total Pension Liability | 440 | (128) | |
| Total deferred inflows | \$412,054 | \$678,703 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(30,153) |
| | June 30, 2025 | \$127,202 | 51,885 |
| | June 30, 2026 | 290,123 | 208,523 |
| | June 30, 2027 | 319,508 | 227,274 |
| | June 30, 2028 | 176,962 | 108,888 |
| | June 30, 2029 | 25,834 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Local Agency Formation Comm.

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|----------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$282,490 | \$196,618 | |
| Changes of assumptions or other inputs | 88,977 | 41,027 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 587,026 | 675,767 | |
| Difference between actual and expected experience in the Total Pension Liability | 85,267 | 24,181 | |
| Total deferred outflows | \$1,043,760 | \$937,593 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$161,952 | \$220,544 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 474,359 | 421,620 | |
| Difference between expected and actual experience in the Total Pension Liability | 3,954 | 9,326 | |
| Total deferred inflows | \$640,265 | \$651,490 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$4,079 |
| | June 30, 2025 | \$78,364 | 58,086 |
| | June 30, 2026 | 110,734 | 83,480 |
| | June 30, 2027 | 193,121 | 154,062 |
| | June 30, 2028 | (1,368) | (13,604) |
| | June 30, 2029 | 22,644 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

Rancho Santa Margarita

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Deferred Outflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 0 | 3 |
| Net difference between projected and actual earnings on pension plan investments (if any) | 4,401 | 5,868 |
| Difference between actual and expected experience in the Total Pension Liability | 1,779 | 1,548 |
| Total deferred outflows | \$6,180 | \$7,419 |
| Deferred Inflows of Resources | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$0 | \$0 |
| Changes of assumptions or other inputs | 334 | 518 |
| Net difference between actual and projected earnings on pension plan investments (if any) | 3,390 | 2,825 |
| Difference between expected and actual experience in the Total Pension Liability | 71 | 113 |
| Total deferred inflows | \$3,795 | \$3,456 |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | |
| | June 30, 2024 | \$272 |
| | June 30, 2025 | 1,030 |
| | June 30, 2026 | 949 |
| | June 30, 2027 | 1,638 |
| | June 30, 2028 | 74 |
| | June 30, 2029 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. Superior Court

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|---------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$8,413,239 | \$1,634,440 | |
| Changes of assumptions or other inputs | 17,998,217 | 9,326,865 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 118,743,916 | 153,625,590 | |
| Difference between actual and expected experience in the Total Pension Liability | 17,247,907 | 5,497,276 | |
| Total deferred outflows | \$162,403,279 | \$170,084,171 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$7,168,015 | \$12,313,476 | |
| Changes of assumptions or other inputs | 0 | 0 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 95,953,559 | 95,849,149 | |
| Difference between expected and actual experience in the Total Pension Liability | 799,768 | 2,120,124 | |
| Total deferred inflows | \$103,921,342 | \$110,282,749 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(6,137,475) |
| | June 30, 2025 | \$6,914,743 | 9,634,746 |
| | June 30, 2026 | 16,778,235 | 19,191,692 |
| | June 30, 2027 | 35,547,584 | 37,442,227 |
| | June 30, 2028 | (3,403,193) | (329,768) |
| | June 30, 2029 | 2,644,568 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

Exhibit 7 – Deferred outflows and deferred inflows of resources

O.C. IHSS Public Authority

| Line Description | Current Year | Prior Year | |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------------|
| Reporting and Measurement Dates | | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 | |
| Measurement date | December 31, 2023 | December 31, 2022 | |
| Deferred Outflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$107,663 | \$119,077 | |
| Changes of assumptions or other inputs | 28,805 | 559 | |
| Net difference between projected and actual earnings on pension plan investments (if any) | 689,522 | 835,564 | |
| Difference between actual and expected experience in the Total Pension Liability | 5,220 | 6,136 | |
| Total deferred outflows | \$831,210 | \$961,336 | |
| Deferred Inflows of Resources | | | |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions* | \$112,003 | \$161,246 | |
| Changes of assumptions or other inputs | 2,167 | 3,058 | |
| Net difference between actual and projected earnings on pension plan investments (if any) | 543,310 | 509,759 | |
| Difference between expected and actual experience in the Total Pension Liability | 95,666 | 115,387 | |
| Total deferred inflows | \$753,146 | \$789,450 | |
| Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer | | | |
| | June 30, 2024 | N/A | \$(90,963) |
| | June 30, 2025 | \$(71,074) | (17,331) |
| | June 30, 2026 | 7,835 | 54,216 |
| | June 30, 2027 | 181,906 | 214,913 |
| | June 30, 2028 | (42,771) | 11,051 |
| | June 30, 2029 | 2,168 | 0 |

* Calculated in accordance with paragraphs 54 and 55 of GASB 68.

Section 2: GASB 68 Information

There are changes in each employer's proportionate share of the total NPL during the measurement period ended December 31, 2023. The net effect of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for the current period (i.e., 2023) is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS which is 5.35 years determined as of December 31, 2022 (the beginning of the measurement period ended December 31, 2023). This is described in Paragraph 33a. of GASB 68.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2023 is recognized over the same period.

The net effects of the change on the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources for prior periods are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected service lives of all employees is determined by:

- Calculating each active employees' expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Total for All Employers

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|------------------------|------------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$5,391,006,171 | \$2,050,237,722 |
| Pension expense | 474,974,502 | 728,323,232 |
| Employer contributions | (749,734,000) | (719,658,000) |
| New net deferred outflows/(inflows) | (363,567,309) | 2,907,550,194 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 94,033,210 | 424,553,023 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$4,846,712,574 | \$5,391,006,171 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Orange County

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|------------------------|------------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$4,469,282,004 | \$2,047,576,018 |
| Pension expense | 379,509,566 | 580,065,187 |
| Employer contributions | (571,078,784) | (539,567,438) |
| New net deferred outflows/(inflows) | (262,395,479) | 2,091,638,561 |
| Change in allocation of prior deferred outflows/(inflows) | (3,420,675) | (4,154,637) |
| New net deferred flows due to change in proportion* | (11,956,517) | 7,878,277 |
| Recognition of prior deferred outflows/(inflows) | 65,939,098 | 289,664,371 |
| Recognition of prior deferred flows due to change in proportion* | (4,069,056) | (3,818,335) |
| Ending Net Pension Liability | \$4,061,810,157 | \$4,469,282,004 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Cemetery District

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$1,031,416 | \$(1,394,665) |
| Pension expense | 349,589 | 411,011 |
| Employer contributions | (258,000) | (269,000) |
| New net deferred outflows/(inflows) | (95,267) | 2,043,157 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | (34,327) | 240,913 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$993,411 | \$1,031,416 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Law Library

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|----------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$(321,987) | \$(2,629,777) |
| Pension expense | (199,471) | 24,252 |
| Employer contributions | (123,000) | (118,000) |
| New net deferred outflows/(inflows) | (603,043) | 1,949,701 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 212,675 | 451,837 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$(1,034,826) | \$(321,987) |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Vector Control District

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$47,967 | \$(5,501,623) |
| Pension expense | (283,683) | (109,048) |
| Employer contributions | 0 | 0 |
| New net deferred outflows/(inflows) | 586,697 | 4,757,790 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 401,264 | 900,848 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$752,245 | \$47,967 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Retirement System

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$31,526,121 | \$16,375,725 |
| Pension expense | 5,143,030 | 5,012,441 |
| Employer contributions | (4,477,000) | (3,614,000) |
| New net deferred outflows/(inflows) | (1,735,340) | 13,581,243 |
| Change in allocation of prior deferred outflows/(inflows) | 1,118,093 | 309,742 |
| New net deferred flows due to change in proportion* | 3,789,838 | (553,571) |
| Recognition of prior deferred outflows/(inflows) | 193,082 | 1,599,723 |
| Recognition of prior deferred flows due to change in proportion* | (1,018,297) | (1,185,182) |
| Ending Net Pension Liability | \$34,539,527 | \$31,526,121 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Fire Authority

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$279,060,590 | \$(104,907,413) |
| Pension expense | 32,294,538 | 59,281,387 |
| Employer contributions | (82,223,000) | (87,637,000) |
| New net deferred outflows/(inflows) | (73,250,933) | 346,998,843 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 12,576,483 | 65,324,773 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$168,457,678 | \$279,060,590 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Cypress Recreation and Parks

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|--------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$61,016 | \$(103,379) |
| Pension expense | (91,758) | 824,620 |
| Employer contributions | 0 | (595,600) |
| New net deferred outflows/(inflows) | (571,813) | 616,934 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | (38,920) | (681,559) |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$(641,475) | \$61,016 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Department of Education

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$3,323,372 | \$1,523,058 |
| Pension expense | 292,099 | 215,260 |
| Employer contributions | (316,960) | (366,917) |
| New net deferred outflows/(inflows) | (33,844) | 1,659,194 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | (74,745) | 292,777 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$3,189,922 | \$3,323,372 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Transportation Corridor Agency

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|----------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$(659,689) | \$(10,881,786) |
| Pension expense | 207,980 | 696,828 |
| Employer contributions | (820,000) | (849,000) |
| New net deferred outflows/(inflows) | (862,544) | 8,616,965 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 244,686 | 1,757,304 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$(1,889,567) | \$(659,689) |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

City of San Juan Capistrano

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$18,650,483 | \$11,742,303 |
| Pension expense | 866,987 | 1,829,745 |
| Employer contributions | (2,137,000) | (2,027,000) |
| New net deferred outflows/(inflows) | (876,391) | 8,034,504 |
| Change in allocation of prior deferred outflows/(inflows) | 31,761 | 1,354,403 |
| New net deferred flows due to change in proportion* | 27,547 | (3,047,486) |
| Recognition of prior deferred outflows/(inflows) | 97,511 | 946,378 |
| Recognition of prior deferred flows due to change in proportion* | 782,450 | (182,364) |
| Ending Net Pension Liability | \$17,443,348 | \$18,650,483 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Sanitation District

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-----------------------|-----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$(10,604,801) | \$(178,731,247) |
| Pension expense | 8,523,254 | 15,354,611 |
| Employer contributions | (8,436,000) | (8,220,000) |
| New net deferred outflows/(inflows) | (6,861,944) | 142,996,182 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | (1,152,046) | 17,995,653 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$(18,531,537) | \$(10,604,801) |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Transportation Authority

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$207,132,957 | \$73,424,051 |
| Pension expense | 16,467,090 | 22,989,984 |
| Employer contributions | (31,560,000) | (31,266,000) |
| New net deferred outflows/(inflows) | 2,217,595 | 116,239,993 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 13,567,797 | 25,744,929 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$207,825,439 | \$207,132,957 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

U.C.I.

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|---------------------|---------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$29,314,724 | \$17,134,332 |
| Pension expense | 1,566,249 | 2,256,477 |
| Employer contributions | (2,980,443) | (3,223,630) |
| New net deferred outflows/(inflows) | (1,429,726) | 11,408,905 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | 84,514 | 1,738,640 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$26,555,318 | \$29,314,724 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Children and Families Comm.

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$(21,846) | \$(811,951) |
| Pension expense | 58,216 | (111,896) |
| Employer contributions | (220,000) | (177,000) |
| New net deferred outflows/(inflows) | (9,525) | (9,411) |
| Change in allocation of prior deferred outflows/(inflows) | 44,194 | (456,571) |
| New net deferred flows due to change in proportion* | 307,216 | 1,171,328 |
| Recognition of prior deferred outflows/(inflows) | 1,060 | (1,108) |
| Recognition of prior deferred flows due to change in proportion* | 30,266 | 374,763 |
| Ending Net Pension Liability | \$189,581 | \$(21,846) |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Local Agency Formation Comm.

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|--------------------|--------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$1,587,646 | \$912,794 |
| Pension expense | 208,951 | 203,166 |
| Employer contributions | (209,000) | (165,000) |
| New net deferred outflows/(inflows) | (85,662) | 683,947 |
| Change in allocation of prior deferred outflows/(inflows) | 49,059 | 65,827 |
| New net deferred flows due to change in proportion* | 156,772 | (154,509) |
| Recognition of prior deferred outflows/(inflows) | 9,531 | 80,562 |
| Recognition of prior deferred flows due to change in proportion* | (12,308) | (39,141) |
| Ending Net Pension Liability | \$1,704,989 | \$1,587,646 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

Rancho Santa Margarita

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$1,652 | \$(6,231) |
| Pension expense | 45 | (681) |
| Employer contributions | 0 | 0 |
| New net deferred outflows/(inflows) | (1,306) | 6,670 |
| Change in allocation of prior deferred outflows/(inflows) | 0 | 0 |
| New net deferred flows due to change in proportion* | 0 | 0 |
| Recognition of prior deferred outflows/(inflows) | (272) | 1,894 |
| Recognition of prior deferred flows due to change in proportion* | 0 | 0 |
| Ending Net Pension Liability | \$119 | \$1,652 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. Superior Court

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|----------------------|----------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$360,927,849 | \$186,750,735 |
| Pension expense | 29,980,721 | 39,212,592 |
| Employer contributions | (44,703,000) | (41,375,000) |
| New net deferred outflows/(inflows) | (17,327,822) | 155,485,317 |
| Change in allocation of prior deferred outflows/(inflows) | 2,156,100 | 3,131,518 |
| New net deferred flows due to change in proportion* | 7,657,531 | (5,406,768) |
| Recognition of prior deferred outflows/(inflows) | 1,927,975 | 18,314,492 |
| Recognition of prior deferred flows due to change in proportion* | 4,266,729 | 4,814,963 |
| Ending Net Pension Liability | \$344,886,083 | \$360,927,849 |

* Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit 8 – Reconciliation of Net Pension Liability

O.C. IHSS Public Authority

| Line Description | Current Year | Prior Year |
|------------------------------------------------------------------|-------------------|-------------------|
| Reporting and Measurement Dates | | |
| Reporting date for Employer under GASB 68 | June 30, 2024 | June 30, 2023 |
| Measurement date | December 31, 2023 | December 31, 2022 |
| Reconciliation of Net Pension Liability | | |
| Beginning Net Pension Liability | \$666,697 | \$(233,222) |
| Pension expense | 81,099 | 167,296 |
| Employer contributions | (191,813) | (187,415) |
| New net deferred outflows/(inflows) | (230,962) | 841,699 |
| Change in allocation of prior deferred outflows/(inflows) | 21,468 | (250,282) |
| New net deferred flows due to change in proportion* | 17,613 | 112,729 |
| Recognition of prior deferred outflows/(inflows) | 77,844 | 180,596 |
| Recognition of prior deferred flows due to change in proportion* | 20,216 | 35,296 |
| Ending Net Pension Liability | \$462,162 | \$666,697 |

* Includes differences between employer contributions and proportionate share of contributions.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Total for All Employers

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 100.000% | \$5,082,480,673 | \$1,513,206,357 | 335.87% | 69.42% |
| 2016 | 100.000% | 5,716,604,741 | 1,521,035,820 | 375.84% | 67.10% |
| 2017 | 100.000% | 5,191,216,603 | 1,602,675,426 | 323.91% | 71.16% |
| 2018 | 100.000% | 4,952,099,401 | 1,678,322,080 | 295.06% | 74.93% |
| 2019 | 100.000% | 6,197,202,089 | 1,718,798,287 | 360.55% | 70.03% |
| 2020 | 100.000% | 5,075,682,463 | 1,783,054,087 | 284.66% | 76.67% |
| 2021 | 100.000% | 4,213,246,650 | 1,909,268,347 | 220.67% | 81.69% |
| 2022 | 100.000% | 2,050,237,722 | 1,870,386,937 | 109.62% | 91.45% |
| 2023 | 100.000% | 5,391,006,171 | 1,932,374,427 | 278.98% | 78.51% |
| 2024 | 100.000% | 4,846,712,574 | 2,042,240,364 | 237.32% | 81.81% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Orange County

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 76.680% | \$3,897,232,634 | \$1,107,550,873 | 351.88% | 68.16% |
| 2016 | 76.813% | 4,391,070,880 | 1,117,547,827 | 392.92% | 65.66% |
| 2017 | 77.898% | 4,043,855,643 | 1,199,272,843 | 337.19% | 69.56% |
| 2018 | 80.445% | 3,983,695,231 | 1,246,487,036 | 319.59% | 72.85% |
| 2019 | 79.367% | 4,918,576,912 | 1,271,800,976 | 386.74% | 68.06% |
| 2020 | 81.254% | 4,124,212,240 | 1,312,799,835 | 314.15% | 74.47% |
| 2021 | 84.200% | 3,547,545,979 | 1,403,384,933 | 252.78% | 79.31% |
| 2022 | 99.870% | 2,047,576,018 | 1,374,766,971 | 148.94% | 88.59% |
| 2023 | 82.903% | 4,469,282,004 | 1,418,885,341 | 314.99% | 76.17% |
| 2024 | 83.805% | 4,061,810,157 | 1,497,990,398 | 271.15% | 79.53% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Cemetery District

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | (0.002%) | \$(95,350) | \$1,202,916 | (7.93%) | 101.24% |
| 2016 | 0.009% | 533,906 | 1,247,006 | 42.82% | 93.62% |
| 2017 | 0.004% | 222,409 | 1,288,388 | 17.26% | 97.47% |
| 2018 | (0.004%) | (173,677) | 1,419,045 | (12.24%) | 101.78% |
| 2019 | 0.016% | 962,119 | 1,518,808 | 63.35% | 91.02% |
| 2020 | (0.004%) | (228,119) | 1,595,506 | (14.30%) | 102.07% |
| 2021 | (0.003%) | (145,195) | 1,730,433 | (8.39%) | 101.16% |
| 2022 | (0.068%) | (1,394,665) | 1,787,176 | (78.04%) | 110.35% |
| 2023 | 0.019% | 1,031,416 | 1,883,493 | 54.76% | 92.81% |
| 2024 | 0.020% | 993,411 | 1,906,684 | 52.10% | 93.74% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Law Library

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 0.063% | \$3,221,570 | \$1,193,852 | 269.85% | 66.76% |
| 2016 | 0.061% | 3,472,003 | 1,153,022 | 301.12% | 62.38% |
| 2017 | 0.034% | 1,770,282 | 1,106,587 | 159.98% | 80.96% |
| 2018 | (0.001%) | (36,317) | 1,095,599 | (3.31%) | 100.35% |
| 2019 | 0.009% | 573,252 | 1,075,119 | 53.32% | 94.64% |
| 2020 | (0.001%) | (74,515) | 1,057,915 | (7.04%) | 100.66% |
| 2021 | (0.023%) | (949,226) | 1,109,082 | (85.59%) | 108.09% |
| 2022 | (0.128%) | (2,629,777) | 1,059,907 | (248.11%) | 122.03% |
| 2023 | (0.006%) | (321,987) | 1,109,677 | (29.02%) | 102.56% |
| 2024 | (0.021%) | (1,034,826) | 1,148,601 | (90.09%) | 107.86% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Vector Control District

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.057% | \$2,900,367 | \$0 | N/A | 89.85% |
| 2016 | 0.034% | 1,941,891 | 0 | N/A | 92.66% |
| 2017 | 0.032% | 1,669,793 | 0 | N/A | 93.78% |
| 2018 | 0.024% | 1,166,920 | 0 | N/A | 95.89% |
| 2019 | 0.040% | 2,492,695 | 0 | N/A | 90.92% |
| 2020 | (0.012%) | (625,500) | 0 | N/A | 102.29% |
| 2021 | (0.040%) | (1,681,965) | 0 | N/A | 106.03% |
| 2022 | (0.268%) | (5,501,623) | 0 | N/A | 120.52% |
| 2023 | 0.001% | 47,967 | 0 | N/A | 99.82% |
| 2024 | 0.016% | 752,245 | 0 | N/A | 97.39% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Retirement System

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.406% | \$20,656,114 | \$5,655,725 | 365.22% | 67.15% |
| 2016 | 0.433% | 24,747,342 | 6,063,327 | 408.15% | 64.73% |
| 2017 | 0.422% | 21,886,393 | 6,190,905 | 353.52% | 68.69% |
| 2018 | 0.433% | 21,427,080 | 6,486,488 | 330.33% | 71.95% |
| 2019 | 0.465% | 28,844,760 | 7,501,588 | 384.52% | 67.06% |
| 2020 | 0.528% | 26,824,264 | 8,491,615 | 315.89% | 73.18% |
| 2021 | 0.592% | 24,954,057 | 9,414,503 | 265.06% | 76.95% |
| 2022 | 0.799% | 16,375,725 | 9,518,018 | 172.05% | 85.88% |
| 2023 | 0.585% | 31,526,121 | 9,950,919 | 316.82% | 73.88% |
| 2024 | 0.713% | 34,539,527 | 12,581,491 | 274.53% | 77.09% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Fire Authority

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 9.188% | \$466,968,323 | \$129,187,729 | 361.46% | 70.35% |
| 2016 | 9.056% | 517,669,806 | 129,452,647 | 399.89% | 68.90% |
| 2017 | 9.043% | 469,430,660 | 124,514,004 | 377.01% | 73.11% |
| 2018 | 7.485% | 370,674,668 | 148,890,685 | 248.96% | 80.44% |
| 2019 | 7.531% | 466,731,526 | 155,479,486 | 300.19% | 76.63% |
| 2020 | 6.982% | 354,395,457 | 164,583,742 | 215.33% | 83.51% |
| 2021 | 4.299% | 181,121,638 | 190,254,989 | 95.20% | 91.96% |
| 2022 | (5.117%) | (104,907,413) | 189,061,641 | (55.49%) | 104.45% |
| 2023 | 5.176% | 279,060,590 | 193,780,939 | 144.01% | 88.92% |
| 2024 | 3.476% | 168,457,678 | 202,864,559 | 83.04% | 93.68% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Cypress Recreation and Parks

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 0.000% | \$0 | \$0 | N/A | N/A |
| 2016 | 0.000% | 0 | 0 | N/A | N/A |
| 2017 | 0.000% | 0 | 0 | N/A | N/A |
| 2018 | 0.015% | 718,340 | 0 | N/A | 83.78% |
| 2019 | 0.007% | 408,781 | 0 | N/A | 90.81% |
| 2020 | 0.005% | 262,415 | 0 | N/A | 94.23% |
| 2021 | 0.004% | 185,117 | 0 | N/A | 96.03% |
| 2022 | (0.005%) | (103,379) | 0 | N/A | 102.18% |
| 2023 | 0.001% | 61,016 | 0 | N/A | 98.70% |
| 2024 | (0.013%) | (641,475) | 0 | N/A | 115.18% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Department of Education

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 0.072% | \$3,637,615 | \$0 | N/A | 75.31% |
| 2016 | 0.075% | 4,306,689 | 0 | N/A | 69.50% |
| 2017 | 0.085% | 4,415,517 | 0 | N/A | 68.18% |
| 2018 | 0.051% | 2,530,324 | 0 | N/A | 80.00% |
| 2019 | 0.057% | 3,517,372 | 0 | N/A | 71.79% |
| 2020 | 0.061% | 3,099,339 | 0 | N/A | 74.84% |
| 2021 | 0.063% | 2,661,390 | 0 | N/A | 77.81% |
| 2022 | 0.074% | 1,523,058 | 0 | N/A | 86.62% |
| 2023 | 0.062% | 3,323,372 | 0 | N/A | 70.69% |
| 2024 | 0.066% | 3,189,922 | 0 | N/A | 71.62% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Transportation Corridor Agency

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.210% | \$10,682,807 | \$6,118,067 | 174.61% | 69.62% |
| 2016 | 0.222% | 12,713,136 | 6,088,331 | 208.81% | 66.45% |
| 2017 | 0.239% | 12,423,364 | 6,431,272 | 193.17% | 69.93% |
| 2018 | 0.207% | 10,242,769 | 6,775,031 | 151.18% | 76.84% |
| 2019 | 0.214% | 13,253,632 | 6,609,886 | 200.51% | 71.83% |
| 2020 | (0.035%) | (1,753,164) | 6,809,655 | (25.75%) | 103.35% |
| 2021 | (0.092%) | (3,881,366) | 7,257,523 | (53.48%) | 107.11% |
| 2022 | (0.531%) | (10,881,786) | 6,686,314 | (162.75%) | 119.16% |
| 2023 | (0.012%) | (659,689) | 7,068,237 | (9.33%) | 101.11% |
| 2024 | (0.039%) | (1,889,567) | 6,943,494 | (27.21%) | 102.94% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

City of San Juan Capistrano

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 0.548% | \$27,866,378 | \$6,863,345 | 406.02% | 67.15% |
| 2016 | 0.512% | 29,249,120 | 6,464,876 | 452.43% | 64.73% |
| 2017 | 0.483% | 25,089,009 | 6,636,488 | 378.05% | 68.69% |
| 2018 | 0.528% | 26,138,852 | 7,227,226 | 361.67% | 71.95% |
| 2019 | 0.519% | 32,142,058 | 7,253,654 | 443.12% | 67.06% |
| 2020 | 0.516% | 26,191,970 | 7,294,439 | 359.07% | 73.18% |
| 2021 | 0.477% | 20,116,465 | 6,701,987 | 300.16% | 76.95% |
| 2022 | 0.573% | 11,742,303 | 6,112,331 | 192.11% | 85.88% |
| 2023 | 0.346% | 18,650,483 | 5,334,212 | 349.64% | 73.88% |
| 2024 | 0.360% | 17,443,348 | 5,694,424 | 306.32% | 77.09% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Sanitation District

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 1.130% | \$57,418,760 | \$58,641,163 | 97.92% | 89.61% |
| 2016 | 0.742% | 42,439,759 | 59,789,927 | 70.98% | 92.74% |
| 2017 | (0.200%) | (10,384,510) | 60,000,017 | (17.31%) | 101.70% |
| 2018 | (0.799%) | (39,571,102) | 62,341,796 | (63.47%) | 105.96% |
| 2019 | 0.468% | 29,029,145 | 66,475,479 | 43.67% | 95.86% |
| 2020 | (0.974%) | (49,446,617) | 71,395,906 | (69.26%) | 106.64% |
| 2021 | (1.629%) | (68,643,380) | 73,290,519 | (93.66%) | 108.50% |
| 2022 | (8.718%) | (178,731,247) | 73,539,248 | (243.04%) | 121.74% |
| 2023 | (0.197%) | (10,604,801) | 74,669,376 | (14.20%) | 101.22% |
| 2024 | (0.382%) | (18,531,537) | 77,104,645 | (24.03%) | 101.98% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Transportation Authority

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 4.006% | \$203,591,950 | \$95,061,437 | 214.17% | 74.00% |
| 2016 | 4.377% | 250,192,983 | 93,109,984 | 268.71% | 69.82% |
| 2017 | 4.436% | 230,260,478 | 94,507,309 | 243.64% | 73.17% |
| 2018 | 4.283% | 212,117,162 | 94,528,116 | 224.40% | 77.15% |
| 2019 | 4.353% | 269,788,642 | 97,229,545 | 277.48% | 71.97% |
| 2020 | 4.419% | 224,284,548 | 101,980,885 | 219.93% | 77.80% |
| 2021 | 4.415% | 186,024,390 | 102,499,571 | 181.49% | 82.52% |
| 2022 | 3.581% | 73,424,051 | 97,538,254 | 75.28% | 93.26% |
| 2023 | 3.842% | 207,132,957 | 105,542,209 | 196.26% | 81.45% |
| 2024 | 4.288% | 207,825,439 | 111,089,018 | 187.08% | 82.82% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

U.C.I.

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.523% | \$26,578,391 | \$574,780 | 4624.10% | 77.81% |
| 2016 | 0.633% | 36,184,065 | 285,025 | 12695.05% | 69.50% |
| 2017 | 0.696% | 36,113,699 | 43,707 | 82626.81% | 68.96% |
| 2018 | 0.558% | 27,644,960 | 14,874 | 185860.97% | 75.13% |
| 2019 | 0.562% | 34,808,679 | 0 | N/A | 67.93% |
| 2020 | 0.595% | 30,213,739 | 0 | N/A | 71.62% |
| 2021 | 0.601% | 25,337,145 | 0 | N/A | 75.38% |
| 2022 | 0.836% | 17,134,332 | 0 | N/A | 82.75% |
| 2023 | 0.544% | 29,314,724 | 0 | N/A | 69.63% |
| 2024 | 0.548% | 26,555,318 | 0 | N/A | 71.82% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Children and Families Comm.

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.078% | \$3,957,425 | \$1,043,030 | 379.42% | 67.15% |
| 2016 | 0.071% | 4,066,523 | 1,042,786 | 389.97% | 64.73% |
| 2017 | 0.061% | 3,158,290 | 925,031 | 341.43% | 68.69% |
| 2018 | 0.019% | 962,204 | 849,266 | 113.30% | 90.09% |
| 2019 | 0.010% | 630,610 | 966,061 | 65.28% | 91.49% |
| 2020 | (0.013%) | (646,472) | 1,061,044 | (60.93%) | 115.26% |
| 2021 | (0.015%) | (612,417) | 1,167,468 | (52.46%) | 112.42% |
| 2022 | (0.040%) | (811,951) | 1,304,766 | (62.23%) | 112.84% |
| 2023 | 0.000% | (21,846) | 1,209,958 | (1.81%) | 100.35% |
| 2024 | 0.004% | 189,581 | 1,659,517 | 11.42% | 97.56% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Local Agency Formation Comm.

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 0.026% | \$1,303,484 | \$334,804 | 389.33% | 67.15% |
| 2016 | 0.020% | 1,156,534 | 287,698 | 402.00% | 64.73% |
| 2017 | 0.026% | 1,340,888 | 374,792 | 357.77% | 68.69% |
| 2018 | 0.026% | 1,268,133 | 394,760 | 321.24% | 71.95% |
| 2019 | 0.026% | 1,582,703 | 419,538 | 377.25% | 67.06% |
| 2020 | 0.029% | 1,489,642 | 475,099 | 313.54% | 73.18% |
| 2021 | 0.030% | 1,248,133 | 463,507 | 269.28% | 76.95% |
| 2022 | 0.044% | 912,794 | 511,264 | 178.54% | 85.88% |
| 2023 | 0.029% | 1,587,646 | 488,433 | 325.05% | 73.88% |
| 2024 | 0.035% | 1,704,989 | 599,088 | 284.60% | 77.09% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Rancho Santa Margarita

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.000% | \$1,729 | \$0 | N/A | 96.78% |
| 2016 | 0.000% | 6,660 | 0 | N/A | 88.06% |
| 2017 | 0.000% | 9,332 | 0 | N/A | 82.95% |
| 2018 | (0.000%) | (2,320) | 0 | N/A | 104.91% |
| 2019 | 0.000% | 1,284 | 0 | N/A | 97.28% |
| 2020 | (0.000%) | (2,214) | 0 | N/A | 104.69% |
| 2021 | (0.000%) | (2,733) | 0 | N/A | 105.92% |
| 2022 | (0.000%) | (6,231) | 0 | N/A | 113.82% |
| 2023 | 0.000% | 1,652 | 0 | N/A | 96.34% |
| 2024 | 0.000% | 119 | 0 | N/A | 99.74% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. Superior Court

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|---------------------------------------------------------|-------------------|----------------------------|------------------|---------------------------------------------------------------|---------------------------------|
| 2015 | 7.002% | \$355,886,410 | \$99,034,265 | 359.36% | 67.15% |
| 2016 | 6.926% | 395,957,480 | 97,656,241 | 405.46% | 64.73% |
| 2017 | 6.726% | 349,173,850 | 100,413,439 | 347.74% | 68.69% |
| 2018 | 6.716% | 332,589,831 | 100,683,255 | 330.33% | 71.95% |
| 2019 | 6.338% | 392,760,910 | 101,374,099 | 387.44% | 67.06% |
| 2020 | 6.635% | 336,766,149 | 104,356,239 | 322.71% | 73.18% |
| 2021 | 7.112% | 299,663,880 | 110,862,286 | 270.30% | 76.95% |
| 2022 | 9.109% | 186,750,735 | 107,375,606 | 173.92% | 85.88% |
| 2023 | 6.695% | 360,927,849 | 111,160,998 | 324.69% | 73.88% |
| 2024 | 7.116% | 344,886,083 | 121,249,250 | 284.44% | 77.09% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 9 – Schedule of proportionate share of Net Pension Liability

O.C. IHSS Public Authority

| Reporting Date for Employer under GASB 68 as of June 30 | Proportion of NPL | Proportionate Share of NPL | Covered Payroll* | Proportionate Share of NPL as a Percentage of Covered Payroll | Plan FNP as a Percentage of TPL |
|------------------------------------------------------------------|----------------------|-------------------------------|------------------|---------------------------------------------------------------------|------------------------------------|
| 2015 | 0.013% | \$672,066 | \$744,371 | 90.29% | 75.26% |
| 2016 | 0.016% | 895,964 | 847,123 | 105.77% | 73.52% |
| 2017 | 0.015% | 781,506 | 970,644 | 80.51% | 79.30% |
| 2018 | 0.014% | 706,343 | 1,128,903 | 62.57% | 84.20% |
| 2019 | 0.018% | 1,097,009 | 1,094,048 | 100.27% | 77.97% |
| 2020 | 0.014% | 719,301 | 1,152,206 | 62.43% | 86.11% |
| 2021 | 0.007% | 304,738 | 1,131,545 | 26.93% | 93.94% |
| 2022 | (0.011%) | (233,222) | 1,125,442 | (20.72%) | 104.54% |
| 2023 | 0.012% | 666,697 | 1,290,634 | 51.66% | 88.70% |
| 2024 | 0.009% | 462,162 | 1,409,194 | 32.80% | 92.98% |

* Covered payroll represents payroll on which contributions to the pension plan are based.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 2: GASB 68 Information

Exhibit 10 – Schedule of recognition of changes in Net Pension Liability

The following tables present the increase/(decrease) in pension expense due to various changes in Net Pension Liability.

Differences between Expected and Actual Experience on Total Pension Liability

| Reporting Date for Employer under GASB 68 as of June 30 | Total Change | Recognition Period | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|---------------------------------------------------------|-----------------|--------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------|
| 2017 ¹ | \$(323,565,741) | 5.94 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2018 ¹ | (66,963,603) | 6.01 | (11,142,029) | (111,429) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019 ¹ | (118,124,401) | 5.91 | (19,987,206) | (18,188,371) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 ¹ | 24,382,911 | 5.86 | 4,160,905 | 4,160,905 | 3,578,386 | 0 | 0 | 0 | 0 | 0 |
| 2021 ¹ | 162,335,537 | 5.81 | 27,940,714 | 27,940,714 | 27,940,714 | 22,631,967 | 0 | 0 | 0 | 0 |
| 2022 ¹ | (113,046,194) | 5.45 | (20,742,423) | (20,742,423) | (20,742,423) | (20,742,423) | (9,334,079) | 0 | 0 | 0 |
| 2023 | 46,500,358 | 5.41 | 8,595,262 | 8,595,262 | 8,595,262 | 8,595,262 | 8,595,262 | 3,524,048 | 0 | 0 |
| 2024 | 326,785,307 | 5.35 | N/A | 61,081,366 | 61,081,366 | 61,081,366 | 61,081,366 | 61,081,366 | 21,378,477 | 0 |
| Total² | N/A | N/A | \$(11,174,777) | \$62,736,024 | \$80,453,305 | \$71,566,172 | \$60,342,549 | \$64,605,414 | \$21,378,477 | \$0 |

As described in the Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through OCERS (active and inactive employees) determined as of December 31, 2022 (the beginning of the measurement period ending December 31, 2023) is 5.35 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase (decrease) in pension expense.

Section 2: GASB 68 Information

Assumption Changes or Other Inputs

| Reporting Date for Employer under GASB 68 as of June 30 | Total Change | Recognition Period | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|---------------------------------------------------------|--------------|--------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------|
| 2017 ¹ | \$0 | 5.94 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2018 ¹ | 827,197,075 | 6.01 | 137,636,784 | 1,376,371 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019 ¹ | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 ¹ | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2021 ¹ | 18,966,926 | 5.81 | 3,264,531 | 3,264,531 | 3,264,531 | 2,644,271 | 0 | 0 | 0 | 0 |
| 2022 ¹ | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2023 | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2024 | 165,526,367 | 5.35 | N/A | 30,939,509 | 30,939,509 | 30,939,509 | 30,939,509 | 30,939,509 | 10,828,822 | 0 |
| Total² | N/A | N/A | \$140,901,315 | \$35,580,411 | \$34,204,040 | \$33,583,780 | \$30,939,509 | \$30,939,509 | \$10,828,822 | 0 |

As described in the Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through OCERS (active and inactive employees) determined as of December 31, 2022 (the beginning of the measurement period ending December 31, 2023) is 5.35 years.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase (decrease) in pension expense.

Section 2: GASB 68 Information

Differences between Projected and Actual Earnings on Pension Plan Investments

| Reporting Date for Employer under GASB 68 as of June 30 | Total Change | Recognition Period | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|---------------------------------------------------------|-----------------|--------------------|----------------------|------------------------|-----------------------|----------------------|----------------------|------------------------|------------|------------|
| 2017 ¹ | \$(213,982,570) | 5.00 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2018 ¹ | (1,009,651,572) | 5.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019 ¹ | 1,360,278,701 | 5.00 | 272,055,737 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 ¹ | (1,170,895,935) | 5.00 | (234,179,185) | (234,179,195) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2021 ¹ | (1,008,043,756) | 5.00 | (201,608,751) | (201,608,751) | (201,608,752) | 0 | 0 | 0 | 0 | 0 |
| 2022 ¹ | (1,909,760,501) | 5.00 | (381,952,100) | (381,952,100) | (381,952,100) | (381,952,100) | 0 | 0 | 0 | 0 |
| 2023 | 3,587,056,374 | 5.00 | 717,411,276 | 717,411,276 | 717,411,276 | 717,411,270 | 717,411,276 | 0 | 0 | 0 |
| 2024 | (954,822,636) | 5.00 | N/A | (190,964,528) | (190,964,528) | (190,964,528) | (190,964,528) | (190,964,524) | 0 | 0 |
| Total² | N/A | N/A | \$171,726,977 | \$(291,293,298) | \$(57,114,104) | \$144,494,647 | \$526,446,742 | \$(190,964,524) | \$0 | \$0 |

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b. of GASB 68.

¹ The amortization amounts prior to June 30, 2023 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase (decrease) in pension expense.

Section 2: GASB 68 Information

Total Increase/(Decrease) in Pension Expense

| Reporting Date for Employer under GASB 68 as of June 30 | Total Change | Recognition Period | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|---------------------------------------------------------|-----------------|--------------------|----------------------|------------------------|---------------------|----------------------|----------------------|-----------------------|---------------------|------------|
| 2017 ¹ | \$(537,548,311) | N/A | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2018 ¹ | (249,418,100) | N/A | 126,494,755 | 1,264,942 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2019 ¹ | 1,242,154,300 | N/A | 252,068,531 | (18,188,371) | 0 | 0 | 0 | 0 | 0 | 0 |
| 2020 ¹ | (1,146,513,024) | N/A | (230,018,280) | (230,018,290) | 3,578,386 | 0 | 0 | 0 | 0 | 0 |
| 2021 ¹ | (826,741,293) | N/A | (170,403,506) | (170,403,506) | (170,403,507) | 25,276,238 | 0 | 0 | 0 | 0 |
| 2022 ¹ | (2,022,806,695) | N/A | (402,694,523) | (402,694,523) | (402,694,523) | (402,694,524) | (9,334,079) | 0 | 0 | 0 |
| 2023 | 3,633,556,732 | N/A | 726,006,538 | 726,006,538 | 726,006,538 | 726,006,538 | 726,006,532 | 3,524,048 | 0 | 0 |
| 2024 | (462,510,962) | N/A | N/A | (98,943,653) | (98,943,653) | (98,943,653) | (98,943,653) | (98,943,649) | 32,207,299 | 0 |
| Total² | N/A | N/A | \$301,453,515 | \$(192,976,863) | \$57,543,241 | \$249,644,599 | \$617,728,800 | \$(95,419,601) | \$32,207,299 | \$0 |

¹ The amortization amounts prior to June 30, 2023 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase (decrease) in pension expense.

Section 2: GASB 68 Information

Exhibit 11 – Schedule of recognition of changes in proportionate share

In addition to the amounts shown in *Section 2, Exhibit 10 – Schedule of recognition of changes in Net Pension Liability*, there are changes in each employer's proportionate share of the NPL during the measurement period ending on December 31, 2023.

The net effect of the change in the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources along with the difference between the actual employer contributions and the proportionate share of the employer contributions is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS as shown earlier.

The following tables illustrate the scheduled increase/(decrease) in pension expense due to the change in proportion and difference in employer contributions. While these amounts are different for each employer, they sum to zero over the entire OCERS.

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2023

| Employer | Total Change | Recognition Period | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
|----------------------------------|----------------|--------------------|---------------|---------------|---------------|---------------|---------------|-------------|------------|
| Orange County | \$(14,705,141) | 5.35 | \$(2,748,624) | \$(2,748,624) | \$(2,748,624) | \$(2,748,624) | \$(2,748,624) | \$(962,021) | \$0 |
| O.C. Cemetery District | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 4,661,065 | 5.35 | 871,227 | 871,227 | 871,227 | 871,227 | 871,227 | 304,930 | 0 |
| O.C. Fire Authority | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | 33,880 | 5.35 | 6,333 | 6,333 | 6,333 | 6,333 | 6,333 | 2,215 | 0 |
| O.C. Sanitation District | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | 377,840 | 5.35 | 70,624 | 70,624 | 70,624 | 70,624 | 70,624 | 24,720 | 0 |
| Local Agency Formation Comm. | 192,811 | 5.35 | 36,039 | 36,039 | 36,039 | 36,039 | 36,039 | 12,616 | 0 |
| Rancho Santa Margarita | 0 | 5.35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | 9,417,883 | 5.35 | 1,760,352 | 1,760,352 | 1,760,352 | 1,760,352 | 1,760,352 | 616,123 | 0 |
| O.C. IHSS Public Authority | 21,662 | 5.35 | 4,049 | 4,049 | 4,049 | 4,049 | 4,049 | 1,417 | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2022

| Employer | Total Change | Recognition Period | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter |
|----------------------------------|--------------|--------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| Orange County | \$9,664,735 | 5.41 | \$1,786,458 | \$1,786,458 | \$1,786,458 | \$1,786,458 | \$1,786,458 | \$732,445 | \$0 |
| O.C. Cemetery District | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | (679,097) | 5.41 | (125,526) | (125,526) | (125,526) | (125,526) | (125,526) | (51,467) | 0 |
| O.C. Fire Authority | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | (3,738,526) | 5.41 | (691,040) | (691,040) | (691,040) | (691,040) | (691,040) | (283,326) | 0 |
| O.C. Sanitation District | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | 1,436,935 | 5.41 | 265,607 | 265,607 | 265,607 | 265,607 | 265,607 | 108,900 | 0 |
| Local Agency Formation Comm. | (189,545) | 5.41 | (35,036) | (35,036) | (35,036) | (35,036) | (35,036) | (14,365) | 0 |
| Rancho Santa Margarita | 0 | 5.41 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | (6,632,793) | 5.41 | (1,226,025) | (1,226,025) | (1,226,025) | (1,226,025) | (1,226,025) | (502,668) | 0 |
| O.C. IHSS Public Authority | 138,291 | 5.41 | 25,562 | 25,562 | 25,562 | 25,562 | 25,562 | 10,481 | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2021

| Employer | Total Change | Recognition Period | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter |
|----------------------------------|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|-------------|------------|
| Orange County | \$(5,478,436) | 5.45 | \$(1,005,218) | \$(1,005,218) | \$(1,005,218) | \$(1,005,218) | \$(1,005,218) | \$(452,346) | \$0 |
| O.C. Cemetery District | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 1,428,471 | 5.45 | 262,105 | 262,105 | 262,105 | 262,105 | 262,105 | 117,946 | 0 |
| O.C. Fire Authority | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | 4,941,332 | 5.45 | 906,666 | 906,666 | 906,666 | 906,666 | 906,666 | 408,002 | 0 |
| O.C. Sanitation District | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | (435,875) | 5.45 | (79,977) | (79,977) | (79,977) | (79,977) | (79,977) | (35,990) | 0 |
| Local Agency Formation Comm. | 228,184 | 5.45 | 41,869 | 41,869 | 41,869 | 41,869 | 41,869 | 18,839 | 0 |
| Rancho Santa Margarita | 0 | 5.45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | (456,452) | 5.45 | (83,753) | (83,753) | (83,753) | (83,753) | (83,753) | (37,687) | 0 |
| O.C. IHSS Public Authority | (227,224) | 5.45 | (41,692) | (41,692) | (41,692) | (41,692) | (41,692) | (18,764) | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2020

| Employer | Total Change | Recognition Period | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Thereafter |
|----------------------------------|--------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Orange County | \$12,901,296 | 5.81 | \$2,220,532 | \$2,220,532 | \$2,220,532 | \$2,220,532 | \$2,220,532 | \$1,798,636 | \$0 |
| O.C. Cemetery District | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 562,430 | 5.81 | 96,804 | 96,804 | 96,804 | 96,804 | 96,804 | 78,410 | 0 |
| O.C. Fire Authority | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | (4,539,080) | 5.81 | (781,253) | (781,253) | (781,253) | (781,253) | (781,253) | (632,815) | 0 |
| O.C. Sanitation District | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | 173,659 | 5.81 | 29,890 | 29,890 | 29,890 | 29,890 | 29,890 | 24,209 | 0 |
| Local Agency Formation Comm. | (136,351) | 5.81 | (23,468) | (23,468) | (23,468) | (23,468) | (23,468) | (19,011) | 0 |
| Rancho Santa Margarita | 0 | 5.81 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | (8,930,323) | 5.81 | (1,537,061) | (1,537,061) | (1,537,061) | (1,537,061) | (1,537,061) | (1,245,018) | 0 |
| O.C. IHSS Public Authority | (31,631) | 5.81 | (5,444) | (5,444) | (5,444) | (5,444) | (5,444) | (4,411) | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2019

| Employer | Total Change | Recognition Period | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Thereafter |
|----------------------------------|---------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Orange County | \$(5,692,697) | 5.86 | \$(971,449) | \$(971,449) | \$(971,449) | \$(971,449) | \$(971,449) | \$(835,452) | \$0 |
| O.C. Cemetery District | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 2,634,131 | 5.86 | 449,510 | 449,510 | 449,510 | 449,510 | 449,510 | 386,581 | 0 |
| O.C. Fire Authority | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | (1,157,951) | 5.86 | (197,603) | (197,603) | (197,603) | (197,603) | (197,603) | (169,936) | 0 |
| O.C. Sanitation District | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | (1,110,175) | 5.86 | (189,450) | (189,450) | (189,450) | (189,450) | (189,450) | (162,925) | 0 |
| Local Agency Formation Comm. | 157,671 | 5.86 | 26,906 | 26,906 | 26,906 | 26,906 | 26,906 | 23,141 | 0 |
| Rancho Santa Margarita | 0 | 5.86 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | 5,149,368 | 5.86 | 878,732 | 878,732 | 878,732 | 878,732 | 878,732 | 755,708 | 0 |
| O.C. IHSS Public Authority | 19,653 | 5.86 | 3,354 | 3,354 | 3,354 | 3,354 | 3,354 | 2,883 | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2018

| Employer | Total Change | Recognition Period | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Thereafter |
|----------------------------------|--------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Orange County | \$13,152,991 | 5.91 | \$2,225,549 | \$2,225,549 | \$2,225,549 | \$2,225,549 | \$2,225,549 | \$2,025,246 | \$0 |
| O.C. Cemetery District | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 2,177,730 | 5.91 | 368,482 | 368,482 | 368,482 | 368,482 | 368,482 | 335,320 | 0 |
| O.C. Fire Authority | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | (142,910) | 5.91 | (24,181) | (24,181) | (24,181) | (24,181) | (24,181) | (22,005) | 0 |
| O.C. Sanitation District | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | (361,087) | 5.91 | (61,098) | (61,098) | (61,098) | (61,098) | (61,098) | (55,597) | 0 |
| Local Agency Formation Comm. | 13,795 | 5.91 | 2,334 | 2,334 | 2,334 | 2,334 | 2,334 | 2,125 | 0 |
| Rancho Santa Margarita | 0 | 5.91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | (14,826,827) | 5.91 | (2,508,769) | (2,508,769) | (2,508,769) | (2,508,769) | (2,508,769) | (2,282,982) | 0 |
| O.C. IHSS Public Authority | (13,692) | 5.91 | (2,317) | (2,317) | (2,317) | (2,317) | (2,317) | (2,107) | 0 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2017

| Employer | Total Change | Recognition Period | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter |
|----------------------------------|--------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Orange County | \$8,107,013 | 6.01 | \$1,348,921 | \$1,348,921 | \$1,348,921 | \$1,348,921 | \$1,348,921 | \$1,348,921 | \$13,487 |
| O.C. Cemetery District | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Law Library | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Vector Control District | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Retirement System | 49,770 | 6.01 | 8,281 | 8,281 | 8,281 | 8,281 | 8,281 | 8,281 | 84 |
| O.C. Fire Authority | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cypress Recreation and Parks | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Department of Education | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Corridor Agency | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City of San Juan Capistrano | 1,675,195 | 6.01 | 278,735 | 278,735 | 278,735 | 278,735 | 278,735 | 278,735 | 2,785 |
| O.C. Sanitation District | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Transportation Authority | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| U.C.I. | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Children and Families Comm. | (445,507) | 6.01 | (74,128) | (74,128) | (74,128) | (74,128) | (74,128) | (74,128) | (739) |
| Local Agency Formation Comm. | (51,088) | 6.01 | (8,500) | (8,500) | (8,500) | (8,500) | (8,500) | (8,500) | (88) |
| Rancho Santa Margarita | 0 | 6.01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| O.C. Superior Court | (9,400,312) | 6.01 | (1,564,112) | (1,564,112) | (1,564,112) | (1,564,112) | (1,564,112) | (1,564,112) | (15,640) |
| O.C. IHSS Public Authority | 64,929 | 6.01 | 10,803 | 10,803 | 10,803 | 10,803 | 10,803 | 10,803 | 111 |
| Total for All Employers | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Section 3: Actuarial Assumptions and Methods

The following presents the actuarial assumptions, methods and models used in the December 31, 2023 Measurement Date for Employer Reporting as of June 30, 2024.

Actuarial assumptions

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the January 1, 2020 through December 31, 2022 Actuarial Experience Study dated August 11, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all members for all tiers. These assumptions were adopted by the Board.

Net investment return

7.00%; net of administrative and investment expenses.

Based on the Actuarial Experience Study referenced above, expected administrative and investment expenses represent about 0.30% of the actuarial value of assets.

Inflation rate

Increase of 2.50% per year.

Cost-of-Living Adjustment (COLA)

Retiree COLA increases of 2.75% per year. For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.

Member contribution crediting rate

5.00%, compounded semi-annually.

Section 3: Actuarial Assumptions and Methods

Payroll

Inflation of 2.50% per year plus “across-the-board” salary increase of 0.50% per year, used to amortize the UAAL as a level percentage of payroll for calculating the actuarially determined contribution.

Increase in Section 7522.10 Compensation Limit

Increase of 2.50% per year from the valuation date.

Salary increase

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on years of service:

Section 3: Actuarial Assumptions and Methods

Merit and Promotion Increases*

| Years of Service | General | Safety |
|------------------|---------|--------|
| Less than 1 | 5.00% | 12.00% |
| 1-2 | 7.25% | 10.00% |
| 2-3 | 6.50% | 8.75% |
| 3-4 | 5.50% | 7.75% |
| 4-5 | 4.50% | 6.75% |
| 5-6 | 3.75% | 5.75% |
| 6-7 | 3.00% | 5.00% |
| 7-8 | 2.75% | 3.75% |
| 8-9 | 2.00% | 3.00% |
| 9-10 | 1.80% | 2.75% |
| 10-11 | 1.60% | 2.00% |
| 11-12 | 1.50% | 1.85% |
| 12-13 | 1.40% | 1.85% |
| 13-14 | 1.30% | 1.85% |
| 14-15 | 1.25% | 1.85% |
| 15-16 | 1.25% | 1.60% |
| 16-17 | 1.15% | 1.60% |
| 17-18 | 1.10% | 1.60% |
| 18-19 | 1.10% | 1.60% |
| 19-20 | 0.90% | 1.50% |
| 20 and over | 0.90% | 1.50% |

* In addition to the individual salary increase assumptions, we have applied an average of two hours of additional salary annually for leap-year salary adjustment.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 3: Actuarial Assumptions and Methods

Post-retirement mortality rates

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Healthy

- **General members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Safety members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) decreased 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

- **General members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) decreased 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Safety members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) decreased 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

- **Beneficiaries not currently in pay status:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries in pay status:** Pub-2010 Contingent Survivor Amount-Weighted Above Median Mortality Table (separate tables for males and females) increased 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Section 3: Actuarial Assumptions and Methods

Pre-retirement mortality rates

- **General members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Safety members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.

Pre-Retirement Mortality Rates — Before Generational Projection from 2010

| Age | General Male | General Female | Safety Male | Safety Female |
|-----|--------------|----------------|-------------|---------------|
| 20 | 0.04% | 0.01% | 0.04% | 0.02% |
| 25 | 0.02% | 0.01% | 0.03% | 0.02% |
| 30 | 0.03% | 0.01% | 0.04% | 0.02% |
| 35 | 0.04% | 0.02% | 0.04% | 0.03% |
| 40 | 0.06% | 0.03% | 0.05% | 0.04% |
| 45 | 0.09% | 0.05% | 0.07% | 0.06% |
| 50 | 0.13% | 0.08% | 0.10% | 0.08% |
| 55 | 0.19% | 0.11% | 0.15% | 0.11% |
| 60 | 0.28% | 0.17% | 0.23% | 0.14% |
| 65 | 0.41% | 0.27% | 0.35% | 0.20% |
| 70 | 0.61% | 0.44% | 0.66% | 0.39% |

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

For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected.

Section 3: Actuarial Assumptions and Methods

Mortality rates for member contributions

- **General members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP 2021, weighted 40% male and 60% female.
- **Safety members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) decreased by 5% for females, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2021, weighted 85% male and 15% female.

Section 3: Actuarial Assumptions and Methods

Disability incidence

Disability Incidence Rates

| Age | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|-----|-------------------|--------------|-------------------|------------------|
| 20 | 0.00% | 0.00% | 0.00% | 0.00% |
| 25 | 0.00% | 0.00% | 0.02% | 0.03% |
| 30 | 0.01% | 0.03% | 0.08% | 0.08% |
| 35 | 0.03% | 0.20% | 0.19% | 0.13% |
| 40 | 0.07% | 0.36% | 0.34% | 0.18% |
| 45 | 0.13% | 0.46% | 0.46% | 0.26% |
| 50 | 0.21% | 0.56% | 1.22% | 0.36% |
| 55 | 0.28% | 0.72% | 3.38% | 0.49% |
| 60 | 0.30% | 1.04% | 5.40% | 0.22% |
| 65 | 0.30% | 1.68% | 7.50% | 0.00% |

75% of General All Other disabilities are assumed to be service-connected disabilities. The other 25% are assumed to be non-service connected.

85% of General OCTA disabilities are assumed to be service-connected disabilities. The other 15% are assumed to be non-service connected.

100% of Safety Law Enforcement and Fire disabilities are assumed to be service-connected disabilities.

85% of Safety Probation disabilities are assumed to be service-connected disabilities. The other 15% are assumed to be non-service connected.

Section 3: Actuarial Assumptions and Methods

Termination

Termination Rates

| Years of Service | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|------------------|-------------------|--------------|-------------------|------------------|
| Less than 1 | 11.25% | 16.50% | 4.00% | 12.50% |
| 1-2 | 7.25% | 11.50% | 3.00% | 11.50% |
| 2-3 | 6.50% | 9.25% | 2.50% | 9.50% |
| 3-4 | 5.50% | 8.25% | 2.25% | 5.00% |
| 4-5 | 5.25% | 7.75% | 2.00% | 4.00% |
| 5-6 | 4.75% | 6.50% | 1.75% | 3.25% |
| 6-7 | 4.25% | 4.25% | 1.25% | 2.75% |
| 7-8 | 4.00% | 4.00% | 1.20% | 2.75% |
| 8-9 | 3.50% | 3.50% | 1.15% | 2.50% |
| 9-10 | 3.00% | 2.75% | 1.10% | 1.75% |
| 10-11 | 2.50% | 2.75% | 1.05% | 1.50% |
| 11-12 | 2.00% | 2.50% | 1.00% | 1.50% |
| 12-13 | 1.75% | 2.50% | 0.95% | 1.25% |
| 13-14 | 1.75% | 2.25% | 0.65% | 1.00% |
| 14-15 | 1.60% | 2.25% | 0.60% | 0.75% |
| 15-16 | 1.50% | 2.00% | 0.55% | 0.75% |
| 16-17 | 1.40% | 2.00% | 0.50% | 0.75% |
| 17-18 | 1.30% | 1.75% | 0.45% | 0.75% |
| 18-19 | 1.20% | 1.75% | 0.40% | 0.50% |
| 19-20 | 1.00% | 1.25% | 0.30% | 0.25% |
| 20 and over | 0.50% | 0.75% | 0.15% | 0.20% |

Section 3: Actuarial Assumptions and Methods

Election for withdrawal of contributions

Election Rates

| Years of Service | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|------------------|-------------------|--------------|-------------------|------------------|
| Less than 5 | 25.00% | 35.00% | 25.00% | 20.00% |
| 5–9 | 17.50% | 30.00% | 25.00% | 20.00% |
| 10–14 | 17.50% | 25.00% | 12.50% | 20.00% |
| 15 and over | 15.00% | 15.00% | 12.50% | 15.00% |

Section 3: Actuarial Assumptions and Methods

Retirement rates

Retirement Rates – General

| Age | Enhanced <30 Years of Service | Enhanced 30+ Years of Service | Non-Enhanced* <30 Years of Service | Non-Enhanced* 30+ Years of Service |
|-----|-------------------------------------|-------------------------------------|------------------------------------------|------------------------------------------|
| 49 | 0.00% | 30.00% | 0.00% | 25.00% |
| 50 | 2.25% | 5.00% | 2.75% | 2.75% |
| 51 | 2.25% | 5.00% | 2.75% | 2.75% |
| 52 | 2.50% | 5.00% | 2.75% | 2.75% |
| 53 | 3.00% | 9.00% | 2.75% | 2.75% |
| 54 | 7.50% | 16.00% | 2.75% | 2.75% |
| 55 | 13.00% | 35.00% | 3.25% | 3.50% |
| 56 | 10.00% | 24.00% | 3.25% | 3.50% |
| 57 | 10.00% | 22.00% | 5.50% | 5.50% |
| 58 | 10.00% | 22.00% | 6.50% | 6.50% |
| 59 | 11.00% | 24.00% | 6.50% | 6.50% |
| 60 | 12.00% | 24.00% | 8.00% | 12.00% |
| 61 | 12.00% | 24.00% | 8.00% | 15.00% |
| 62 | 14.00% | 24.00% | 8.00% | 18.00% |
| 63 | 14.00% | 24.00% | 10.00% | 22.00% |
| 64 | 17.00% | 30.00% | 12.00% | 25.00% |
| 65 | 25.00% | 30.00% | 22.00% | 30.00% |
| 66 | 25.00% | 30.00% | 25.00% | 32.00% |
| 67 | 25.00% | 30.00% | 27.00% | 32.00% |
| 68 | 25.00% | 25.00% | 32.00% | 32.00% |
| 69 | 25.00% | 25.00% | 30.00% | 30.00% |
| 70 | 25.00% | 25.00% | 25.00% | 30.00% |
| 71 | 25.00% | 25.00% | 20.00% | 30.00% |
| 72 | 22.00% | 25.00% | 20.00% | 30.00% |
| 73 | 20.00% | 25.00% | 20.00% | 30.00% |
| 74 | 20.00% | 25.00% | 20.00% | 30.00% |
| 75 | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

* These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

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Section 3: Actuarial Assumptions and Methods

Retirement Rates – Safety

| Age | Law (31664.1) <30 Years of Service | Law (31664.1) 30+ Years of Service | Fire (31664.1) <30 Years of Service | Fire (31664.1) 30+ Years of Service | Probation (31664.1) <30 Years of Service | Probation (31664.1) 30+ Years of Service |
|-----|------------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------|
| 45 | 2.50% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 46 | 2.50% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 47 | 2.50% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 48 | 2.50% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 49 | 12.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 50 | 18.00% | 20.00% | 4.50% | 10.00% | 9.00% | 12.00% |
| 51 | 18.00% | 20.00% | 4.50% | 10.00% | 7.00% | 10.00% |
| 52 | 18.00% | 20.00% | 4.50% | 10.00% | 5.00% | 9.00% |
| 53 | 20.00% | 35.00% | 9.00% | 20.00% | 7.00% | 9.00% |
| 54 | 24.00% | 35.00% | 12.00% | 25.00% | 7.00% | 12.00% |
| 55 | 24.00% | 35.00% | 12.00% | 25.00% | 12.00% | 30.00% |
| 56 | 24.00% | 35.00% | 12.00% | 25.00% | 18.00% | 30.00% |
| 57 | 24.00% | 35.00% | 20.00% | 25.00% | 25.00% | 30.00% |
| 58 | 24.00% | 40.00% | 20.00% | 30.00% | 25.00% | 30.00% |
| 59 | 24.00% | 40.00% | 25.00% | 30.00% | 18.00% | 30.00% |
| 60 | 30.00% | 40.00% | 25.00% | 30.00% | 20.00% | 40.00% |
| 61 | 30.00% | 40.00% | 25.00% | 30.00% | 20.00% | 40.00% |
| 62 | 30.00% | 40.00% | 25.00% | 30.00% | 20.00% | 40.00% |
| 63 | 30.00% | 40.00% | 25.00% | 30.00% | 20.00% | 40.00% |
| 64 | 30.00% | 40.00% | 25.00% | 30.00% | 20.00% | 40.00% |
| 65 | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement Rates

| Age | General SJC (31676.12) | Safety Law (31664.2) | Safety Fire (31664.2) |
|-----|---------------------------|-------------------------|--------------------------|
| 50 | 4.00% | 12.00% | 8.00% |
| 51 | 4.00% | 12.50% | 9.00% |
| 52 | 4.00% | 13.00% | 10.00% |
| 53 | 4.00% | 18.00% | 12.00% |
| 54 | 4.00% | 19.00% | 14.00% |
| 55 | 4.00% | 35.00% | 24.00% |
| 56 | 5.00% | 25.00% | 23.00% |
| 57 | 6.00% | 25.00% | 25.00% |
| 58 | 7.00% | 25.00% | 25.00% |
| 59 | 9.00% | 30.00% | 35.00% |
| 60 | 10.00% | 40.00% | 40.00% |
| 61 | 12.00% | 40.00% | 40.00% |
| 62 | 13.00% | 40.00% | 40.00% |
| 63 | 13.00% | 40.00% | 40.00% |
| 64 | 19.00% | 40.00% | 40.00% |
| 65 | 22.00% | 100.00% | 100.00% |
| 66 | 26.00% | 100.00% | 100.00% |
| 67 | 26.00% | 100.00% | 100.00% |
| 68 | 26.00% | 100.00% | 100.00% |
| 69 | 26.00% | 100.00% | 100.00% |
| 70 | 45.00% | 100.00% | 100.00% |
| 71 | 45.00% | 100.00% | 100.00% |
| 72 | 45.00% | 100.00% | 100.00% |
| 73 | 45.00% | 100.00% | 100.00% |
| 74 | 45.00% | 100.00% | 100.00% |
| 75 | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement Rates

| Age | CalPEPRA 2.5% @ 67 General Formula | CalPEPRA 2.7% @ 57 Safety Formula Probation | CalPEPRA 2.7% @ 57 Safety Formula Law | CalPEPRA 2.7% @ 57 Safety Formula Fire |
|-----|------------------------------------------|---------------------------------------------------|---------------------------------------------|----------------------------------------------|
| 50 | 0.00% | 3.00% | 11.50% | 6.00% |
| 51 | 0.00% | 3.00% | 12.00% | 6.50% |
| 52 | 5.50% | 3.50% | 12.50% | 8.00% |
| 53 | 2.00% | 3.50% | 16.50% | 10.00% |
| 54 | 2.00% | 6.00% | 17.50% | 12.00% |
| 55 | 2.75% | 12.00% | 30.00% | 20.00% |
| 56 | 3.75% | 12.00% | 20.00% | 19.00% |
| 57 | 5.50% | 15.00% | 20.00% | 21.00% |
| 58 | 7.50% | 25.00% | 25.00% | 25.00% |
| 59 | 7.50% | 25.00% | 30.00% | 30.00% |
| 60 | 7.50% | 40.00% | 40.00% | 40.00% |
| 61 | 7.50% | 40.00% | 40.00% | 40.00% |
| 62 | 14.00% | 40.00% | 40.00% | 40.00% |
| 63 | 14.00% | 40.00% | 40.00% | 40.00% |
| 64 | 15.00% | 40.00% | 40.00% | 40.00% |
| 65 | 20.00% | 100.00% | 100.00% | 100.00% |
| 66 | 22.00% | 100.00% | 100.00% | 100.00% |
| 67 | 23.00% | 100.00% | 100.00% | 100.00% |
| 68 | 23.00% | 100.00% | 100.00% | 100.00% |
| 69 | 23.00% | 100.00% | 100.00% | 100.00% |
| 70 | 25.00% | 100.00% | 100.00% | 100.00% |
| 71 | 25.00% | 100.00% | 100.00% | 100.00% |
| 72 | 25.00% | 100.00% | 100.00% | 100.00% |
| 73 | 25.00% | 100.00% | 100.00% | 100.00% |
| 74 | 25.00% | 100.00% | 100.00% | 100.00% |
| 75 | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement age and benefit for deferred vested members

For current and future deferred vested members without reciprocity, retirement age assumptions are as follows:

| | |
|-------------------------|----|
| General retirement age: | 58 |
| Safety retirement age: | 54 |

For current and future deferred vested members with reciprocity, retirement age assumptions are as follows:

| | |
|-------------------------|----|
| General retirement age: | 60 |
| Safety retirement age: | 54 |

General and Safety deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

12.5% of future General and 20% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 3.90% and 4.50% compensation increase per annum are assumed for General and Safety, respectively.

Liability calculation for current deferred vested members

Liability for a current deferred vested member is calculated based on salary (adjusted with the additional cashout assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have 3 or more years of service, we used an average salary. For those members without salary information that have less than 3 years of service or for those members without 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.

Section 3: Actuarial Assumptions and Methods

Inclusion of deferred vested members

All deferred vested members are included in the valuation.

Definition of active members

First day of employment.

Form of payment

All active and inactive members are assumed to elect the unmodified option at retirement.

Percent married

For all active and inactive members, 75% of male members and 55% of female members are assumed to be married at pre-retirement death or retirement.

Age and gender of spouse

For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Section 3: Actuarial Assumptions and Methods

Cashout assumptions

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

Rates

| Plan | Final One Year Salary | Final Three Year Salary |
|-------------------------------|-----------------------|-------------------------|
| General Non CalPEPRA | 3.00% | 3.20% |
| Safety Probation Non CalPEPRA | N/A | 3.50% |
| Safety Law Non CalPEPRA | N/A | 6.60% |
| Safety Fire Non CalPEPRA | N/A | 1.50% |
| General CalPEPRA | N/A | N/A |
| Safety Probation CalPEPRA | N/A | N/A |
| Safety Law CalPEPRA | N/A | N/A |
| Safety Fire CalPEPRA | N/A | N/A |

The additional cashout assumptions are the same for service and disability retirements.

Actuarial methods

Actuarial cost method

Entry age actuarial cost method.

Entry age is the age on the valuation date minus the lesser of years of employment or years of benefit service. Normal cost and AAL are calculated on an individual basis and are based on costs allocated as a level percentage of compensation. The normal cost rate is calculated assuming their entry age is the date they entered service with OCERS.

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.

Section 3: Actuarial Assumptions and Methods

Expected remaining service lives

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each non-active or retired member.
- Dividing the sum of item 1 and item 3 by the total number of active, non-active and retired members.

Actuarial Models

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Justification for change in actuarial assumptions, methods or models

Based on past experience and future expectations, the following actuarial assumptions were changed. Previously these assumptions were as follows:

Section 3: Actuarial Assumptions and Methods

Salary increase

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on years of service:

Merit and Promotion Increases*

| Years of Service | General | Safety |
|------------------|---------|--------|
| Less than 1 | 8.00% | 12.00% |
| 1–2 | 7.25% | 10.00% |
| 2–3 | 6.25% | 8.50% |
| 3–4 | 5.25% | 7.50% |
| 4–5 | 4.25% | 6.50% |
| 5–6 | 3.50% | 5.50% |
| 6–7 | 2.75% | 5.00% |
| 7–8 | 2.50% | 4.00% |
| 8–9 | 1.70% | 3.00% |
| 9–10 | 1.70% | 2.50% |
| 10–11 | 1.60% | 1.85% |
| 11–12 | 1.60% | 1.85% |
| 12–13 | 1.50% | 1.85% |
| 13–14 | 1.50% | 1.85% |
| 14–15 | 1.25% | 1.85% |
| 15–16 | 1.25% | 1.60% |
| 16–17 | 1.00% | 1.60% |
| 17–18 | 1.00% | 1.60% |
| 18–19 | 1.00% | 1.60% |
| 19–20 | 1.00% | 1.60% |
| 20 and over | 1.00% | 1.60% |

* In addition to the individual salary increase assumptions, we have applied an average of two hours of additional salary annually for leap-year salary adjustment.

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Section 3: Actuarial Assumptions and Methods

Post-retirement mortality rates

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Healthy

- **General members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled

- **General members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) decreased 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiary

- **All beneficiaries:** Pub-2010 Contingent Survivor Amount-Weighted Above Median Mortality Table (separate tables for males and females) increased 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Section 3: Actuarial Assumptions and Methods

Pre-retirement mortality rates

- **General members:** Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
- **Safety members:** Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

Pre-Retirement Mortality Rates — Before Generational Projection from 2010

| Age | General Male | General Female | Safety Male | Safety Female |
|-----|--------------|----------------|-------------|---------------|
| 20 | 0.04% | 0.01% | 0.04% | 0.02% |
| 25 | 0.02% | 0.01% | 0.03% | 0.02% |
| 30 | 0.03% | 0.01% | 0.04% | 0.02% |
| 35 | 0.04% | 0.02% | 0.04% | 0.03% |
| 40 | 0.06% | 0.03% | 0.05% | 0.04% |
| 45 | 0.09% | 0.05% | 0.07% | 0.06% |
| 50 | 0.13% | 0.08% | 0.10% | 0.08% |
| 55 | 0.19% | 0.11% | 0.15% | 0.11% |
| 60 | 0.28% | 0.17% | 0.23% | 0.14% |
| 65 | 0.41% | 0.27% | 0.35% | 0.20% |
| 70 | 0.61% | 0.44% | 0.66% | 0.39% |

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

For Safety, 90% of pre-retirement deaths are assumed to be non-service connected. The other 10% are assumed to be service connected.

Section 3: Actuarial Assumptions and Methods

Mortality rates for member contributions

- **General members:** Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) increased 5%, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP 2019, weighted 40% male and 60% female.
- **Safety members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 80% male and 20% female.

Section 3: Actuarial Assumptions and Methods

Disability incidence

Disability Incidence Rates

| Age | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|-----|-------------------|--------------|-------------------|------------------|
| 20 | 0.00% | 0.00% | 0.00% | 0.00% |
| 25 | 0.00% | 0.00% | 0.01% | 0.03% |
| 30 | 0.01% | 0.03% | 0.07% | 0.08% |
| 35 | 0.03% | 0.20% | 0.19% | 0.10% |
| 40 | 0.08% | 0.39% | 0.31% | 0.13% |
| 45 | 0.14% | 0.48% | 0.44% | 0.21% |
| 50 | 0.20% | 0.53% | 1.10% | 0.28% |
| 55 | 0.27% | 0.70% | 2.70% | 0.42% |
| 60 | 0.33% | 1.22% | 5.00% | 0.20% |

65% of General All Other disabilities are assumed to be service-connected disabilities. The other 35% are assumed to be non-service connected.

80% of General OCTA disabilities are assumed to be service-connected disabilities. The other 20% are assumed to be non-service connected.

100% of Safety Law Enforcement and Fire disabilities are assumed to be service-connected disabilities.

75% of Safety Probation disabilities are assumed to be service-connected disabilities. The other 25% are assumed to be non-service connected.

Section 3: Actuarial Assumptions and Methods

Termination

Termination Rates

| Years of Service | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|------------------|-------------------|--------------|-------------------|------------------|
| Less than 1 | 11.00% | 17.00% | 4.25% | 14.00% |
| 1-2 | 7.25% | 11.50% | 2.75% | 13.00% |
| 2-3 | 6.50% | 9.00% | 2.25% | 11.00% |
| 3-4 | 5.50% | 8.50% | 1.75% | 5.00% |
| 4-5 | 5.00% | 8.00% | 1.50% | 4.00% |
| 5-6 | 4.50% | 7.00% | 1.25% | 3.25% |
| 6-7 | 4.00% | 4.25% | 1.00% | 2.75% |
| 7-8 | 3.50% | 4.00% | 0.95% | 2.75% |
| 8-9 | 3.25% | 3.25% | 0.90% | 2.50% |
| 9-10 | 3.00% | 3.00% | 0.85% | 1.75% |
| 10-11 | 2.50% | 2.75% | 0.80% | 1.50% |
| 11-12 | 2.00% | 2.50% | 0.75% | 1.50% |
| 12-13 | 2.00% | 2.50% | 0.70% | 1.25% |
| 13-14 | 2.00% | 2.25% | 0.65% | 1.00% |
| 14-15 | 1.50% | 2.25% | 0.60% | 0.75% |
| 15-16 | 1.40% | 2.25% | 0.55% | 0.75% |
| 16-17 | 1.30% | 2.00% | 0.50% | 0.75% |
| 17-18 | 1.20% | 1.80% | 0.45% | 0.75% |
| 18-19 | 1.10% | 1.60% | 0.40% | 0.50% |
| 19-20 | 1.00% | 1.40% | 0.30% | 0.25% |
| 20 and over | 0.75% | 1.20% | 0.15% | 0.15% |

Section 3: Actuarial Assumptions and Methods

Election for withdrawal of contributions

Election Rates

| Years of Service | General All Other | General OCTA | Safety Law & Fire | Safety Probation |
|------------------|-------------------|--------------|-------------------|------------------|
| Less than 5 | 30.00% | 40.00% | 20.00% | 25.00% |
| 5–9 | 25.00% | 30.00% | 20.00% | 25.00% |
| 10–14 | 25.00% | 25.00% | 10.00% | 25.00% |
| 15 and over | 17.50% | 15.00% | 10.00% | 15.00% |

Section 3: Actuarial Assumptions and Methods

Retirement rates

Retirement Rates – General

| Age | Enhanced <30 Years of Service | Enhanced 30+ Years of Service | Non-Enhanced* <30 Years of Service | Non-Enhanced* 30+ Years of Service |
|-----|-------------------------------------|-------------------------------------|------------------------------------------|------------------------------------------|
| 49 | 0.00% | 30.00% | 0.00% | 25.00% |
| 50 | 2.00% | 4.00% | 3.00% | 3.00% |
| 51 | 2.00% | 4.00% | 3.00% | 3.00% |
| 52 | 2.50% | 5.00% | 2.00% | 2.00% |
| 53 | 2.50% | 5.00% | 3.50% | 3.50% |
| 54 | 7.00% | 14.00% | 2.75% | 2.75% |
| 55 | 12.00% | 30.00% | 3.25% | 3.25% |
| 56 | 9.00% | 19.00% | 3.50% | 3.50% |
| 57 | 9.00% | 18.00% | 5.00% | 5.00% |
| 58 | 9.00% | 18.00% | 5.50% | 5.50% |
| 59 | 10.00% | 20.00% | 6.50% | 6.50% |
| 60 | 11.00% | 20.00% | 9.00% | 13.50% |
| 61 | 11.00% | 20.00% | 9.00% | 13.50% |
| 62 | 13.00% | 20.00% | 9.00% | 18.00% |
| 63 | 13.00% | 22.00% | 9.50% | 19.00% |
| 64 | 16.00% | 24.00% | 10.00% | 20.00% |
| 65 | 24.00% | 28.00% | 22.00% | 26.40% |
| 66 | 24.00% | 30.00% | 25.00% | 30.00% |
| 67 | 24.00% | 30.00% | 25.00% | 30.00% |
| 68 | 22.00% | 27.50% | 30.00% | 27.50% |
| 69 | 22.00% | 27.50% | 30.00% | 27.50% |
| 70 | 25.00% | 27.50% | 20.00% | 27.50% |
| 71 | 25.00% | 27.50% | 20.00% | 27.50% |
| 72 | 25.00% | 27.50% | 20.00% | 27.50% |
| 73 | 20.00% | 27.50% | 20.00% | 27.50% |
| 74 | 20.00% | 27.50% | 20.00% | 27.50% |
| 75 | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

* These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2024

Section 3: Actuarial Assumptions and Methods

Retirement Rates – Safety

| Age | Law (31664.1) <30 Years of Service | Law (31664.1) 30+ Years of Service | Fire (31664.1) <30 Years of Service | Fire (31664.1) 30+ Years of Service | Probation (31664.1) <30 Years of Service | Probation (31664.1) 30+ Years of Service |
|-----|------------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|------------------------------------------------|------------------------------------------------|
| 45 | 1.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 46 | 1.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 47 | 1.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 48 | 1.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 49 | 11.00% | 16.00% | 2.00% | 10.00% | 3.00% | 5.00% |
| 50 | 16.00% | 16.00% | 4.00% | 10.00% | 9.00% | 12.00% |
| 51 | 16.00% | 16.00% | 4.00% | 10.00% | 7.00% | 10.00% |
| 52 | 17.00% | 16.00% | 4.00% | 10.00% | 5.00% | 9.00% |
| 53 | 19.00% | 30.00% | 9.00% | 20.00% | 7.00% | 9.00% |
| 54 | 24.00% | 30.00% | 12.00% | 25.00% | 7.00% | 12.00% |
| 55 | 24.00% | 30.00% | 12.00% | 25.00% | 12.00% | 30.00% |
| 56 | 22.00% | 30.00% | 12.00% | 25.00% | 18.00% | 30.00% |
| 57 | 22.00% | 30.00% | 18.00% | 25.00% | 25.00% | 30.00% |
| 58 | 22.00% | 40.00% | 18.00% | 30.00% | 25.00% | 30.00% |
| 59 | 22.00% | 40.00% | 18.00% | 30.00% | 18.00% | 30.00% |
| 60 | 30.00% | 40.00% | 18.00% | 30.00% | 20.00% | 40.00% |
| 61 | 30.00% | 40.00% | 18.00% | 30.00% | 20.00% | 40.00% |
| 62 | 30.00% | 40.00% | 18.00% | 35.00% | 20.00% | 40.00% |
| 63 | 30.00% | 40.00% | 18.00% | 35.00% | 20.00% | 40.00% |
| 64 | 30.00% | 40.00% | 18.00% | 35.00% | 20.00% | 40.00% |
| 65 | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement Rates

| Age | General SJC (31676.12) | Safety Law (31664.2) | Safety Fire (31664.2) |
|-----|---------------------------|-------------------------|--------------------------|
| 50 | 4.00% | 11.50% | 8.00% |
| 51 | 4.00% | 12.00% | 9.00% |
| 52 | 4.00% | 12.70% | 10.00% |
| 53 | 4.00% | 17.90% | 12.00% |
| 54 | 4.00% | 18.80% | 14.00% |
| 55 | 4.00% | 35.00% | 23.00% |
| 56 | 5.00% | 25.00% | 22.00% |
| 57 | 6.00% | 25.00% | 25.00% |
| 58 | 7.00% | 25.00% | 25.00% |
| 59 | 9.00% | 30.00% | 35.00% |
| 60 | 10.00% | 40.00% | 40.00% |
| 61 | 12.00% | 40.00% | 40.00% |
| 62 | 13.00% | 40.00% | 40.00% |
| 63 | 13.00% | 40.00% | 40.00% |
| 64 | 19.00% | 40.00% | 40.00% |
| 65 | 20.00% | 100.00% | 100.00% |
| 66 | 25.00% | 100.00% | 100.00% |
| 67 | 25.00% | 100.00% | 100.00% |
| 68 | 25.00% | 100.00% | 100.00% |
| 69 | 25.00% | 100.00% | 100.00% |
| 70 | 45.00% | 100.00% | 100.00% |
| 71 | 45.00% | 100.00% | 100.00% |
| 72 | 45.00% | 100.00% | 100.00% |
| 73 | 45.00% | 100.00% | 100.00% |
| 74 | 45.00% | 100.00% | 100.00% |
| 75 | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement Rates

| Age | CalPEPRA 2.5% @ 67 General Formula | CalPEPRA 2.7% @ 57 Safety Formula Probation | CalPEPRA 2.7% @ 57 Safety Formula Law | CalPEPRA 2.7% @ 57 Safety Formula Fire |
|-----|------------------------------------------|---------------------------------------------------|---------------------------------------------|----------------------------------------------|
| 50 | 0.00% | 3.00% | 11.00% | 6.00% |
| 51 | 0.00% | 3.00% | 11.50% | 6.50% |
| 52 | 6.00% | 3.50% | 12.00% | 8.00% |
| 53 | 2.00% | 3.50% | 16.00% | 10.00% |
| 54 | 2.00% | 6.00% | 17.00% | 11.50% |
| 55 | 2.50% | 12.00% | 29.00% | 20.00% |
| 56 | 3.50% | 12.00% | 19.00% | 19.00% |
| 57 | 5.50% | 15.00% | 19.00% | 21.00% |
| 58 | 7.50% | 25.00% | 23.00% | 24.00% |
| 59 | 7.50% | 25.00% | 26.00% | 30.00% |
| 60 | 7.50% | 40.00% | 40.00% | 40.00% |
| 61 | 7.50% | 40.00% | 40.00% | 40.00% |
| 62 | 14.00% | 40.00% | 40.00% | 40.00% |
| 63 | 14.00% | 40.00% | 40.00% | 40.00% |
| 64 | 14.00% | 40.00% | 40.00% | 40.00% |
| 65 | 20.00% | 100.00% | 100.00% | 100.00% |
| 66 | 22.00% | 100.00% | 100.00% | 100.00% |
| 67 | 23.00% | 100.00% | 100.00% | 100.00% |
| 68 | 23.00% | 100.00% | 100.00% | 100.00% |
| 69 | 23.00% | 100.00% | 100.00% | 100.00% |
| 70 | 25.00% | 100.00% | 100.00% | 100.00% |
| 71 | 25.00% | 100.00% | 100.00% | 100.00% |
| 72 | 25.00% | 100.00% | 100.00% | 100.00% |
| 73 | 25.00% | 100.00% | 100.00% | 100.00% |
| 74 | 25.00% | 100.00% | 100.00% | 100.00% |
| 75 | 100.00% | 100.00% | 100.00% | 100.00% |

The retirement rates only apply to members that are eligible to retire at the age shown.

Section 3: Actuarial Assumptions and Methods

Retirement age and benefit for deferred vested members

For current and future deferred vested members, retirement age assumptions are as follows:

| | |
|-------------------------|----|
| General retirement age: | 59 |
| Safety retirement age: | 54 |

General and Safety deferred vested members who terminate with less than five years of service and are not vested are assumed to retire at age 70 for both General and Safety if they decide to leave their contributions on deposit.

15% of future General and 20% of future Safety deferred vested members are assumed to continue to work for a reciprocal employer. For reciprocals, 4.00% and 4.60% compensation increase per annum are assumed for General and Safety, respectively.

Cashout assumptions

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

Rates

| Plan | Final One Year Salary | Final Three Year Salary |
|-------------------------------|--------------------------|----------------------------|
| General Non CalPEPRA | 3.00% | 2.90% |
| Safety Probation Non CalPEPRA | 3.80% | 3.40% |
| Safety Law Non CalPEPRA | N/A | 6.90% |
| Safety Fire Non CalPEPRA | N/A | 1.50% |
| General CalPEPRA | N/A | N/A |
| Safety Probation CalPEPRA | N/A | N/A |
| Safety Law CalPEPRA | N/A | N/A |
| Safety Fire CalPEPRA | N/A | N/A |

The additional cashout assumptions are the same for service and disability retirements.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of December 31, 2023 (\$ in millions)

| Year Beginning January 1 | Beginning Plan Fiduciary Net Position (a) | Total Contributions ¹ (b) | Benefit Payments (c) | Administrative Expenses (d) | Investment Earnings (e) | Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e) |
|--------------------------|-------------------------------------------|--------------------------------------|----------------------|-----------------------------|-------------------------|----------------------------------------------------------------|
| 2023 | \$19,690 | \$1,027 | \$1,216 | \$29 | \$2,325 | \$21,797 |
| 2024 | 21,797 | 1,046 | 1,299 | 32 | 1,516 | 23,028 |
| 2025 | 23,028 | 1,054 | 1,372 | 34 | 1,600 | 24,276 |
| 2026 | 24,276 | 1,074 | 1,446 | 36 | 1,685 | 25,553 |
| 2027 | 25,553 | 1,119 | 1,523 | 38 | 1,774 | 26,886 |
| 2028 | 26,886 | 1,108 | 1,601 | 40 | 1,864 | 28,216 |
| 2029 | 28,216 | 1,114 | 1,682 | 42 | 1,954 | 29,561 |
| 2030 | 29,561 | 1,122 | 1,765 | 44 | 2,046 | 30,920 |
| 2031 | 30,920 | 1,130 | 1,848 | 46 | 2,138 | 32,294 |
| 2032 | 32,294 | 1,138 | 1,933 | 48 | 2,232 | 33,683 |
| 2048 | 39,177 | 215 | 3,042 | 58 | 2,643 | 38,935 |
| 2049 | 38,935 | 205 | 3,076 | 57 | 2,624 | 38,630 |
| 2050 | 38,630 | 195 | 3,106 | 57 | 2,601 | 38,264 |
| 2051 | 38,264 | 186 | 3,132 | 56 | 2,575 | 37,837 |
| 2097 | 26,935 | 55 | 143 | 40 | 1,881 | 28,688 |
| 2098 | 28,688 | 56 | 112 | 42 | 2,005 | 30,594 |
| 2099 | 30,594 | 57 | 87 | 45 | 2,139 | 32,658 |
| 2100 | 32,658 | 59 | 66 | 48 | 2,284 | 34,886 |
| 2131 | 264,762 | 391 ² | 0 | 391 | 18,533 | 283,295 ³ |

¹ Of all the projected total contributions, only the first year's (i.e., 2023) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

² Mainly attributable to employer contributions to fund each year's annual administrative expenses.

³ The Plan Fiduciary Net Position of \$283,295 million has a value of \$190 million as of December 31, 2023 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$146 million is the balance available in the County Investment Account and \$16 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2023.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2023 row are actual amounts, based on the final audited financial statements provided by OCERS.
3. Certain years have been omitted from the table.
4. **Column (a):** Except for the "discounted value" for 2131 shown in footnote 3 on the previous page, all of the projected beginning Plan FNP amounts shown have not been adjusted for the time value of money.
5. **Column (b):** We have not utilized the balance in the County Investment Account to reduce the projected total contributions even though those amounts have been used to reduce the NPL for the County as of December 31, 2023.
6. **Column (b):** Projected total contributions include member and employer normal cost rates applied to closed group projected payroll (based on covered active members as of December 31, 2022), plus employer contributions to the Unfunded Actuarial Accrued Liability. Contributions are assumed to occur halfway through the year, on average.
7. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of December 31, 2022. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2023 valuation report.
8. **Column (d):** Projected administrative expenses are calculated as approximately 0.15% of the projected beginning Plan FNP amount. The 0.15% portion was based on the actual calendar year 2023 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2023. Administrative expenses are assumed to occur halfway through the year, on average.
9. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
10. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of December 31, 2023 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

| Line Description | Orange County | O.C. Cemetery District | O.C. Law Library | O.C. Vector Control District |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|--------------------|------------------------------|
| Deferred Outflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$244,533,088 | \$542,855 | \$29,992 | \$1,976,449 |
| Net difference between projected and actual earnings on pension plan investments | 1,549,490,233 | 1,468,243 | 1,440,637 | 3,163,908 |
| Changes of assumptions or other inputs | 154,874,422 | 181,187 | 47,821 | 192,850 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 10,300,302 | 0 | 0 | 0 |
| Total deferred outflows | \$1,959,198,045 | \$2,192,285 | \$1,518,450 | \$5,333,207 |
| Deferred Inflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$29,192,872 | \$71,657 | \$421,803 | \$524,310 |
| Net difference between projected and actual earnings on pension plan investments | 1,249,169,736 | 1,157,741 | 1,117,024 | 2,385,741 |
| Changes of assumptions or other inputs | 38,617,023 | 0 | 0 | 0 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 15,444,066 | 0 | 0 | 0 |
| Total deferred inflows | \$1,332,423,697 | \$1,229,398 | \$1,538,827 | \$2,910,051 |
| Net Pension Liability | | | | |
| NPL as of December 31, 2022 | \$4,469,282,004 | \$1,031,416 | \$(321,987) | \$47,967 |
| NPL as of December 31, 2023 | \$4,061,810,157 | \$993,411 | \$(1,034,826) | \$752,245 |
| Pension Expense | | | | |
| Proportionate share of allocable plan pension expense | \$378,189,134 | \$349,589 | (\$199,471) | (\$283,683) |
| Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | 1,320,432 | 0 | 0 | 0 |
| Total employer pension expense excluding that attributable to employer paid member contributions | \$379,509,566 | \$349,589 | (\$199,471) | (\$283,683) |

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

| Line Description | O.C. Retirement System | O.C. Fire Authority | Cypress Recreation and Parks | Department of Education |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------|------------------------------------|----------------------------|
| Deferred Outflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$1,727,337 | \$40,056,478 | \$101,487 | \$704,856 |
| Net difference between projected and actual earnings on pension plan investments | 11,891,923 | 244,201,463 | 485,329 | 950,116 |
| Changes of assumptions or other inputs | 1,802,479 | 3,185,426 | 17,230 | 0 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 4,993,789 | 0 | 0 | 0 |
| Total deferred outflows | \$20,415,528 | \$287,443,367 | \$604,046 | \$1,654,972 |
| Deferred Inflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$80,095 | \$13,281,661 | \$438,432 | \$75,925 |
| Net difference between projected and actual earnings on pension plan investments | 9,609,522 | 194,620,351 | 376,709 | 729,838 |
| Changes of assumptions or other inputs | 0 | 19,418,863 | 4,647 | 55,533 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 428,045 | 0 | 0 | 0 |
| Total deferred inflows | \$10,117,662 | \$227,320,875 | \$819,788 | \$861,296 |
| Net Pension Liability | | | | |
| NPL as of December 31, 2022 | \$31,526,121 | \$279,060,590 | \$61,016 | \$3,323,372 |
| NPL as of December 31, 2023 | \$34,539,527 | \$168,457,678 | \$(641,475) | \$3,189,922 |
| Pension Expense | | | | |
| Proportionate share of allocable plan pension expense | \$3,253,506 | \$32,294,538 | (\$91,758) | \$292,099 |
| Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | 1,889,524 | 0 | 0 | 0 |
| Total employer pension expense excluding that attributable to employer paid member contributions | \$5,143,030 | \$32,294,538 | (\$91,758) | \$292,099 |

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

| Line Description | Transportation Corridor Agency | City of San Juan Capistrano | O.C. Sanitation District | O.C. Transportation Authority |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| Deferred Outflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$1,274,675 | \$872,350 | \$33,942,756 | \$32,212,886 |
| Net difference between projected and actual earnings on pension plan investments | 6,694,806 | 6,005,726 | 98,702,383 | 99,715,493 |
| Changes of assumptions or other inputs | 495,686 | 910,298 | 10,975,775 | 8,058,375 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 2,248,881 | 0 | 0 |
| Total deferred outflows | \$8,465,167 | \$10,037,255 | \$143,620,914 | \$139,986,754 |
| Deferred Inflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$672,291 | \$40,450 | \$9,903,026 | \$23,702,731 |
| Net difference between projected and actual earnings on pension plan investments | 5,218,632 | 4,853,056 | 76,337,381 | 80,654,909 |
| Changes of assumptions or other inputs | 0 | 0 | 0 | 0 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 3,940,450 | 0 | 0 |
| Total deferred inflows | \$5,890,923 | \$8,833,956 | \$86,240,407 | \$104,357,640 |
| Net Pension Liability | | | | |
| NPL as of December 31, 2022 | \$(659,689) | \$18,650,483 | \$(10,604,801) | \$207,132,957 |
| NPL as of December 31, 2023 | \$(1,889,567) | \$17,443,348 | \$(18,531,537) | \$207,825,439 |
| Pension Expense | | | | |
| Proportionate share of allocable plan pension expense | \$207,980 | \$1,643,104 | \$8,523,254 | \$16,467,090 |
| Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | 0 | (776,117) | 0 | 0 |
| Total employer pension expense excluding that attributable to employer paid member contributions | \$207,980 | \$866,987 | \$8,523,254 | \$16,467,090 |

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

| Line Description | U.C.I. | O.C. Children and Families Comm. | Local Agency Formation Comm. | Rancho Santa Margarita |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------|------------------------------|------------------------|
| Deferred Outflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$2,326,206 | \$9,481 | \$85,267 | \$1,779 |
| Net difference between projected and actual earnings on pension plan investments | 7,933,424 | 65,273 | 587,026 | 4,401 |
| Changes of assumptions or other inputs | 70,139 | 9,893 | 88,977 | 0 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 1,267,036 | 282,490 | 0 |
| Total deferred outflows | \$10,329,769 | \$1,351,683 | \$1,043,760 | \$6,180 |
| Deferred Inflows of Resources | | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$0 | \$440 | \$3,954 | \$71 |
| Net difference between projected and actual earnings on pension plan investments | 6,113,058 | 52,745 | 474,359 | 3,390 |
| Changes of assumptions or other inputs | 343,353 | 0 | 0 | 334 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 0 | 358,869 | 161,952 | 0 |
| Total deferred inflows | \$6,456,411 | \$412,054 | \$640,265 | \$3,795 |
| Net Pension Liability | | | | |
| NPL as of December 31, 2022 | \$29,314,724 | \$(21,846) | \$1,587,646 | \$1,652 |
| NPL as of December 31, 2023 | \$26,555,318 | \$189,581 | \$1,704,989 | \$119 |
| Pension Expense | | | | |
| Proportionate share of allocable plan pension expense | \$1,566,249 | \$17,858 | \$160,604 | \$45 |
| Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | 0 | 40,358 | 48,347 | 0 |
| Total employer pension expense excluding that attributable to employer paid member contributions | \$1,566,249 | \$58,216 | \$208,951 | \$45 |

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

| Line Description | O.C. Superior Court | O.C. IHSS Public Authority | Total for all Employers |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|-------------------------|
| Deferred Outflows of Resources | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$17,247,907 | \$5,220 | \$377,651,069 |
| Net difference between projected and actual earnings on pension plan investments | 118,743,916 | 689,522 | 2,152,233,822 |
| Changes of assumptions or other inputs | 17,998,217 | 28,805 | 198,937,580 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 8,413,239 | 107,663 | 27,613,400 |
| Total deferred outflows | \$162,403,279 | \$831,210 | \$2,756,435,871 |
| Deferred Inflows of Resources | | | |
| Difference between actual and expected experience in the Total Pension Liability | \$799,768 | \$95,666 | \$79,305,152 |
| Net difference between projected and actual earnings on pension plan investments | 95,953,559 | 543,310 | 1,729,371,061 |
| Changes of assumptions or other inputs | 0 | 2,167 | 58,441,920 |
| Changes in proportion and differences between employer's contributions and proportionate share of contributions | 7,168,015 | 112,003 | 27,613,400 |
| Total deferred inflows | \$103,921,342 | \$753,146 | \$1,894,731,533 |
| Net Pension Liability | | | |
| NPL as of December 31, 2022 | \$360,927,849 | \$666,697 | \$5,391,006,171 |
| NPL as of December 31, 2023 | \$344,886,083 | \$462,162 | \$4,846,712,574 |
| Pension Expense | | | |
| Proportionate share of allocable plan pension expense | \$32,487,098 | \$97,266 | \$474,974,502 |
| Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions | (2,506,377) | (16,167) | 0 |
| Total employer pension expense excluding that attributable to employer paid member contributions | \$29,980,721 | \$81,099 | \$474,974,502 |

Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2023

Notes

Amounts shown in *Appendix B* were allocated by employer based on the Employer Allocation Percentage calculated in *Section 2, Exhibit 5 – Determination of proportionate share* in this report.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current-period (i.e., 2023) differences between expected and actual experience and changes of assumptions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through OCERS determined as of December 31, 2022 (the beginning of the measurement period ending December 31, 2023) and is 5.35 years.
- Prior-period differences between expected and actual experience and changes of assumptions are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired members.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

There was a decrease in the total employer pension expense from \$728.3 million calculated last year to \$475.0 million calculated this year. The primary cause of the decrease was due to an investment gain of \$954.8 million with \$191.0 million being recognized in this year's expense.

Appendix C: Definition of terms

Definitions of certain terms as they are used in GASB Statement No. 68. The terms may have different meanings in other contexts.

| Term | Definition |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Active employees | Individuals employed at the end of the reporting or measurement period, as applicable. |
| Actual contributions | Cash contributions recognized as additions to the Plan Fiduciary Net Position. |
| Actuarial present value of projected benefit payments | Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. |
| Actuarial valuation | The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB. |
| Actuarial valuation date | The date as of which an actuarial valuation is performed. |
| Actuarially determined contribution | A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. |
| Ad hoc cost-of-living adjustments (Ad Hoc COLAs) | Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions. |
| Ad hoc postemployment benefit changes | Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions. |
| Agent employer | An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan. |
| Agent multiple-employer defined benefit pension plan (agent pension plan) | A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees. |
| Automatic cost-of-living adjustments (Automatic COLAs) | Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index). |
| Automatic postemployment benefit changes | Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index). |

Appendix C: Definition of terms

| Term | Definition |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Closed period | A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth. |
| Collective deferred outflows of resources and deferred inflows of resources related to pensions | Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability. |
| Collective Net Pension Liability | The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation. |
| Collective pension expense | Pension expense arising from certain changes in the collective Net Pension Liability. |
| Contributions | Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources. |
| Cost-of-living adjustments | Postemployment benefit changes intended to adjust benefit payments for the effects of inflation. |
| Cost-sharing employer | An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan. |
| Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan) | A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan. |
| Covered payroll | Payroll on which contributions to a pension plan are based. |
| Deferred retirement option program (DROP) | A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period. |
| Defined benefit pension plans | Pension plans that are used to provide defined benefit pensions. |

Appendix C: Definition of terms

| Term | Definition |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Defined benefit pensions | Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 68.) |
| Defined contribution pension plans | Pension plans that are used to provide defined contribution pensions. |
| Defined contribution pensions | Pensions having terms that: <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account. |
| Discount rate | The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 68) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate. |
| Entry age actuarial cost method | A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. |

Appendix C: Definition of terms

| Term | Definition |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inactive employees | Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits. |
| Measurement period | The period between the prior and the current measurement dates. |
| Multiple-employer defined benefit pension plan | A defined benefit pension plan that is used to provide pensions to the employees of more than one employer. |
| Net Pension Liability (NPL) | The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan. |
| Non-employer contributing entities | Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. |
| Other postemployment benefits | All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits. |
| Pension plans | Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due. |
| Pension expense | Pension expense arising from certain changes in the Net Pension Liability. |
| Pensions | Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits. |
| Plan members | Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members). |
| Postemployment | The period after employment. |
| Postemployment benefit changes | Adjustments to the pension of an inactive employee. |
| Postemployment healthcare benefits | Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment. |
| Projected benefit payments | All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service. |

Appendix C: Definition of terms

| Term | Definition |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public employee retirement system | A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans. |
| Real rate of return | The rate of return on an investment after adjustment to eliminate inflation. |
| Service costs | The portions of the actuarial present value of projected benefit payments that are attributed to valuation years. |
| Single employer | An employer whose employees are provided with pensions through a single-employer defined benefit pension plan. |
| Single-employer defined benefit pension plan (Single-employer pension plan) | A defined benefit pension plan that is used to provide pensions to employees of only one employer. |
| Special funding situations | <p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan. |
| Termination benefits | Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits. |
| Total Pension Liability (TPL) | The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 68. |

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Via Email

June 5, 2024

Mr. Steve Delaney
Chief Executive Officer
Orange County Employees Retirement System
2223 Wellington Avenue
Santa Ana, CA 92701-3101

**Re: Orange County Employees Retirement System (OCERS)
Reconciliation of the Plan's December 31, 2023 Net Pension Liability (NPL) and
Unfunded Actuarial Accrued Liability (UAAL)**

Dear Steve:

We have been requested by OCERS to reconcile, for each Rate Group, the December 31, 2023 Net Pension Liability (NPL) and the Unfunded Actuarial Accrued Liability (UAAL) as shown in the December 31, 2023 Governmental Accounting Standards Board (GASB) Statement 67 addendum letter and funding valuation report, respectively. (The breakdown of the NPL as disclosed in the GASB 67 addendum letter also appears in our GASB 68 financial report.)

The reconciliation is provided in Attachment A of this letter. The difference between the NPL and the UAAL is a direct result of the different liability and asset values we used in those developments.

Liability

The Total Pension Liability (TPL) shown in the GASB 67 addendum letter was measured based on the December 31, 2022 demographic data by: (i) rolling forward the liability from December 31, 2022* to December 31, 2023 and (ii) assuming that the actuarial experience of the System would match with that anticipated by the demographic assumptions. On the other hand, the Actuarial Accrued Liability (AAL) shown in the funding valuation report was measured based on the December 31, 2023 demographic data.

The differences between the TPL and the AAL were primarily due to: (a) actuarial gains/losses on the liability items as documented in *Section 4, Exhibit 6* of the December 31, 2023 funding valuation report for each Rate Group and (b) differences between the rolled forward liabilities and the actual liabilities.

* As the Board has adopted a new set of actuarial assumptions for use in the pension funding valuation as of December 31, 2023, we have included the impact of these assumption changes by revaluing the TPL as of December 31, 2022 prior to the rollforward.

Mr. Steve Delaney
June 5, 2024
Page 2

Assets

The Plan Fiduciary Net Position (FNP) shown in the GASB 67 report as of December 31, 2023 (that we subsequently used for our GASB 67 addendum letter) was based on the plan's Market Value of Assets (MVA) including the proceeds available in the County Investment Account and O.C. Sanitation District (OCSD) UAAL Deferred Account. On the other hand, the funding valuation report used the Valuation Value of Assets (VVA) after adjusting the MVA for asset smoothing and excludes the proceeds available to the County Investment Account and the OCSD UAAL Deferred Account.*

The differences between the Plan FNP and the VVA were primarily due to the adjustment for the deferred investment loss.

The NPL and UAAL were calculated by taking the TPL and the AAL and subtracting the Plan FNP and the VVA, respectively.

Other considerations

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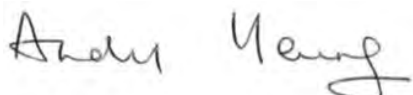
The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion contained herein.

* There were no non-valuation reserves as of December 31, 2023.

Mr. Steve Delaney
June 5, 2024
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Please let us know if you have any questions or comments.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

JY/bbf
Enclosures

cc: Tracy Bowman
Brenda Shott
Jennifer Reyes

Attachment A

All Rate Groups (Results are as of December 31, 2023)

| (A) Liability Reconciliation | Rate Group #1 | Rate Group #2 | Rate Group #3 | Rate Group #4 |
|----------------------------------------------------------------------------------------------------------------|----------------------|-------------------------|-----------------------|----------------------|
| (1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter | \$577,061,029 | \$14,804,042,039 | \$934,377,110 | \$45,080 |
| (2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases* | (2,006,000) | 78,184,000 | 3,995,000 | 0 |
| (3) Loss from Higher than Expected COLA Increases* | 166,000 | 6,920,000 | 563,000 | 0 |
| (4) Other Experience (Gain)/Loss* | (5,704,000) | 11,771,000 | 12,756,000 | 0 |
| (5) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities | (435,029) | (14,255,039) | (1,567,110) | 920 |
| (6) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (5)) | \$569,082,000 | \$14,886,662,000 | \$950,124,000 | \$46,000 |
| (B) Asset Reconciliation | | | | |
| (1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account | \$516,404,898 | \$11,414,365,357 | \$936,883,647 | \$44,961 |
| (2) County Investment Account and OCSD UAAL Deferred Account | 3,235,878 | 94,652,961 | 16,025,000 | 0 |
| (3) Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2) | 519,640,776 | 11,509,018,318 | 952,908,647 | 44,961 |
| (4) Adjustment for Deferred Investment Return, Non-Valuation Reserve | 11,934,102 | 263,785,643 | 21,651,353 | 1,039 |
| (5) Valuation of Assets Included in the Funding Valuation Report (1) + (4) | \$528,339,000 | \$11,678,151,000 | \$958,535,000 | \$46,000 |
| Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3) | \$57,420,253 | \$3,295,023,721 | \$(18,531,537) | \$119 |
| Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6) - (B5) | \$40,743,000 | \$3,208,511,000 | \$(8,411,000) | \$0 |

* These actuarial gain/loss items can be found in *Section 4, Exhibit 6* of our December 31, 2023 funding valuation report.

Attachment A

All Rate Groups (Results are as of December 31, 2023)

| (A) Liability Reconciliation | Rate Group #5 | Rate Group #9 | Rate Group #10 | Rate Group #11 |
|----------------------------------------------------------------------------------------------------------------|------------------------|----------------------|-----------------------|-----------------------|
| (1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter | \$1,209,376,621 | \$64,214,764 | \$335,411,461 | \$15,877,441 |
| (2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases* | 11,957,000 | 279,000 | (235,000) | (412,000) |
| (3) Loss from Higher than Expected COLA Increases* | 522,000 | 45,000 | 174,000 | 2,000 |
| (4) Other Experience (Gain)/Loss* | (3,936,000) | 1,055,000 | 823,000 | 113,000 |
| (5) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities | (769,621) | (181,764) | (470,461) | (5,441) |
| (6) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (5)) | \$1,217,150,000 | \$65,412,000 | \$335,703,000 | \$15,575,000 |
| (B) Asset Reconciliation | | | | |
| (1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account | \$1,001,551,182 | \$66,104,331 | \$307,672,693 | \$14,884,030 |
| (2) County Investment Account and OCSD UAAL Deferred Account | 0 | 0 | 0 | 0 |
| (3) Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2) | 1,001,551,182 | 66,104,331 | 307,672,693 | 14,884,030 |
| (4) Adjustment for Deferred Investment Return, Non-Valuation Reserve | 23,145,818 | 1,527,669 | 7,110,307 | 343,970 |
| (5) Valuation of Assets Included in the Funding Valuation Report (1) + (4) | \$1,024,697,000 | \$67,632,000 | \$314,783,000 | \$15,228,000 |
| Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3) | \$207,825,439 | \$(1,889,567) | \$27,738,768 | \$993,411 |
| Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6) - (B5) | \$192,453,000 | \$(2,220,000) | \$20,920,000 | \$347,000 |

* These actuarial gain/loss items can be found in *Section 4, Exhibit 6* of our December 31, 2023 funding valuation report.

Attachment A

All Rate Groups (Results are as of December 31, 2023)

| (A) Liability Reconciliation | Rate Group #12 | Rate Group #6 | Rate Group #7 | Rate Group #8 | Total |
|----------------------------------------------------------------------------------------------------------------|----------------------|------------------------|------------------------|------------------------|-------------------------|
| (1) Total Pension Liability Included in the development of the GASB 67 Addendum Letter | \$13,173,813 | \$1,128,030,274 | \$5,230,774,859 | \$2,331,757,083 | \$26,644,141,574 |
| (2) (Gain)/Loss from (Lower)/Higher than Expected Salary Increases* | (71,000) | (1,802,000) | (7,892,000) | 2,358,000 | 84,355,000 |
| (3) Loss from Higher than Expected COLA Increases* | 2,000 | 669,000 | 4,071,000 | 1,526,000 | 14,660,000 |
| (4) Other Experience (Gain)/Loss* | (1,064,000) | 3,080,000 | 15,056,000 | 28,651,000 | 62,601,000 |
| (5) Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities | 79,187 | 274,726 | 160,141 | (547,083) | (17,716,574) |
| (6) Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items (1) through (5)) | \$12,120,000 | \$1,130,252,000 | \$5,242,170,000 | \$2,363,745,000 | \$26,788,041,000 |
| (B) Asset Reconciliation | | | | | |
| (1) Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account | \$14,208,639 | \$941,061,106 | \$4,231,074,983 | \$2,191,038,173 | \$21,635,294,000 |
| (2) County Investment Account and OCSD UAAL Deferred Account | 0 | 7,074,542 | 41,146,619 | 0 | 162,135,000 |
| (3) Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1) + (2) | 14,208,639 | 948,135,648 | 4,272,221,602 | 2,191,038,173 | 21,797,429,000 |
| (4) Adjustment for Deferred Investment Return, Non-Valuation Reserve | 328,361 | 21,747,894 | 97,780,017 | 50,634,827 | 499,991,000 |
| (5) Valuation of Assets Included in the Funding Valuation Report (1) + (4) | \$14,537,000 | \$962,809,000 | \$4,328,855,000 | \$2,241,673,000 | \$22,135,285,000 |
| Net Pension Liability Shown in the GASB 67 Addendum Letter (A1) - (B3) | \$(1,034,826) | \$179,894,626 | \$958,553,257 | \$140,718,910 | \$4,846,712,574 |
| Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6) - (B5) | \$(2,417,000) | \$167,443,000 | \$913,315,000 | \$122,072,000 | \$4,652,756,000 |

* These actuarial gain/loss items can be found in *Section 4, Exhibit 6* of our December 31, 2023 funding valuation report.

**ORANGE COUNTY EMPLOYEES
RETIREMENT SYSTEM**
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

DRAFT

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Orange County Employees Retirement System

Report on the Audit of the Schedule

Opinion

We have audited the totals for all employers of the deferred outflows of resources, deferred inflows of resources, net pension liability (asset), and pension expense (income) excluding that attributable to employer-paid member contributions as of and for the year ended December 31, 2023 in the Schedule of Allocated Pension Amounts by Employer (specific column totals) of the Orange County Employees Retirement System (the System) and the related notes (the schedule).

In our opinion, the accompanying schedule referred to above presents fairly, in all material respects, the totals for all the System's employers of the deferred outflows of resources, deferred inflows of resources, net pension liability (asset), and pension expense (income) excluding that attributable to employer-paid member contributions as of and for the year ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the System as of and for the year ended December 31, 2023, and our report thereon dated June 6, 2024 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the management, members of the Board of Retirement, and the System's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Irvine, California
June 6, 2024

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

| | County of Orange | O.C. Cemetery District | O.C. Public Law Library | O.C. Mosquito and Vector Control District | O.C. Employees Retirement System |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|-------------------------|-------------------------------------------|----------------------------------|
| Deferred Outflows of Resources | | | | | |
| Differences Between Expected and Actual Experience | \$ 244,533,088 | \$ 542,855 | \$ 29,992 | \$ 1,976,449 | \$ 1,727,337 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 300,320,497 | 310,502 | 323,613 | 778,167 | 2,282,401 |
| Changes of Assumptions | 154,874,422 | 181,187 | 47,821 | 192,850 | 1,802,479 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 10,300,302 | - | - | - | 4,993,789 |
| Total Deferred Outflows of Resources | \$ 710,028,309 | \$ 1,034,544 | \$ 401,426 | \$ 2,947,466 | \$ 10,806,006 |
| Deferred Inflows of Resources | | | | | |
| Differences Between Expected and Actual Experience | \$ 29,192,872 | \$ 71,657 | \$ 421,803 | \$ 524,310 | \$ 80,095 |
| Changes of Assumptions | 38,617,023 | - | - | - | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 15,444,066 | - | - | - | 428,045 |
| Total Deferred Inflows of Resources | \$ 83,253,961 | \$ 71,657 | \$ 421,803 | \$ 524,310 | \$ 508,140 |
| Net Pension Liability/(Asset) as of December 31, 2023 | \$ 4,061,810,157 | \$ 993,411 | \$ (1,034,826) | \$ 752,245 | \$ 34,539,527 |
| Pension Expense Excluding That Attributable to Employer-Paid Member Contributions | | | | | |
| Proportionate Share of Allocable Plan Pension Expense/(Income) | \$ 378,189,134 | \$ 349,589 | \$ (199,471) | \$ (283,683) | \$ 3,253,506 |
| Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 1,320,432 | - | - | - | 1,889,524 |
| Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions | \$ 379,509,566 | \$ 349,589 | \$ (199,471) | \$ (283,683) | \$ 5,143,030 |

(Continued)

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

| Deferred Outflows of Resources | O.C. Fire Authority | Cypress Recreation & Parks District | O.C. Department of Education | Transportation Corridor Agencies | City of San Juan Capistrano |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|-----------------------------------------|-------------------------------------------------|----------------------------------------|
| Differences Between Expected and Actual Experience | \$ 40,056,478 | \$ 101,487 | \$ 704,856 | \$ 1,274,675 | \$ 872,350 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 49,581,112 | 108,620 | 220,278 | 1,476,174 | 1,152,670 |
| Changes of Assumptions | 3,185,426 | 17,230 | - | 495,686 | 910,298 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | - | 2,248,881 |
| Total Deferred Outflows of Resources | \$ 92,823,016 | \$ 227,337 | \$ 925,134 | \$ 3,246,535 | \$ 5,184,199 |
| Deferred Inflows of Resources | | | | | |
| Differences Between Expected and Actual Experience | \$ 13,281,661 | \$ 438,432 | \$ 75,925 | \$ 672,291 | \$ 40,450 |
| Changes of Assumptions | 19,418,863 | 4,647 | 55,533 | - | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | - | 3,940,450 |
| Total Deferred Inflows of Resources | \$ 32,700,524 | \$ 443,079 | \$ 131,458 | \$ 672,291 | \$ 3,980,900 |
| Net Pension Liability/(Asset) as of December 31, 2023 | \$ 168,457,678 | \$ (641,475) | \$ 3,189,922 | \$ (1,889,567) | \$ 17,443,348 |
| Pension Expense Excluding That Attributable to Employer-Paid Member Contributions | | | | | |
| Proportionate Share of Allocable Plan Pension Expense/(Income) | \$ 32,294,538 | \$ (91,758) | \$ 292,099 | \$ 207,980 | \$ 1,643,104 |
| Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | - | (776,117) |
| Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions | \$ 32,294,538 | \$ (91,758) | \$ 292,099 | \$ 207,980 | \$ 866,987 |

(Continued)

The accompanying notes are an integral part of these schedules.

**Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023**

| | O.C. Sanitation District | O.C. Transportation Authority | U.C.I. Medical Center and Campus | Children and Families Commission of O.C. | O.C. Local Agency Formation Commission |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------|----------------------------------------|---------------------------------------------------|-------------------------------------------------|
| Deferred Outflows of Resources | | | | | |
| Differences Between Expected and Actual Experience | \$ 33,942,756 | \$ 32,212,886 | \$ 2,326,206 | \$ 9,481 | \$ 85,267 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 22,365,002 | 19,060,584 | 1,820,366 | 12,528 | 112,667 |
| Changes of Assumptions | 10,975,775 | 8,058,375 | 70,139 | 9,893 | 88,977 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | 1,267,036 | 282,490 |
| Total Deferred Outflows of Resources | \$ 67,283,533 | \$ 59,331,845 | \$ 4,216,711 | \$ 1,298,938 | \$ 569,401 |
| Deferred Inflows of Resources | | | | | |
| Differences Between Expected and Actual Experience | \$ 9,903,026 | \$ 23,702,731 | \$ - | \$ 440 | \$ 3,954 |
| Changes of Assumptions | - | - | 343,353 | - | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | 358,869 | 161,952 |
| Total Deferred Inflows of Resources | \$ 9,903,026 | \$ 23,702,731 | \$ 343,353 | \$ 359,309 | \$ 165,906 |
| Net Pension Liability/(Asset) as of December 31, 2023 | \$ (18,531,537) | \$ 207,825,439 | \$ 26,555,318 | \$ 189,581 | \$ 1,704,989 |
| Pension Expense Excluding That Attributable to Employer-Paid Member Contributions | | | | | |
| Proportionate Share of Allocable Plan Pension Expense/(Income) | \$ 8,523,254 | \$ 16,467,090 | \$ 1,566,249 | \$ 17,858 | \$ 160,604 |
| Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | - | - | 40,358 | 48,347 |
| Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions | \$ 8,523,254 | \$ 16,467,090 | \$ 1,566,249 | \$ 58,216 | \$ 208,951 |

(Continued)

The accompanying notes are an integral part of these schedules.

**Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023**

| | City of Rancho Santa Margarita | O.C. Superior Court of California | O.C. IHSS Public Authority | Total for all Employers |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------------|-------------------------------|----------------------------|
| Deferred Outflows of Resources | | | | |
| Differences Between Expected and Actual Experience | \$ 1,779 | \$ 17,247,907 | \$ 5,220 | \$ 377,651,069 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 1,011 | 22,790,357 | 146,212 | 422,862,761 |
| Changes of Assumptions | - | 17,998,217 | 28,805 | 198,937,580 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | 8,413,239 | 107,663 | 27,613,400 |
| Total Deferred Outflows of Resources | \$ 2,790 | \$ 66,449,720 | \$ 287,900 | \$ 1,027,064,810 |
| Deferred Inflows of Resources | | | | |
| Differences Between Expected and Actual Experience | \$ 71 | \$ 799,768 | \$ 95,666 | \$ 79,305,152 |
| Changes of Assumptions | 334 | - | 2,167 | 58,441,920 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | 7,168,015 | 112,003 | 27,613,400 |
| Total Deferred Inflows of Resources | \$ 405 | \$ 7,967,783 | \$ 209,836 | \$ 165,360,472 |
| Net Pension Liability/(Asset) as of December 31, 2023 | \$ 119 | \$ 344,886,083 | \$ 462,162 | \$ 4,846,712,574 |
| Pension Expense Excluding That Attributable to Employer-Paid Member Contributions | | | | |
| Proportionate Share of Allocable Plan Pension Expense/(Income) | \$ 45 | \$ 32,487,098 | \$ 97,266 | \$ 474,974,502 |
| Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | - | (2,506,377) | (16,167) | - |
| Total Employer Pension Expense/(Income) Excluding That Attributable to Employer-Paid Member Contributions | \$ 45 | \$ 29,980,721 | \$ 81,099 | \$ 474,974,502 |

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Notes to the Schedule of Allocated Pension Amounts by Employer
 As of and for the Year Ended December 31, 2023

NOTE 1 – PLAN DESCRIPTION

The Orange County Employees Retirement System (OCERS or System) administers a cost-sharing multiple-employer defined benefit pension plan (the Plan) for the County of Orange, Orange County Superior Court of California, City of San Juan Capistrano, and ten special districts: Orange County Cemetery District, Children and Families Commission of Orange County, Orange County Employees Retirement System, Orange County Fire Authority, Orange County In-Home Supportive Services Public Authority, Orange County Local Agency Formation Commission, Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority and the Transportation Corridor Agencies. The Orange County Department of Education, University of California, Irvine Medical Center and Campus, Capistrano Beach Sanitation District, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control District and City of Rancho Santa Margarita are no longer active employers, but retired members and their beneficiaries, as well as deferred members, remain in the System. Capistrano Beach is not presented in the accompanying schedule as this employer is no longer in existence and OCERS does not have the ability to collect any unfunded liabilities from this inactive employer. OCERS is legally and fiscally independent of the County of Orange.

OCERS provides retirement, disability, and death benefits to general and safety members. Safety membership includes those members serving in active law enforcement, fire suppression and as probation officers. General membership applies to all other occupations. Plan retirement benefits are tiered based upon the date of OCERS membership. Additional information regarding the pensions plan's benefit structure is included in the Summary of Plan Description that is available on the web at: <https://www.ocers.org/summary-plan-description>.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation and Basis of Accounting**

Employers participating in the Plan are required to report pension information in their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The Schedule of Allocated Pension Amounts by Employer (the Schedule) along with OCERS' audited financial statements, the GASB Statement 67 Actuarial Valuation as of December 31, 2023 and the GASB Statement 68 Actuarial Valuation Based on the December 31, 2023 Measurement Date for Employer Reporting as of June 30, 2023, prepared by OCERS' third-party actuary, provide the required information for financial reporting related to the Plan that employers may use in their financial statements.

The accompanying Schedule was prepared by OCERS' third-party actuary and was derived from information provided by OCERS in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental organizations.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Presentation and Basis of Accounting (Continued)**

Legally or statutorily required employer contributions for the year ended December 31, 2023, less any amounts of those legally or statutorily required contributions that are paid by the employees (referred to as reverse pick-ups), are used as the basis for determining each employer's proportion of total contributions. For the year ended December 31, 2023, employer paid member contributions of \$42,000 under Government Code Section 31581.1 which OCERS reports as employer contributions as these payments do not become part of the accumulated employee contributions, have been excluded in determining each employer's proportion of total contributions. Contributions made by the employer on behalf of employees under Government Code Section 31581.2 are classified as employee contributions and are not included in the proportionate share calculation for the year ended December 31, 2023.

Employer contributions have not been reduced for discount due to prepaid contributions. Contributions for each employer are assigned to its respective participating Rate Group. Rate Groups are a collection of members who are or were employed by employers that offer similar pension benefit formula(s). Rate Groups exist for the purpose of risk-pooling and the contribution rates developed by the actuary should, in the long-term, fairly and accurately reflect the benefits offered/promised to members in each group. Rate Groups can contain one or more employers and employers may be included in one or more Rate Groups. If an employer participates in several Rate Groups, the employer's total proportionate share of the Net Pension Liability (NPL) and related allocated pension amounts is the sum of its NPL and allocated pension amounts from each Rate Group.

The following Rate Groups have only one active employer, so all of the NPL for that Rate Group is allocated to the corresponding employer:

| Rate Group | Employer |
|------------|----------------------------------------|
| 3 | Orange County Sanitation District |
| 4 | City of Rancho Santa Margarita |
| 5 | Orange County Transportation Authority |
| 6 | County of Orange (Probation) |
| 7 | County of Orange (Law Enforcement) |
| 8 | Orange County Fire Authority (Safety) |
| 9 | Transportation Corridor Agencies |
| 10 | Orange County Fire Authority (General) |
| 11 | Orange County Cemetery District |
| 12 | Orange County Public Law Library |

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Notes to the Schedule of Allocated Pension Amounts by Employer
 As of and for the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

The total Plan contributions are determined through OCERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. California Government Code Title 3, Division 4, Parts 3 and 3.9, Articles 6 and 6.8 define the methodology used to calculate member basic contribution rates for General members and Safety members. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Legally or statutorily required employer contributions were determined by multiplying the employers' contribution rate by the employers' payrolls for the fiscal year.

The NPL is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The TPL for each Rate Group is obtained from valuation results. The Fiduciary Net Position for each Rate Group is estimated by adjusting the valuation value of assets for each membership class by the ratio of the total Plan Fiduciary Net Position (excluding the balance of the County of Orange (County) Investment Account and the Orange County Sanitation District (OCSD) Unfunded Actuarial Accrued Liability (UAAL) Deferred Account) to total OCERS' valuation value of assets. The County Investment Account is then allocated among the four County Rate Groups using the proportion of the County's most recent contributions that were derived from the proceeds of the Pension Obligation Bonds for each of the four County Rate Groups. The OCSD UAAL Deferred Account balance of \$16,025,000 was allocated entirely to Rate Group 3 as of December 31, 2023 and was used to reduce the NPL for the OCSD as of the measurement date. The NPL is then allocated to the respective employers based on the legally or statutorily required employer contributions within each Rate Group.

In developing the pension expense amounts, the NPL proportionate share percentage is used to calculate the employer's pension expense components (service cost, interest, change in benefit terms, differences between expected and actual experience, changes in assumptions and benefit payments, including refunds of employee contributions), with the exception of the Orange County Mosquito and Vector Control District (Vector Control), Cypress Recreation & Parks District (CRPD), University of California, Irvine Medical Center and Campus (UCI) and the Orange County Department of Education (OCDE), which were adjusted to reflect the appropriate amount of service costs based on their current inactive membership.

The employer contributions used to determine the NPL proportionate share percentage excludes UCI and OCDE employer contributions of \$2,980,443 and \$316,960, respectively. These employer contributions were intended to reduce the NPL of the specific employer, not the respective Rate Group as a whole. The percentages of contributions by employer do not equal the percentages used to allocate the NPL by employer because the NPL for the County has been reduced to reflect the portion of the County Investment Account, as described above. The amounts of the County Investment Account that have been allocated to those Rate Groups as of December 31, 2023 are as follows:

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Presentation and Basis of Accounting (Continued)**

| Rate Group | Amount |
|--------------|-----------------------|
| 1 | \$ 3,235,878 |
| 2 | 94,652,9614 |
| 6 | 7,074,542 |
| 7 | 41,146,619 |
| Total | \$ 146,110,000 |

In addition, the NPL for Rate Group 1 was adjusted by the NPL for Vector Control, OCDE, UCI and CRPD prior to allocating the net NPL to the other employers in Rate Group 1. The NPL for these four employers were calculated separately as follows:

The Vector Control is no longer an active employer, but retired members and their beneficiaries, as well as deferred members, remain in the Plan. For this employer, the allocated net pension liability is based on the most recent estimate of the withdrawal liability and adjusted to reflect the Plan Fiduciary Net Position as of December 31, 2023.

The participation in the Plan for the OCDE and UCI is closed to new members. The funding obligation for these employers' UAAL is no longer pro-rata based on its payroll as there are no active members. Instead, the employer's UAAL is determined based on its specific actuarial accrued liability and a share of assets allocated to the employer. The employer's contributions for its UAAL are to be paid at level, fixed-dollar amounts over a period not to exceed twenty years. The employer will also be liable, or receive a credit, for any change in its funding obligation determined annually thereafter as a result of actuarial experience or changes in actuarial assumptions.

On October 19, 2015, the Board of Retirement approved the amortization schedule for payment of the OCDE UAAL and UCI UAAL of \$3,238,000 and \$27,586,000, respectively. These balances were calculated based on the December 31, 2014 actuarial valuation assuming fixed-dollar payments over twenty years beginning on July 1, 2016. As per OCERS' Declining Payroll Policy, the UAAL balances were updated as of the December 31, 2022 actuarial valuation to reflect actuarial gains or losses and other events that will be captured in a new twenty-year closed amortization layer. The amortization schedules for the new UAAL layers for the OCDE and UCI, after being adjusted for interest to December 31, 2023, can be found on OCERS' website as discussed in Note 4 – Additional Financial and Actuarial Information.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of Presentation and Basis of Accounting (Continued)**

CRPD and Capistrano Beach Sanitary District (CBSD) are no longer active employers. CRPD has twenty-one retired members and beneficiaries, as well as four deferred members, and CBSD has three retired members remaining in the Plan. At the time these employers left the System, OCERS did not have an express policy addressing how the UAAL would be funded for inactive employers. On October 15, 2018, OCERS entered into a withdrawing employer and continuing contribution agreement with the City of Cypress and received payment of the UAAL associated with CRPD members, including interest through October 14, 2018, for a total of \$740,000. As of December 31, 2020, and every three years thereafter, CRPD's UAAL obligation will be recalculated and in the event there is any new UAAL obligation, CRPD will have three years following the effective date of the recalculation to satisfy the obligation in full, including accrued interest. As of December 31, 2023, the allocated net pension asset is based on the most recent estimate of the withdrawal liability and adjusted to reflect the Plan Fiduciary Net Position as of December 31, 2023. CBSD is no longer in existence and OCERS does not have the ability to collect any UAAL from this inactive employer under OCERS' Declining Employer Payroll Policy; unpaid liabilities from this employer are deemed immaterial.

Use of Estimates in the Preparation of Financial Schedules

The preparation of the Schedule in conformity with GAAP requires management to make significant estimates and assumptions that affect the reported amounts during the reporting period. Actual results could differ from those estimates.

The components of the NPL related to OCERS' plan at December 31, 2023, are as follows (dollars in thousands):

| | |
|-----------------------------------|---------------------|
| Total pension liability | \$ 26,644,141 |
| Less: Plan fiduciary net position | <u>(21,797,429)</u> |
| Net pension liability | <u>\$ 4,846,712</u> |

For the measurement period ended December 31, 2023 (the measurement date), total pension liability was determined by rolling forward the December 31, 2022 (the valuation date) total pension liability. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2020 through December 31, 2022.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Notes to the Schedule of Allocated Pension Amounts by Employer
 As of and for the Year Ended December 31, 2023

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

The December 31, 2023 total pension liability was based on the following actuarial methods and assumptions:

| | |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Experience Study | Three-Year Period Ending December 31, 2022 |
| Actuarial Cost Method | Entry Age in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.00%. net of pension plan investment expenses, including inflation |
| Inflation Rate | 2.50% |
| Projected Salary Increases | General: 3.90% to 8.00% and Safety: 4.50% to 15.00%, vary by service, includes inflation and “across-the-board” salary increase of 0.50% |
| Consumer Price Index (CPI) and Cost of Living Adjustments (COLA) | CPI increases of 2.75% per year Retiree COLA increases of 2.75% per year. For members that have COLA banks, we assume they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter |

Mortality Assumptions

The mortality assumptions used in the TPL at December 31, 2023, were based on the results of the actuarial experience study for the period January 1, 2020 through December 31, 2022, using the Public Retirement Plans Mortality tables (Pub-2010) published by the Society of Actuaries. Within the Pub-2010 family of mortality tables, OCERS has adopted both the General and Safety Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally using the two-dimensional mortality improvement scale MP-2021, adjusted separately for healthy and disabled for both general and safety members.

Discount Rate

The discount rate used to measure the TPL as of December 31, 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2023.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Notes to the Schedule of Allocated Pension Amounts by Employer
 As of and for the Year Ended December 31, 2023

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

According to Paragraph 30 of Statement 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense.

The 7.00% investment return assumption used in the actuarial valuation for funding is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. The investment return assumption remained the same for reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using the same investment return assumption for financial reporting; however, the impact of including administrative expenses is deemed to have an immaterial impact on the overall assumed rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with December 31, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Additional information on the target allocation and projected arithmetic real rate of return for each major asset class is available in the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2023.

Amortization of Deferred Outflows and Deferred Inflows of Resources

The net difference between projected and actual investment earnings on pension plan investments in the Schedule represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis. The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period on a straight-line basis beginning with the year in which they occur. One-fifth was recognized in pension expense during the measurement period, and the remaining net difference between projected and actual investment earnings on pension plan investments at the measurement date is to be amortized over the remaining period.

Deferred outflows of resources and deferred inflows of resources related to the differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through the Plan determined as of December 31, 2022 (the beginning of the measurement period ending December 31, 2023) which is 5.35 years. Prior measurement period differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions continue to be recognized based on the expected remaining service lives of all employees calculated as of the beginning of those measurement periods.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and for the Year Ended December 31, 2023

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The Schedule of Allocated Pension Amounts by Employer does not reflect contributions made to OCERS subsequent to the measurement date as defined in GASB Statement No. 68 paragraph 57. Appropriate treatment of such amounts is the responsibility of the employers.

NOTE 4 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial and actuarial information required for GASB Statement No. 68 disclosures is presented in OCERS' Annual Comprehensive Financial Report as of and for the year ended December 31, 2023, the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2023, the OCERS' GASB Statement No. 68 Actuarial Valuation Based on the December 31, 2023, Measurement Date for Employer Reporting as of June 30, 2023, and the Unfunded Actuarial Liability and Associated Amortization Schedules as of the December 31, 2022 valuation for the Orange County Department Education and University of California, Irvine Medical Center and Campus, which can be found on OCERS' website at www.ocers.org.



Memorandum

DATE: June 6, 2024
TO: Members of the Audit Committee
FROM: D. Kim, Director of Internal Audit
SUBJECT: **AUDIT REPORT – ORANGE COUNTY TRANSPORTATION AUTHORITY EMPLOYER AUDIT**

Recommendation

Receive and file.

Background/Discussion

Internal Audit performed an employer audit of the Orange County Transportation Authority (OCTA).

There were two observations identified in this audit:

1. In three of our 60 sample transactions, OCTA over-collected contributions on a non-pensionable pay item (e.g., VAN pay, or van pool incentive pay).
2. OCTA does not determine hours worked by Extra-Help and rehired retirees based on a fiscal year or calendar year in accordance with OCERS Membership Eligibility Requirements Policy for determining membership eligibility.

Submitted by:



DK - Approved

David Kim
Director of Internal Audit



**Orange County Transportation Authority
Employer Audit**

Report Date: June 6, 2024

Internal Audit Department

OCERS Internal Audit
Orange County Transportation Authority
Employer Audit
June 6, 2024

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Audit Objective and Scope.....1
Conclusion and Executive Summary.....1
Background.....2
Observation Details.....3

Audit Objective and Scope

The objective of this audit was to provide an independent review of the completeness and accuracy of Orange County Transportation Authority (OCTA) payroll transmittal data. This includes, but is not limited to, the controls OCTA and OCERS management have in place over the payroll transmittals.

The scope of the audit included OCTA’s payroll data submitted to OCERS between January 2022 and December 2023 on a sample basis.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

Conclusion / Executive Summary

Opinion: *Opportunities for Improvement*

Overall, Internal Audit found the controls at OCTA to be operating and designed effectively to help ensure accurate and complete payroll transmittals. Internal Audit did identify an opportunity for OCTA to correct payroll records related to one specific premium pay item and to improve its controls related to compliance with OCERS *Membership Eligibility Requirements Policy*. For further detail of the below observations please see page three.

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Priority Observations</p> <div style="background-color: #4a7ebb; color: white; text-align: center; width: 40px; height: 40px; margin: 5px auto; border-radius: 5px;">0</div> <p>Important Observations</p> <div style="background-color: #4a7ebb; color: white; text-align: center; width: 40px; height: 40px; margin: 5px auto; border-radius: 5px;">2</div> | <p>Priority Observations</p> <p>None</p> <p>Important Observations</p> <ol style="list-style-type: none"> 1. In three of our 60 sample transactions, OCTA over-collected contributions on a non-pensionable pay item (e.g., VAN pay, or van pool incentive pay). 2. OCTA does not determine hours worked by Extra-Help and rehired retirees based on a fiscal year or calendar year in accordance with OCERS Membership Eligibility Requirements Policy (Policy) for determining membership eligibility. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Internal Audit sampled 60 payroll transactions from OCTA’s approximately 65,000 payroll transactions during our audit scope:

- Internal Audit reviewed, on a sample basis, OCTA’s support documentation for the pensionable pay reported in its payroll transmittals to OCERS.
- Verified that base pay reported by OCTA through payroll transmittals matched OCTA human resource records and publicly available pay schedules for completeness and accuracy.
- Recalculated contributions collected from OCTA to ensure that contributions were paid according to Segal contribution rates as approved by the OCERS’ Board.
- Reconciled OCTA employee headcount from the payroll system against OCERS annual actuarial extract of members.
- Reviewed Member Affidavits for completeness.
- Reviewed OCTA’s controls in place to ensure its compliance with OCERS’ Board Membership Eligibility Requirements Policy.

Background

OCTA serves Orange County residents and commuters by providing countywide bus and paratransit service, Metrolink commuter rail service, freeway improvements, street and road improvements, the 91 Express Lanes, motorist aid services, and taxi program regulation.

OCTA and its employees contributed approximately \$42 million and \$43 million to OCERS for the years ended December 31, 2022, and December 31, 2023, respectively. It has 1,262 active members. An audit of OCTA was last presented to the Audit Committee on December 17, 2018.

Copies to OCERS:

| | |
|------------|-------------------------|
| S. Delaney | J. Lamberson |
| S. Jenike | S. Ardeleanu |
| M. Murphy | Audit Committee Members |
| B. Shott | |
| M. Serpa | |

Copies to Employer:

A. Oftelie, Chief Financial Officer
J. Sutter, Executive Director of Internal Audit
M. McJilton, Executive Director of People and Community Engagement
C. Finona, Payroll Manager
B. Masseli, Benefits Manager

| Observations | Action Plan / Responsible Party / Completion Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Important Observations | |
| <p>1. In three of our 60 sample transactions, OCTA over-collected contributions on a non-pensionable pay item (e.g., VAN pay, or van pool incentive pay).</p> <p>In June 2019, the OCERS Board approved an updated list of all employer pay items, including pensionable attribute determinations for Legacy and PEPRAs members based upon conclusions from Member Service’s Pay Item project undertaken several months prior to the Board approval.</p> <p>OCERS Board decision above included a change to OCTA’s vanpool incentive pay item (i.e., VAN pay), changing it from a pensionable pay item to a non-pensionable pay item. Upon making this determination, contributions for this pay item no longer needed to be collected.</p> <p>In our audit sample, OCTA over collected contributions on VAN pay from two employees over three payroll cycles (pay periods #2, #5, and #8 of 2023). The total over-collected contributions were \$43 in employee contributions and \$163 in employer contributions.</p> <p>Internal Audit estimates that approximately \$11,000 in employee contributions and \$37,000 in employer contributions were over collected from all 41 Legacy OCTA members who were paid VAN pay from 2019 to late 2023.</p> | <p>Action Plan: Information on over-collected amounts will be gathered and provided to OCTA from OCERS by the end of May. OCERS will handle refunds to retirees, deceased, terminated, and deferred retirees. Once information has been received from OCERS on amounts due to active OCTA employees, OCTA staff will process refunds within one month.</p> <p>Responsible Party: Cherie Finona, Payroll Manager, OCTA</p> <p>Completion Date: July 1, 2024</p> |

| Observations | Action Plan / Responsible Party / Completion Date |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>While the Pay Item project was completed in 2019, OCTA asserts they were not made aware of the final decision regarding the VAN pay item until 2023. OCERS Member Services asserts that there were communications regarding the Pay Item project, however, Member Services lacks evidence of the communication specific to VAN pay in 2019.</p> <p>OCTA corrected the pay item in late 2023, however, employee and employer contributions on the VAN pay item were collected between June 2019 and late 2023 and are in the process of being refunded.</p> <p>Risk: Pay items not configured correctly in an employer's payroll system can lead to underpaid or overpaid contributions being collected.</p> | |
| <p>2. OCTA does not determine hours worked by Extra-Help and rehired retirees based on a fiscal year or calendar year in accordance with OCERS Membership Eligibility Requirements Policy (Policy) for determining membership eligibility.</p> <p>OCTA employs both Extra-Help and rehired retirees classified as Extra-Help, but they are managed under different criteria. While the required criteria in the Policy guides employers to determine eligibility based on a fiscal or calendar year, OCTA is using a 12-month work period calculated from the date of hire as their basis for measurement.</p> | <p>Action Plan: Human Resources will create a new report to monitor Extra-Help and rehired retirees on a calendar year basis. The new report will begin monitoring hours worked from January 1, 2024, for the 2024 calendar year. In addition, Human Resources will investigate creating a new status code for rehired retirees to ensure that their hours do not exceed 960.</p> <p>Responsible Party: Beatrice Maselli, Benefits Manager, OCTA</p> |

| Observations | Action Plan / Responsible Party / Completion Date |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <p><u>Extra-Help</u></p> <p>As per OCERS Policy, membership in OCERS is determined in part by employment classification and hours worked per year. As defined in the Policy, a “year” refers to a fiscal year or a calendar year, whichever is used by the Participating Employer for employment purposes. For Extra-Help employees, 1,600 hours worked in a fiscal or calendar year is the limit set forth in OCERS Policy.</p> <p>OCTA’s HR function has automated the monitoring of hours worked by Extra-Help employees and notifies managers of Extra-Help employees approaching 1,000-hours. However, instead of using a fiscal or calendar year basis, OCTA uses a person’s hire date to measure the hours. While the approach used by OCTA would prevent the Extra-Help employees from exceeding 1,600 hours, the use of the anniversary hire date does not comply with OCERS Policy.</p> <p><u>Extra-Help Rehired Retirees</u></p> <p>OCTA’s Extra-Help and College Intern Policy states that a rehired retiree (someone who is retired from OCTA and collecting retirement benefits from OCERS) may not work more than 960 hours in a fiscal year. OCTA’s HR function has automated the monitoring of hours worked and notifies managers of Extra-Help rehired retirees approaching the 960-hour threshold which is also set forth in OCERS Policy.</p> | <p>Completion Date: July 31, 2024</p> |

| Observations | Action Plan / Responsible Party / Completion Date |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <p>However, instead of using a fiscal year as allowed by OCERS Policy, OCTA uses an Extra-Help rehired retiree's anniversary hire date to begin measurement of hours worked for compliance with the 960-hour rule.</p> <p><u>Misclassified rehired-retiree</u></p> <p>We also identified one individual on OCTA HR's Extra-Help report noted above who was not correctly classified as a rehired retiree subject to the 960-hour limit, but instead subject to OCTA's 1,000 hour limit for non-retiree Extra Help.</p> <p>Risk: Incorrectly measuring hours worked could lead to non-compliance with OCERS Policy.</p> | |

Categories of Observations (Control Exceptions):

Priority Observations:

These are observation(s) that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise OCERS' reputation or integrity. Management is expected to address Priority Observations brought to its attention immediately.

Important Observations:

These items are important to the process owner and they do impact the control environment and/or could be observations for improving the efficiency and/or effectiveness of OCERS' operations. Management is expected to address within six to twelve months.

Management's Responsibility for Internal Control

Management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls. Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating an entity's internal control structure are the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our Internal Control Audit enhances and complements, but does not substitute for department management's continuing emphasis on control activities and self-assessment of control risks.

Internal Control Limitations

Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with OCERS' policies.

Audit Report Opinions:

Satisfactory:

No issues or a limited number of “Important Observations” (typically no more than two Important Observations).

Opportunities for Improvement:

Multiple issues classified as “Important Observations” (typically two or more Important Observations) with no more than one “Priority Observation”.

Inadequate:

Usually rendered when multiple issues are classified as “Priority” (typically one or more Priority Observations), together with one or more other issues classified as “Important Observations”. The Priority Observations identified have a major effect on processes, plan sponsors/members, financials, and/or regulatory requirements.



Memorandum

DATE: June 6, 2024

TO: Members of the Audit Committee

FROM: Kwame Addo, Chief Compliance Officer

SUBJECT: **BIENNIAL REPORT ON THE OPERATION AND EFFECTIVENESS OF THE OCERS COMPLIANCE PROGRAM**

Background

At the direction of the Audit Committee, the Chief Compliance Officer will provide a biannual report on the operation and effectiveness of the OCERS Compliance Program. The Board's adoption of the Chief Compliance Officer and Compliance Program Charters in April 2024 ensured the continuation of Compliance Program implementation activities.

Summary of Compliance Activity

As OCERS embarks on establishing a comprehensive compliance program, our initial step involved conducting an operating environment assessment to assist with prioritizing the rollout of activities. Based on observations and discussions, Team OCERS shows a basic understanding of compliance and is receptive to hearing and learning more about its benefits. This willingness to participate creates an environment that provides opportunities to raise awareness and influence culture through strategic branding and messaging, to make compliance an ingrained and essential part of daily operations.

A Compliance Awareness Survey was drafted and provided to OCERS' staff to assess their knowledge of compliance. The survey achieved a 65% response rate that will guide the design of training programs, materials, and serve as a benchmark to measure effectiveness as the program matures. Participants represented all levels of management and staff from OCERS' departments. The responses indicated some familiarity with basic compliance-themed words and receptivity to the Compliance Program. Additional awareness initiatives are planned through the end of the year as part of efforts to build a strong foundation in support of a sustainable and successful OCERS Compliance Program.

Ethics and Fraud Hotline

The responsibility for the Ethics and Fraud Hotline officially transitioned from Internal Audit to Compliance. In the short-term, there will be three months of parallel oversight with Internal Audit to ensure process continuity. The Department of Justice's Evaluation of Corporate Compliance Programs (updated March 2023) offers guidance on having an anonymous reporting mechanism, such as a hotline, to ensure it is effective. The guidance includes assessments of how the hotline will be publicized to employees and third parties and whether employees are aware of it and are comfortable using it. The recently conducted compliance survey showed a combination of staff who were aware of the Ethics and Fraud hotline, and where to find information on it, and those who were not aware a hotline existed.

Before the transition, Compliance held meetings with Internal Audit to understand the hotline's reporting process and how anonymity is preserved to continue to maintain credibility. Trends were discussed, during which the historically low number of annual reports and even lower number related to ethics stood out. Low report numbers could lead to a belief that things are being done right and create a false sense of security if

information for an Ethics and Fraud Hotline is not well-known and easily accessible. Making the Hotline information more visible at OCERS is important relative to its 36% staff growth since 2021.

Other areas of discussion included the use of Navex, the company that hosts “Ethics Point,” the reporting intake platform for OCERS’ Hotline. Other features Navex offers, such as reporting from a mobile device to make reporting more user-friendly and easily accessible and vendor-organized training for Compliance, are being considered.

Other Preliminary Observations

- In the absence of a dedicated compliance or risk program, Internal Audit owned and managed the Ethics and Fraud Hotline.
- Approximately four ethics-related cases were reported in the last six-years.
- Hotline information is mentioned on the OCERS website however, it is not widely publicized.

Awareness Enhancement Opportunities (June 2024)

- Place posters in the building to advertise the Hotline and provide easier access to the Ethics Point reporting portal.
- Add a QR code to the posters that can be scanned for direct access to the OCERS Ethics and Fraud Hotline page.
- Explore the addition of a QR code to the online Ethics and Fraud page and add the page as a quick link.
- For more internal and external visibility, include an ethics and fraud reporting link in OCERS email signatures (to be piloted by Legal, Internal Audit, and HR).

Management Action Plan (MAP)

The responsibility for the Management Action Plan officially transitioned from Internal Audit to Compliance. In the short-term, there will be three months of parallel oversight with Internal Audit to ensure process continuity. Before the transition, Compliance held meetings with Internal Audit to understand the MAP process, roles and responsibilities for updates, submissions, and the validation of observation closure documents. As the Compliance Program matures, the current MAP format will be redesigned to align with compliance monitoring plan elements.

Preliminary Observations

- In the absence of a dedicated compliance, Internal Audit managed the MAP.
- The current format and addition of an aging report offers an effective best practice tracking and reporting tool.
- Internal Audit’s partnership approach to managing MAP items aligns with the Compliance Program’s collaborative approach to addressing observations.

Enhancement Opportunities

- Compliance’s second line of defense role offers a more direct consultation and guidance to OCERS’ departments. This benefit compliments Internal Audit’s ongoing role as the third line of defense.
- Reroute MAP updates and observation closure documents to Compliance to facilitate a vetting process that allows second line input prior to Compliance’s review with Internal Audit.
- Explore opportunities available to redesign the database at the completion of the SharePoint upgrade/migration.

Operational Risk Management Report

The responsibility for the Operational Risk Management Report and Management Action Plan has officially transitioned to Compliance. Before the transition, Compliance held meetings with Operational Risk Management to understand the current process, types of meetings held with the executive team, divisions, frequency, roles, and responsibilities for report updates. A list of documented process steps was provided to Compliance. In the short term, three months of parallel oversight with Operations and Support Services will ensure process continuity.

The current Operational Risk Management Report offers a basic, but limited tool for managing and mitigating risk. However, as the Master Repository Project leads to the completion of consistently documented departmental procedures, the current version and format of the report will be redesigned to align with identified compliance risk assessment elements.

Preliminary Observations

- The current methodology uses numeric values to rate event likelihood, current and target risk ratings, risk level comparisons, and visibility to high-risk items.
- Potential inconsistencies in field interpretation and the subjectivity of risk scores (both pre- and post-remediation) can skew heat maps and interfere with accurate risk severity ratings.
- Technical challenges include non-functional built-in alert and notification features. The current report database will be redesigned and upgraded to become more functional.

Preliminary database redesign enhancement opportunities include:

- Inclusion of alert, notification, and reminder features for reducing touch points and process streamlining.
- Ability to identify changes made by modifiers and distribute report summaries.
- Reassess current risk items and identify those needing additional clarification.
- Identify primary risk categories per item, remove redundancies, prioritize, and arrange by category for enhanced visibility and attention.

Member Services Fraud Detection and Prevention Training

In its second line of defense role, Compliance continues to actively provide guidance on the design of Member Services' new fraud detection training. The training objective is to equip employees with the necessary information, skills, and red flag knowledge to detect and mitigate fraud. As part of the information-gathering process, Compliance consulted with Winter Investigations, a Global Fraud Advisory company, for industry best practice training approaches and made recommendations on areas including behavioral red flags and making member authentication measures less predictable.

Compliance Awareness Activities

One initial goal has been to establish enterprise-wide compliance fundamentals to ensure the basics are well understood to support a sustainable, scalable, and successful compliance program. These steps will include the following:

Introduction Videos – June 2024 Roll-out

- CEO Compliance Message (5/30/2024) - Introduce compliance to staff, speak to benefits to OCERS and staff, and show support for the program.
- Chief Compliance Officer Compliance Introduction Video (5/9/2024) - Discuss compliance and upcoming awareness events.

Planned Activities

- Open House - Learning-themed event for Team OCERS to interact in-person with Compliance (June/July)
- Lunch and Learn (bring your own lunch) – Cover compliance topic based on input from open house and awareness survey (July/August)
- Compliance Jeopardy - Interactive online learning/awareness game designed to enhance compliance knowledge (September/October)
- Compliance Week (November 3-9) - Participate in nationwide cross-industry compliance week organized by the Society of Corporate Compliance & Ethics Professionals

Compliance has established a cross-industry network of compliance professionals and resources for reference, information sharing, and exchanging ideas. The network has made it possible to obtain insight into proven and emerging best practices focused on making compliance programs effective and engaging.

Compliance's current network includes:

- General Counsel and Chief Compliance Officer, San Diego City Employees Retirement System (SDCERA)
- Chief Ethics & Compliance Officer, San Diego Office of Ethics, Compliance, and Labor Standards
- Chief Compliance Officer, Contra Costa County Employees Retirement Association
- Chief Compliance Officer, Employees' Retirement System of the State of Hawai'i
- Society of Corporate Compliance and Ethics Professionals (SCCE)
- Association of Certified Fraud Examiners (ACFE)
- Meta (Facebook)
- Agilent Technologies
- Winter Investigations, Global Fraud Advisory

Program Documentation

Drafting the program documents for each element of the OCERS Compliance Program will be a priority during the third and fourth quarters of 2024.

Attachments.

I-1a Biannual Report on the Operation and Effectiveness of the OCERS Compliance Program Presentation

I-1b OCERS Hotline Poster final

I-1c Compliance Department Word Cloud



KA-Approved

Kwame Addo

Chief Compliance Officer

Awareness: 2024 Foundational Objective

- Begin to establish enterprise-wide compliance fundamentals
 - Getting the basics right
- Introduce awareness events and material to assist with embedding compliance into first line of defense processes
- Continue to establish documentation framework



Survey

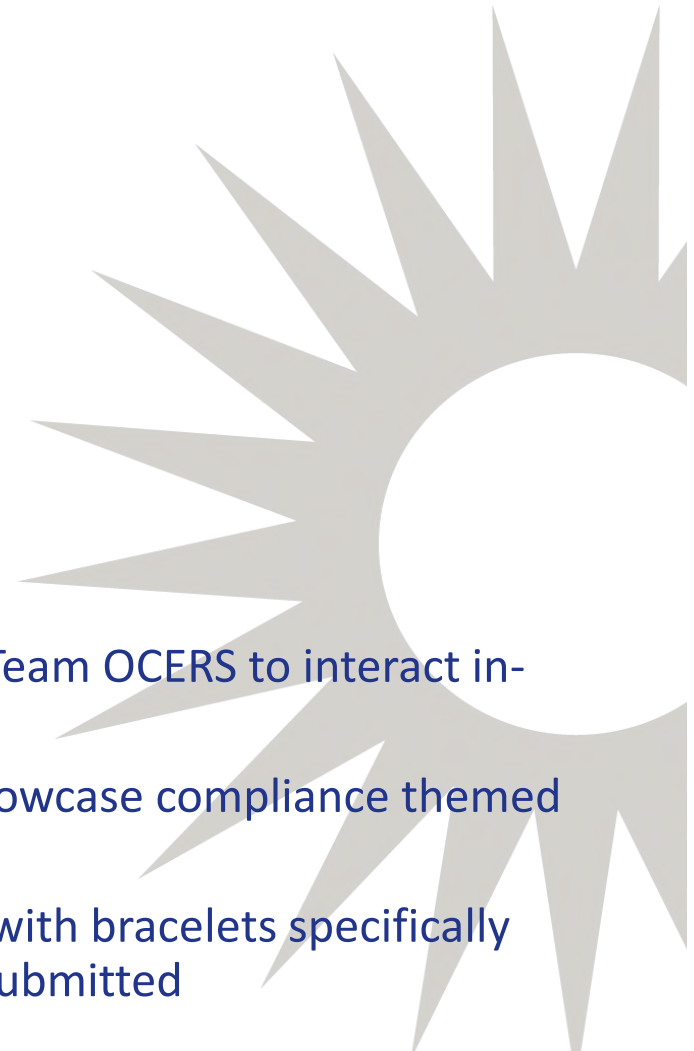
- Assess Team OCERS' basic compliance knowledge – 65% participation
- Survey results will serve as a benchmark for measuring program effectiveness
- Top-10 staff provided words to describe compliance:
 - Rules; Follow; Adhere; Policy; Risk; Procedures; Conform; Law; Regulations; and Legal
- Staff generated survey responses included in a compliance word cloud



Videos

- CEO Compliance Message (5/30/2024)
 - Introduce compliance to staff, speak to benefits to OCERS and staff, and show support for the program
- Chief Compliance Officer Compliance Introduction Video (5/9/2024)
 - Partnered with Communications to film video discussing compliance and upcoming awareness events





Open House

- Learning-themed event for Team OCERS to interact in-person with Compliance
- Web based wheel spin to showcase compliance themed words and definitions
- Present survey participants with bracelets specifically designed with a word they submitted



Activities

- Compliance Jeopardy (July/August)
 - Interactive online learning/awareness game designed to enhance compliance knowledge
- Lunch and Learn (October)
 - Opportunity for staff to learn more about a specific Compliance topic that has been introduced during the Open House and Jeopardy activities
- Compliance Week (November 3-9)
 - Participate in November SCCE nationwide cross-industry compliance week activities with details to follow



Hotline

- Approximately four ethics-related cases received in the last six-years
- Average of three to four reports received annually
- Posters to provide easier telephone, online, and mobile QR code report options
- Email signature report link to be piloted by Legal, HR, and Internal Audit
- Ethical decision-making guide for exploring ethical dilemmas and identifying ethical courses of action



ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

LET'S PROTECT OCERS
AND EACH OTHER

ETHICS & FRAUD HOTLINE

Report questionable behavior, fraud, waste,
and abuse involving OCERS vendors,
employees, Trustees, members, and processes.

- Report via phone or online
- Remain anonymous
- Ability to follow up on report
- Report anytime, anyplace, 24/7
- Whistleblower Policy on OCERS website
 - <https://www.ocers.org/board-charters-and-policies>

HOTLINE PHONE/ONLINE SUBMISSION:

📞 Hotline Phone Number: 1-855-612-7058

🌐 <https://www.ocers.org/ethics-fraud-hotline>



Your admission to and communication with the OCERS Ethics & Fraud Hotline of any complaint or allegation does not constitute a request for legal advice and will not create any attorney-client relationship between the reporting person(s) and the OCERS Council. Your complaint or allegation and any other communications with the hotline are not attorney-client privileged communications, and no legal representation or advice will be provided to you.

ethics • point
Integrity at work



Rebeca Gonzalez-Verdugo

Executive Secretary
Orange County Employees Retirement System (OCERS)
714-558-6210 | rgonzalez-verdugo@ocers.org
Address: 2223 E. Wellington Ave., Ste. 100 | Santa Ana, CA 92701
Mailing Address: PO Box 1229 | Santa Ana, CA 92702
[Ethics & Fraud Hotline: Click to Report](#)

"We provide secure retirement and disability benefits with the highest standards of excellence."

Risk Management Report

- Preliminary Observations
 - Current format offers a basic framework to track and mitigate risk items
 - Share Point alert/notification features are non-functional
- Enhancement Opportunities
 - Assess current risk items and recategorize to align with compliance's risk assessment methodology
 - Validate consistent interpretation of risk rating factors
 - Confirm accuracy of existing initial and current risk scores
 - Redesign database with SharePoint upgrade to include features to streamline process



Management Action Plan (MAP)

- Preliminary Observations
 - Current format and visibility to aging items offers an effective tracking and reporting tool
 - Internal Audit's partnership approach to managing MAP items is effective and aligns with Compliance Program methodology
- Enhancement Opportunities
 - Build Compliance's second line of defense guidance role for MAP management with Internal Audit's ongoing role as the third line of defense
 - Reroute MAP updates/closure documents to Compliance for vetting and review with Internal Audit to align with compliance's observation management methodology
 - Explore database redesign with SharePoint upgrade to include features to streamline process



THANK YOU!





LET'S PROTECT OCERS
AND EACH OTHER

ETHICS & FRAUD HOTLINE

Report questionable behavior, fraud, waste, and abuse involving OCERS vendors, employees, Trustees, members, and processes.

- Report via phone or online
- Remain anonymous
- Ability to follow up on report
- Report anytime, anyplace, 24/7
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HOTLINE PHONE/ONLINE SUBMISSION:



Hotline Phone Number: 1-855-612-7058



<https://www.ocers.org/ethics-fraud-hotline>



Your submission to and communication with the OCERS Ethics & Fraud Hotline of any complaint or allegation does not constitute a request for legal advice and will not create any attorney-client relationship between the reporting person(s) and the OCERS Counsel. Your complaint or allegation and any other communications with the Hotline are not attorney-client privileged communications; and no legal representation or advice will be provided to you.





Memorandum

DATE: June 6, 2024
 TO: Members of the Audit Committee
 FROM: Jeff Lamberson, Director of Retirement Operations, Member Services
 Suzanne Jenike, Assistant CEO, External Operations
 SUBJECT: **MEMBER SERVICES QUALITY ASSURANCE REPORT 1ST QUARTER 2024**

RESOLUTIONS IMPLEMENTED TO DATE:

1. Restructured the Retirement Program Specialists team ("RPS") and creation of a Quality Assurance Team
2. Final Average Salary (FAS) Calculation "EXCEL TOOL" Development
3. Member Experience (MXIP) Training Program Development
4. Robotic Process Automation "RPA BOT" Development

1ST QUARTER 2024 RESULTS:

Types of errors found:

Member Experience Customer Service Team errors:

- Years of Service incorrect/Service Audit not performed.
- Signature missing on Proof of Age document (passport).
- Customer Service Workflow Checklist in FAS workbook not completed.
- Missing Paystubs and Timesheets.

Retirement Operations Processing Team errors:

- Years of Service incorrect/Service Audit not performed.
- Incorrect Contribution Basis Date due to incorrect reciprocal start date.
- Incorrect compensation Limit Application to FAS.

BACKGROUND

In 2020, the Audit Committee instructed the Internal Audit (IA) department to begin a continuous audit to review the Member Services Final Average Salary (FAS) calculations. The first audits performed by Internal Audit found a 6 and 8% error ratio respectively, which was reported to the committee. Member Services leadership immediately worked to understand the root causes of the issues and identified the following:

1. Multi-tasking work assignments that interrupted complex calculation processes. (Retirement Program Specialists were required to answer all member phone calls and perform all FAS calculations along with taking walk-ins, conducting appointments, seminars and performing peer audits)
2. Highly complex calculations processed in multiple excel workbooks containing multiple formulas requiring manual entry by staff.
3. Peer Review of calculations versus a complete Quality Assurance (QA) process for a more systematic means to ensure calculation standards are met.
4. Lack of a structured training program (Peer to Peer vs Classroom) for new hires and existing staff on new training topics.

Restructured the Retirement Program Specialist “RPS” team and creation of a Quality Assurance Team:

We developed a focused approach for the RPS team, restructuring into three task-based groups along with the addition of a second Member Services Director:

- Member and Employer Relationship - Customer Service Team (Responsible for all member communications, initial account review, member document gathering and pre-retirement estimated FAS calculation)
 - Six RPS team members (2 with under a year of experience) and one Senior RPS
- Retirement Operations - Payroll Processing Team (Responsible for reviewing the pre-retirement estimated FAS calculation performed in Customer Service to ensure accuracy and completing a secondary FAS calculation post-retirement (once the member’s final payroll data is received from their employer).
 - Six RPS team members (3 with under a year of experience) and two Senior RPS
- Retirement Operations - Quality Assurance Team (Responsible for performing a third and final FAS calculation to confirm the post-retirement FAS calculations were completed accurately by the Retirement Operations Payroll Processing Team)
 - Four Senior RPS team members (One additional Sr position open to promote)

FAS Calculation “EXCEL TOOL” Development:

Member Services leadership team worked to develop a controlled “tool” to ensure accuracy was repeatable across all calculations.

- This excel tool is an all-encompassing documentation of the three (3) separate FAS calculations performed for a member from the time retirement is initiated to processing their first benefit payment.
- The excel tool also contains security to prevent changes in calculation formulas.
- As well as automated comparisons between the three calculation tabs that highlight variances between each of the three calculations.

MXIP Training Program Development:

Member Services leadership team recruited a trainer who took our vision of a classroom format training focused on the life cycle of a member and developed the Member Xperience Induction Program (MXIP).

- This training is 2-week classroom format.
- Follows the member lifecycle within OCERS service center.
- Provides standardized learning with testing to ensure consistent messaging.
- Provided to all members of Member Services and especially to our new hires in the first two weeks of employment with follow up training and ample supporting documents to rely on for ongoing questions.

Robotic Process Automation “RPA BOT” Development:

To remove manual data entry and eliminate human error, Member Services began to develop RPA BOT’s in 2023. We implemented two by the end of 2023 and are working on our third currently in 2024.

- **2023 Retirement Application Assignment BOT 2.1:**
 - The BOT records the information requested in the application to a file, assigns the workflow in V3 to the appropriate Retirement Program Specialist (RPS) team member in Member Services and logs the application into our payroll tracking log in SharePoint. This automation is performed every day as electronic applications come in from the Member Self Service (MSS) Portal. **It replaces manual work performed by our Member Services Call Team Supervisor.** Each transaction normally took 15 min to perform and now is supported by the BOT. On average we receive 1000 (+/-200)

transactions a year. $15\text{min} \times 1000 \text{ transactions} = 15,000 \text{ min}/60 \text{ min} = \mathbf{250 \text{ Full Time hours per year}}$

- **2023 Retirement Application QA BOT 2.2:**

- BOT 2.2 uses the application data recorded in BOT 2.1 above to then review what was processed in the V3 and SharePoint systems at the time of retirement. The BOT then reports back if everything matches what the member requested and if the transaction was processed accurately in the system based on the approved QA FAS Excel Tool. **Again, it replaces manual work performed by our Member Services Call Team Supervisor.** Each transaction normally took 30 min to perform and now is supported by the BOT. On average we receive 1000 (+/-200) transactions a year. $30\text{min} \times 1000 \text{ transactions} = 30,000 \text{ min}/60 \text{ min} = \mathbf{500 \text{ Full Time hours per year}}$

- **Retirement Application Processing BOT 3.0:**

- BOT 3.0 uses the application data recorded in BOT 2.1 above and the completed QA FAS Excel Tool to then process the retirement transaction for the member in the Pension Administration System (V3) and update the SharePoint tracking log. The BOT then reports back if everything was completed or if it encountered any issues when performing the process. **This replaces manual work performed by our Payroll Processing Team. Removes data entry errors and ensures consistent processing of retirements in the system for accuracy.** Each transaction normally took 30 min to perform and now is supported by the BOT. On average we receive 1000 (+/-200) transactions a year. $30\text{min} \times 1000 \text{ transactions} = 30,000 \text{ min}/60 \text{ min} = \mathbf{500 \text{ Full Time hours per year}}$

Next Steps:

Member Services Management Team is currently working on the following projects to help improve our processes even more.

1. Develop our MOU “cheat sheet” for use with our Teams, Employer Data gathering, the PAS upgrade and RPA development.
2. Complete the Employer Data gathering project to obtain missing data to remove manual calculations from the process.
3. Complete our Master Repository Project by 12/31/2024.
4. Enhance our MXIP training program to build out detailed training for the entire member life cycle for our teams.
5. Enhance QA Reporting for our individual team members to be provided on a quarterly basis for training.
6. Enhance Team level QA reporting to be provided on a quarterly basis for goal setting and process improvement activities.

Submitted by:



JL-Approved

Jeff Lamberson

Director of Retirement Operations, Member Services

Submitted by:



SJ-Approved

Suzanne Jenike
 Assistant CEO, External Operations

Appendix

Results:

Out of 21 months of IA FAS review since Member Services implemented our Excel Tool in 2021, **we have achieved 13 months of 100% accuracy.** We continue to improve our QA processes with the goal of achieving consistent 100% Accuracy results.

| Quarter | Benefit Applications | Tested by Internal Audit (IA) | IA Error Count | IA Error Rate |
|---------------------------------------------------------------------------|----------------------|-------------------------------|----------------|---------------|
| Applications Processed Under the Revised FAS Calculation Procedure | | | | |
| Q3/2021 | 75 | 75 | 6 | 8.0%* |
| Q4/2021 | 154 | 134 | 2 | 1.5%* |
| Q1/2022 | 196 | 50 | 1 | 4.0%* |
| Q2/2022 | 607 | 41 | 1 | 2.4%* |
| Q3/2022 | 151 | 40 | 0 | 0.0% |
| Q1/2023 | 102 | 40 | 0 | 0.0% |
| Q3/2023 | 128 | 40 | 2 | 5.0%* |

*Each of the quarters contained at least one month with 100% accuracy



Memorandum

DATE: June 6, 2024
TO: Members of the Audit Committee
FROM: David Kim, Director of Internal Audit
SUBJECT: **MANAGEMENT ACTION PLAN VERIFICATION REPORT**

Written Report

Background/Discussion

Under the International Standards for the Professional Practice of Internal Auditing (“Standards”), Internal Audit must establish and maintain a system to monitor the disposition of prior results communicated to management. This includes a follow-up process to monitor and ensure that management action plans have been implemented or that management and the Audit Committee has accepted the risk of not taking action.

The follow-up on management action plans (MAPs) involves:

- Confirming management has implemented an action plan and no further action is required.
- Internal Audit has tested the operational effectiveness MAP.

The following report contains the status of the MAPs that have been reported to the Audit Committee:

- For the MAPs noted as Open, Internal Audit will continue to work with the respective parties until the MAP is closed and verified.
- For the MAPs noted as Closed – No Further Action Required (YTD), Internal Audit has confirmed the MAPs have been implemented and operating effectively during the current year.
- For the MAPs noted as Closed – No Further Action Required (Prior Years), MAPs that have been implemented and confirmed as operating effectively prior to the current year.

An additional report has been created, the Management Action Plan Aging report. This report includes MAPs that are still open but with a due date prior to the Audit Committee date of June 6, 2024. The report includes the total number of outstanding days as well as a revised due date received from management.

Submitted by:



DK - Approved

David Kim
Director of Internal Audit



Management Action Plan Status Report

Project(s): ALL
Mgmt. Status: OPEN,
CLOSED - NO FURTHER
ACTION REQUIRED

Process Owner(s): EMPLOYER,
EXECUTIVE,
FINANCE,

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with the highest standards of excellence."*



| REPORTING FOR: 2018, 2019, 2020, 2021, 2022, 2023, ARCHIVED | OPEN | Closed - No Further Action Required (YTD) | Closed - No Further Action Required (Prior Years) | Total |
|----------------------------------------------------------------|-----------|----------------------------------------------|------------------------------------------------------|------------|
| Process Owner | | | | |
| EMPLOYER | 2 | 4 | 15 | 21 |
| EXECUTIVE | 0 | 1 | 7 | 8 |
| FINANCE | 0 | 2 | 3 | 5 |
| HUMAN RESOURCES | 3 | 0 | 1 | 4 |
| INFORMATION SECURITY | 4 | 7 | 2 | 13 |
| INFORMATION TECHNOLOGY | 3 | 4 | 9 | 16 |
| INVESTMENTS | 0 | 0 | 9 | 9 |
| MEMBER SERVICES | 5 | 4 | 35 | 44 |
| Total Count: | 17 | 22 | 81 | 120 |

Executed: 5/22/2024 3:22:42 PM
Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 6 - 1901 - Finance Contributions audit

REPORT DATE: 05/16/2019

OPEN

Open Observations: 1

OBSERVATION #1 - A FORMAL PERIODIC REVIEW OF PROPER USER ACCESS TO OCERS APPLICATIONS AND NETWORK IS NOT DOCUMENTED BY THE APPROPRIATE MEMBERS OF THE BUSINESS.

Process Owner: INFORMATION TECHNOLOGY

Due Date: 12/31/2024

On Schedule

Action Plan: Per IT Governance and Information Security action items to address Center for Internet Security (CIS) Control 16: Account Monitoring and Control, OCERS IT and the Executive management team are establishing the following:
 1. Develop Account Management and Access Control Policies.
 2. Create an annual User Account review process and supporting documentation.
 3. Setup means for staff to review and enter data in SharePoint with associated workflow to complete and track reviews initiated with IT managed systems.

IA Follow-Up: Access reviews to begin in Q1 2024 with policies documented by Dec 2024.

Project: 39 - 1971-IT General Controls

REPORT DATE: 06/04/2020

OPEN

Open Observations: 1

OBSERVATION #3 - OCERS DOES NOT MAINTAIN DATA FLOW DIAGRAMS OR OTHER DOCUMENTATION OF INFORMATION FLOW BOTH INTERNALLY AND TO EXTERNAL PARTIES.

Process Owner: INFORMATION TECHNOLOGY

Due Date: 12/31/2024

On Schedule

Action Plan: Phase one of OCERS Data Classification project, will identify data elements in our V3 system and include the creation of data flow diagrams for data elements classified as "sensitive". In addition, OCERS IT Programming team will develop data flow diagrams of their internal datasets and reporting platform.

Additional data flow diagrams may be developed along with process flow diagrams as part of future lean process improvements.

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Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IT to discuss solutions with other vendors. IT will focus on Member data and related data from business processes (e.g. member payroll, death data). Focus on data flows either instead of or before data classifications, depending on the nature of the observation.

Project: 33 - 2090 - Vulnerability and Patch Management

REPORT DATE: 03/22/2021

OPEN

Open Observations: 1

OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-----------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Due Date: | | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | | |

Project: 66 - 2171 - IT Automated Controls

REPORT DATE: 02/14/2023

OPEN

Open Observations: 1

OBSERVATION #1 - 1. AN OPPORTUNITY EXISTS TO ENHANCE DOCUMENTATION OF THREE SPECIFIC AREAS DESCRIBED ACROSS SIX OF THE 19 PENSION ADMINISTRATION SYSTEM SPECIFICATION DOCUMENTS REVIEWED BY INTERNAL AUDIT.

| | | |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | INFORMATION TECHNOLOGY | |
| Due Date: | 07/31/2024 | On Schedule |
| Action Plan: | IT Management will work with our PAS vendor and Member Services to update the identified PAS Design Specification documents to include the detailed logic and calculations configured for our PAS. | |
| IA Follow-Up: | | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 63 - 2235 - The Toll Roads Employer Audit

REPORT DATE: 02/14/2023

OPEN

Open Observations: 1

OBSERVATION #4 - TWO PROCESS AND REVIEW CONTROLS RELATED TO MEMBER ELIGIBILITY AND PREMIUM PAY ARE NOT FORMALLY DOCUMENTED.

| | | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | EMPLOYER | |
| Due Date: | 07/15/2024 | On Schedule |
| Action Plan: | <ul style="list-style-type: none"> Quarterly review of total hours worked by Extra Help and temporary staff: TCA currently requires managers to monitor the hours of temporary project employees. The Controller reviews and signs off on each payroll register as evidence of review of payroll, which includes the hours of temporary project employees. The quarterly review is prepared as a visual aid to note the YTD hours of service for these employees. For additional documentation, TCA's Assistant Controller will begin signing off on her quarterly tracking spreadsheet. Auto allowance: TCA will add verbiage to the employee handbook describing the auto allowance program. This will be incorporated in the employee handbook revised draft for Board approval. | |
| IA Follow-Up: | IA confirmed the quarterly review process is now performed. Due to change in management, awaiting updates regarding the Policy revision. | |

Project: 71 - 2361 - HR audit of hiring practices

REPORT DATE: 10/11/2023

OPEN

Open Observations: 3

OBSERVATION #1 - HUMAN RESOURCES (HR) DOES NOT HAVE FORMAL PROCEDURAL DOCUMENTATION FOR THE HIRING AND RECRUITING PROCESS.

| | | |
|-----------------------|--------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | HUMAN RESOURCES | |
| Due Date: | 12/31/2024 | On Schedule |
| Action Plan: | The Human Resources department will develop procedures for the hiring and recruitment practices. | |
| IA Follow-Up: | | |

OBSERVATION #3 - OCERS IS USING THE STANDARD COUNTY BACKGROUND CHECK INSTEAD OF OCERS' MORE EXTENSIVE 3RD PARTY BACKGROUND CHECK FOR ALL NEW COUNTY EMPLOYEES WHO WILL GAIN ACCESS TO CONFIDENTIAL MEMBER DATA WITHIN THE PENSION ADMINISTRATION SYSTEM (PAS).

| | |
|-----------------------|-----------------|
| Process Owner: | HUMAN RESOURCES |
|-----------------------|-----------------|

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- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Due Date: 12/31/2024

On Schedule

Action Plan: The HR department will schedule a meeting with the County to discuss next steps needed to institute more extensive background checks.

IA Follow-Up:

OBSERVATION #4 - HUMAN RESOURCES IS MAINTAINING TERMINATED EMPLOYEE PERSONNEL RECORDS BEYOND THAT ALLOWED PER OCERS BOARD RECORDS MANAGEMENT POLICY.

Process Owner: HUMAN RESOURCES

Due Date: 12/31/2024

On Schedule

Action Plan: A request to increase the retention period for personnel files from 4 to 7 years will be made to the Governance Committee at their next review of the Records Management policy. All personnel files outside of the 7-year window were destroyed.

IA Follow-Up:

Project: 74 - 2337 - Employer audit of IHSS Public Authority

REPORT DATE: 10/11/2023

OPEN

Open Observations: 1

OBSERVATION #2 - FOR ONE ACTIVE MEMBER, IHSS PA INCORRECTLY REPORTED THE SERVICE HOURS IN THE TRANSMITTAL FILES FOR 12 CONSECUTIVE PAY PERIODS FROM AUGUST 2022 TO JANUARY 2023.

Process Owner: EMPLOYER

Due Date: 09/29/2023

1st Missed Due Date

Revised Due Date: 08/01/2024

Action Plan: IHSS PA will correct the member's transmittal records to reflect actual hours worked in the service hours column via payroll transmittal adjustment files.

IA Follow-Up: IHSS PA is working on the update and requested additional information.

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On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 76 - 2391 - Azure Active Directory and Microsoft 365 Security Assessment

REPORT DATE: 01/19/2024

OPEN

Open Observations: 3

OBSERVATION #102 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-----------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Due Date: | | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | | |

OBSERVATION #104 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-----------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Due Date: | | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | | |

OBSERVATION #303 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-----------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Due Date: | | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
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- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Project: 81 - 2336 - Payroll Transmittal Process

REPORT DATE: 03/28/2024

OPEN

Open Observations: 4

OBSERVATION #1 - OCERS DOES NOT HAVE A WRITTEN POLICY ESTABLISHING PURPOSE, SCOPE, AND ROLES REGARDING THE EMPLOYERS' RESPONSIBILITY TO ADDRESS EMPLOYER PAYROLL TRANSMITTAL EXCEPTIONS IN A TIMELY MANNER.

| | | |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Due Date: | 08/30/2024 | On Schedule |
| Action Plan: | <p>The Employer Payroll Team will develop a written policy establishing purpose, scope, and roles regarding the employers' responsibility to address employer payroll transmittal exceptions in a timely manner.</p> <p>The Policy will incorporate the various reasons for exceptions, containing errors and False Positive errors, and how to differentiate between the two. The policy will also address the minimum acceptable levels of accuracy, based on the thorough review of what is a valid error.</p> <p>The development of the Policy will include an in-depth review of all aspects of the process, including current processes of reviewing and taking corrective actions, and recommending updates for the Transmittal Exceptions report (e.g., New info vs. reoccurring items). The Policy may generate a supplemental Procedure if necessary.</p> <p>While a policy is to be developed, employers were provided direction prior to V3 implementation, they have been provided guidance on a regular basis during the Annual Employer Workshop, as well as through regular channels of communication between the Employer Payroll Team and employers.</p> | |
| IA Follow-Up: | | |

OBSERVATION #2 - INTERNAL AUDIT IDENTIFIED TWO TYPES OF PAYROLL EXCEPTIONS TRACKED BY THE PAS THAT GENERATE NUMEROUS FALSE POSITIVES DUE TO EITHER PAS PROGRAMMING OR INSTANCES IN WHICH EMPLOYERS ARE REPORTING INCORRECT EMPLOYEE STATUS.

| | | |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Due Date: | 08/30/2024 | On Schedule |
| Action Plan: | <p>Review exceptions by importance/priority and determine if certain exceptions can be changed/deleted, especially looking at False Positives. Reach out to the PAS vendor to determine the cost to change in logic or turn off unnecessary exceptions (false positives) once exceptions are reviewed and further categorized (if needed).</p> <p>The Policy will recommend regular ongoing communication with employers, asking them to review and correct errors (that are not False Positives).</p> | |
| IA Follow-Up: | | |

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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OBSERVATION #3 - THE EMPLOYER PAYROLL TEAM'S PROCEDURE DOCUMENTATION DOES NOT PROVIDE GUIDANCE TO STAFF FOR HOW TO MONITOR IF THE EMPLOYERS ARE CORRECTING PAYROLL EXCEPTIONS.

| | | |
|----------------|----------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Due Date: | 08/30/2024 | On Schedule |
| Action Plan: | Along with development of Policy, procedural guidance will be developed for processing exceptions. | |
| IA Follow-Up: | | |

OBSERVATION #4 - THE EMPLOYER PAYROLL TEAM'S DOCUMENTATION DOES NOT PROVIDE STAFF GUIDANCE ON PROCEDURES FOR CHECKING NEW MEMBER AFFIDAVIT FORMS FOR COMPLETENESS AND ACCURACY OR DESCRIBE ESCALATION STEPS TO TAKE WHEN MEMBER AFFIDAVIT FORMS MISSING, INCOMPLETE, OR CONTA

| | | |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Due Date: | 08/30/2024 | On Schedule |
| Action Plan: | <p>A New Member Affidavit has been developed and is in the final stage of review. This version gathers more and clearer information.</p> <p>We are also creating a Guidance Sheet for members and employers to assist them in completing the form.</p> <p>New Member Enrollment processes are due to be reviewed for Master Repository Project. We will also develop a Member Services Procedure for processing Affidavits based on current process. The procedure will provide guidance on reviewing and processing Affidavits including receiving and processing timing guidelines; following up for incomplete or missing Affidavits; and incorporate supervisory reviews (e.g., 1-5 % of total new Member Affidavits received).</p> | |
| IA Follow-Up: | | |

| | | |
|--------------------|--------------------------------------------|------|
| Project: | 82 - 2339 - Quarterly FAS Review (Q3 2023) | |
| REPORT DATE: | 03/28/2024 | OPEN |
| Open Observations: | 1 | |

OBSERVATION #1 - INTERNAL AUDIT NOTED A 5.0% ERROR RATE (TWO ERRORS) WITH THE 40 FAS CALCULATIONS SAMPLED FROM THE 3RD QUARTER OF 2023.

| | | |
|----------------|-----------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Due Date: | 12/31/2024 | On Schedule |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Action Plan:

Management takes all errors very seriously.

1(a) Response: In reviewing this specific transaction and the corresponding MOU section as shown below attached to this document, our Member Services team member had difficulty interpreting the language due to the many decision points within the vacation section of the document.

We will provide additional training to our team to address this risk. We are also in the process of creating a guidance sheet for the team members so they do not have to interpret the legal language in the individual MOU's.

In the future, our ongoing meetings with the employers in 2024 to address the missing data in the transmittals, will help eliminate the possibility of this type of error from happening.

1(b). Response: This error occurred post Quality Assurance (QA) when the representative was entering the approved calculation into the system.

Our new Member Services Robotic Process Automation robot (Bot), that performs a final check of a processed benefit after it has been processed in the system, will catch this type of error and prevent this from occurring in the future.

IA Follow-Up:

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

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Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 5 - Audit of the Benefit Setup Process (2012)

REPORT DATE: 12/04/2012

CLOSED

Closed Observations: 3

OBSERVATION #1 - MANUAL FAS OVERRIDE

| | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 09/13/2022 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: Subsequent changes made to FAS after the initial benefit setup process should require a supervisory approval prior to making an override in the system. Additionally, management should use a system-generated report from V3 that lists all manual overrides to identify all such changes made in the system. Management should review and sign off on each manual override on that report for propriety and accuracy to mitigate the risk of unauthorized or incorrect amounts being entered in the system. | |
| IA Follow-Up: | IA to confirmed the new QA process reviews all manual FAS overrides with the new 100% accruacy process | |

OBSERVATION #8 - MANUAL FAS SUPPORTING DOCUMENTATION

| | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 09/16/2021 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: All manual overrides to data should be fully documented with the staff that made the change, date the change was made, prior amount, revised amount, and reason for the change with supervisory approval documented in V3 in accordance with the current method of maintaining supporting documentation for benefits calculation. Member Services personnel are required to document V3 via note for any member file that requires a manual override. | |
| IA Follow-Up: | IA to confirmed the FAS Review process contains steps to review the supporting documentation. | |

OBSERVATION #9 - FAS AUDIT TRAIL

| | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/27/2020 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: We recommend that the new pension administration system (V3) include an audit trail within the system for manual override and other changes made to records. There should be a better audit trail in the new pension administration system to account for changes made in the system instead of relying only on records scanned into LibertyNET or similar imaging software for an explanation. | |
| IA Follow-Up: | IA confirmed an audit trail function exists in V3 noting the original and new FAS, change date and Changed by. | |

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- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Project: 7 - Review of OCERS' Derivatives Investments (2014)

REPORT DATE: 07/10/2014

CLOSED

Closed Observations: 2

OBSERVATION #2 - ANNUAL REPORTING OF DERIVATIVES TO THE INVESTMENT COMMITTEE

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| Process Owner: | INVESTMENTS | |
| Completion Date: | 08/10/2020 | MAP Status Unassigned |
| Action Plan: | <p>Currently, the quarterly Derivatives Report provides information relating to the separately managed accounts. The commingled fund investments do not provide similar level of transparency, therefore the quarterly report does not include commingled funds data.</p> <p>The Investments staff has created a template (undergoing internal review) which could be used as a tool to receive information relating to derivatives directly from the investment managers. Such a disclosure and declaration is outside the norm, so it is difficult to predict how many or if the investment managers will comply. As soon as the template is finalized, staff will send it out to gather responses from the various investment managers. Our current expectation is that OCERS will not be able to impose periodic reporting requirements of our own on certain managers, and that in some if not most cases, we will be compelled to accept data as it can be provided by them on their annual cycles. Efforts will be made to achieve more-frequent reporting, but at this time there can be no assurance that such efforts will be successful.</p> <p>The Investment Policy Statement, approved at the 6/25/14 Investment Committee meeting, was amended in part to include the following: "The compliance report for separate account managers will be reviewed with the Investment Committee on a quarterly basis. The CIO shall report to the Committee annually on the staff and consultants' surveillance of diversification and risk controls associated with [derivatives]."</p> | |
| IA Follow-Up: | <p>Internal Audit reviewed the 2019 Security Report reviewed and approved by the Investment Department. The Investment Team provided an update to the action plan. The quarterly Derivatives Report had been discontinued for a number of years and is no longer reported to the Investment Committee. For the action plan, Investments reviews the derivative information in preparation of the CAFR, which is presented to the Audit Committee. Internal Audit to follow-up during the Investment teams review of the derivative information as part of the 2019 CAFR preparation.</p> <p>Updated 8/10/20</p> <p>Investments provided the "Derivatives List - 2019.xls" file which includes the securities inventory that Investments provides to Finance with the investment types and leveling of assets.</p> | |

OBSERVATION #3 - COUNTERPARTY RISK REPORTING

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|-------------------------|-------------|-----------------------|
| Process Owner: | INVESTMENTS | |
| Completion Date: | 05/21/2020 | MAP Status Unassigned |

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Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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| Action Plan: | <p>Management has agreed to the recommendation: Counterparty risk, the risk that a financial institution will not honor the terms of a derivative contract due to poor financial health, is a key risk for derivatives.</p> <p>The Board is not getting complete information on the counterparty risks of all investment managers. Because many of OCERS' investment managers use the same institutions as counterparties, if a counterparty fails, it would affect several investment managers in the OCERS' portfolio simultaneously. Therefore, reporting on total counterparty risk to OCERS would be useful for accessing a concentration of risk with a single counterparty.</p> <p>OCERS' custodian bank, State Street, provides data on investment holdings and counterparty holdings that can be used to create a compilation of counterparties in the OCERS portfolio, though this will only include the OCERS' separately managed accounts.</p> <p>OCERS should request that State Street on a quarterly basis provide a report listing derivatives holdings by counterparty with amounts of currency forward contracts, swaps, and total fair value. The report should also include a credit rating agency's rating.</p> <p>This report should be included with the derivatives report to the Investment Committee.</p> |
| IA Follow-Up: | Internal Audit reviewed the 2019 Counterparty Risk Report reviewed and signed by the CIO. |

Project: 17 - Audit of OCERS' Due Diligence Process (2015)

REPORT DATE: 08/06/2015

CLOSED

Closed Observations: 5

OBSERVATION #1 - NO DUE DILIGENCE POLICY

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|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | INVESTMENTS | |
| Completion Date: | 01/07/2021 | MAP Status Unassigned |
| Action Plan: | <p>Management has agreed to the recommendation: The CIO and his staff should create written procedures that specifically document the steps necessary to conduct adequate due diligence. We concur with the recommendation that written procedures are desirable, and staff is working on the development of a document that would fulfill this objective.</p> | |
| IA Follow-Up: | <p>The CIO and Investment Team developed Investment due diligence procedural documents including the Contract Due Diligence Checklist Procedure document and the Contract Due Diligence Checklist document.</p> | |

OBSERVATION #2 - OPERATIONAL DUE DILIGENCE

| | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | INVESTMENTS | |
| Completion Date: | 02/13/2020 | MAP Status Unassigned |
| Action Plan: | <p>Management has agreed to the recommendation: For non-traditional pension fund managers that have not undergone an operational due diligence review from the OCERS' investment consultants, OCERS should consider the following on a case-by-case basis or at the CIO's discretion. A criteria or threshold (e.g., a dollar amount of an investment) should be set by the CIO to trigger when such a review will occur.</p> <p>Management agrees that a "deeper dive" could be appropriate for certain non-traditional managers, but only if a majority of the Board considers such measures to be necessary, cost-beneficial or justifiable on a risk-vs-cost basis. Cost-sharing strategies and outsourcing-versus-internal capacity should be explored and considered, along with a prioritization protocol.</p> | |

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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: In discussions with CIO, and review of the September Investment Committee meeting minutes, confirmed OCERS no longer requires the use of a special operational due diligence consultant. The consultant was not used or required when initially contracts.

OBSERVATION #3 - DUE DILIGENCE FOR RFP MANAGERS

Process Owner: INVESTMENTS

Completion Date: 02/13/2020

MAP Status Unassigned

Action Plan: Management has agreed to the recommendation: For RFP-sourced managers, there should be consistent narrative due diligence reporting provided to the Investment Committee. Investments should consider using a checklist to make sure all documents are included for the Investment Committee to consider. We agree that our written procedures and future practices should include routine reporting of internal due diligence when the RFP channel is deployed for manager selection. The Director of Investment Operations has already included this step in the working draft of written procedures we are formulating and refining.

IA Follow-Up: Due Diligence would apply to all managers, not just under an RFP process. Internal Audit observed due diligence process during Investment Consulting engagement.

OBSERVATION #4 - MANAGER RFP STANDARDIZED QUESTIONING

Process Owner: INVESTMENTS

Completion Date: 01/07/2021

MAP Status Unassigned

Action Plan: Management has agreed to the recommendation: Future RFP questionnaires should include interrogatories regarding a manager's operational infrastructure and negative findings disclosed from their annual external audit. We agree that future RFPs should include standard (first-stage or second stage) provisions and questions that are relatively uniform regarding due diligence, operations, and related legal, regulatory and compliance risks. The cited incident was an oversight that need not recur. Written procedures and a process to review those routinely will be helpful to assure consistency.

IA Follow-Up: Investments included in the Contract Due Diligence Checklist document and the Compliance Report document steps to validate operational infrastructure of money managers.

OBSERVATION #5 - CONSULTANT DUE DILIGENCE DOCUMENTATION

Process Owner: INVESTMENTS

Completion Date: 02/13/2020

MAP Status Unassigned

Action Plan: Management has agreed to the recommendation: As part of its due diligence process, OCERS' Investments staff should obtain and review NEPC's Investment Due Diligence Research Report for all managers NEPC recommends to OCERS. We agree that consultant documentation or pertinent summaries of their due diligence should routinely and consistently be included in Committee materials when managers are presented, or subsequently as a validating consent agenda item if their work follows a provisional approval.

IA Follow-Up: As part of the Investment Consulting engagement, Internal Audit was able to observe the due diligence process which included reviewing the materials from the investment consultants.

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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 8 - Audit of OCERS' Private Equity Managers Abbott Capital and Pantheon (2016)

REPORT DATE: 03/21/2016

CLOSED

Closed Observations: 1

OBSERVATION #4 - CONSIDERATION OF ILPA BEST PRACTICES

| | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | INVESTMENTS | |
| Completion Date: | 01/25/2021 | MAP Status Unassigned |
| Action Plan: | OCERS should implement Institute of Limited Partners Association (ILPA) best practices in LPAs with direct investment private equity funds if OCERS goes into direct private equity program. In considering whether OCERS should adopt a direct private equity program, OCERS' Investments management should consider the cost of implementing the ILPA best practices. OCERS investment staff will first work with our private equity fund of funds managers to monitor their use of ILPA guidelines and best practices, as we further our own internal education about these evolving standards. | |
| IA Follow-Up: | Investment Team developed a guide to track and assess the key legal and ILPA-related terms OCERS negotiates through the private markets investment manager contracting processes. | |

Project: 16 - Audit of OCERS' Death Match Process (2016)

REPORT DATE: 06/24/2016

CLOSED

Closed Observations: 7

OBSERVATION #1 - OVERPAYMENT TO DECEASED MEMBERS

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|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 12/21/2021 | MAP Status Unassigned |
| Action Plan: | The deceased members identified by Internal Audit will be processed immediately according to the specific circumstances of the accounts. Overpayments will be processed according to policy and beneficiaries will be contacted regarding lump sum payment options for refunds. Management will investigate possible options for instituting a multi-step review process to ensure entries are made into V3 or a quarterly/annually comparison of the database with the information from a death match service provider. | |
| IA Follow-Up: | Member Services has repaid or wrote off \$421,402 of the \$990,694 of the 24 deferred members. Additionally, Member Services has recovered \$16,008 of the \$20,620 from the four deceased payees. Process is in place to review updates from death data vendor. Member Services will provide updates to the remaining overpayments bi-annually to Internal Audit, starting June 2022 | |

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OBSERVATION #2 - MANUAL QUERY OF V3 UNTIL NEW REPORT IS CREATED

| | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 12/21/2021 | MAP Status Unassigned |
| Action Plan: | The overpayment to the specific member and DRO payee identified by Internal Audit will be dealt with immediately according to current policy. As V3 is currently configured the system will prevent future overpayments from occurring by suspending the benefit once a death date is entered. The items on the overpayment log need to be reconciled with V3 as a post-go live project but it was envisioned that V3 will replace the need for a manual spreadsheet outside of the system. A query or report may be needed during the transition period. | |
| IA Follow-Up: | Query has been implemented. Recoupment of overpayment to be reviewed biannually with Internal Audit. The Benefit Recoupment Report has been created, refer to Benefit Recoupment Report 2021.pdf | |

OBSERVATION #3 - CERTIFICATION LETTERS

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|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/07/2021 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: OCERS' management should consider sending a certification letter to payees over a selected age to confirm the status of the payee. Management should consider stopping benefit payments if OCERS does not receive a response after a reasonable number of attempts in order to incentivize the payee to return the letter. OCERS' management should also consider the costs/benefits of hiring a third party to perform random physical alive and well checks with payees that meet a given profile. However clear communication will need to be developed as the payees within this demographic may be the hardest to reach. In addition, the implications to payee's medical insurance needs to be considered any time a benefit is suspended. | |
| IA Follow-Up: | After Member Services management discussed formulating a formal policy addressing when such certification letters should be sent and to whom after the result of a cost benefit analysis to be performed. Certification letters are sent to all international payees. Member Services relies on the death match file for updates to domestic members. | |

OBSERVATION #4 - DEATH DATA VENDORS

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|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: OCERS management should consider using only death audit vendors that hire external auditors to review its client data security controls. OCERS should require that death audit vendors provide copies of the audit report and the audit results to OCERS on an annual basis for review. OCERS management should consider using the RFP process to compare the services of death audit vendors and obituary review service vendors. Quality of services, price, and data security controls of vendors should be compared. | |
| IA Follow-Up: | Management to discuss the approach for obtaining and reviewing vendor security report on an entity wide approach, with a completion date of 6/30/2023. This observation and action plan will be tracked under the ITGC audit | |

OBSERVATION #5 - MEMBER BANKING INFORMATION WITHIN V3

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| Process Owner: | MEMBER SERVICES | |
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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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| Completion Date: | 09/23/2021 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: To reduce the possibility of fraudulently diverting benefit payments for deceased members, OCERS should implement automated checks and balances within the V3 system to ensure that no one employee can unilaterally change a payee's banking information without supervisory approval. The resulting change to V3 may require an additional change order to reconfigure the V3 system. However, the headline risk to OCERS outweighs the financial cost of making such a change. | |
| IA Follow-Up: | Workflow approvals were reviewed by Internal Audit. An audit in member banking to be proposed as a future audit. | |

OBSERVATION #6 - PRO-RATING FINAL PAYMENT FOR DECEASED MEMBERS

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|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 02/25/2021 | MAP Status Unassigned |
| Action Plan: | <p>OCERS' management should consider the costs versus benefits of prorating a deceased member's final monthly benefit payment based upon the actual date of death versus making a full payment. V3 is not configured to calculate a prorated final benefit payment and a prorated initial continuance benefit payment effective the day after death for the remainder of the month. OCERS would have to pay additional costs to have Vitech reconfigure V3 and for OCERS' employees and consultants to test the changes. The estimated cost of reconfiguring and testing V3 to prorate the final benefit payment, the initial continuance payment, and payroll deductions is estimated by Vitech at \$144,000. In addition, management estimates that testing of the system changes would need to be done by staff or consultants at an estimated cost of \$150,000.</p> <p>A prorated final benefit policy would also result in more overpayments for Member Services to pursue for collection since the benefit payment is paid on the first of the month. Under current policy, deaths reported to OCERS in the month following death allows enough time for Member Services to terminate the benefit with no need to prorate. Under a prorated policy, it would be impossible for Member Services to prorate the final payment on the 1st of the month if the death was reported in the month after death. Member Services would possibly need to cross train staff in collection efforts to accommodate such an increase in collection efforts.</p> <p>Management Response Management considered the costs versus benefits of adopting a proration of the final benefit payment policy, but determined to continue the current practice of paying in full the final month's benefit. Prorating the member's final payment and survivor continuance first payment introduces additional complexity to the administration of the system and would require additional staff in Member Services and possibly Finance, in addition to the V3 configuration changes. Retiree payroll is typically</p> | |
| IA Follow-Up: | Management considered the costs versus benefits of adopting a proration of the final benefit payment policy, but determined to continue the current practice of paying in full the final month's benefit. | |

OBSERVATION #7 - DEBT COLLECTION VERSUS DEBT FORGIVENESS

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| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/17/2020 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: For overpayments in which Member Services has exhausted internal collection efforts, Member Services should inquire of the CEO and/or Board to forgive or partially forgive overpayments to these deceased payees or possibly make use of a collections agency for additional collection efforts. | |
| IA Follow-Up: | OCERS' Board Policy Write Off Policy now provides guidelines regarding when OCERS is permitted to forgo collection of amounts overpaid by or owing to OCERS, and when OCERS will not be required to make corrective distributions to OCERS members or their beneficiaries. | |

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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Project: 19 - Audit of V3 Benefit Setup Process (2016)

REPORT DATE: 07/21/2016

CLOSED

Closed Observations: 2

OBSERVATION #1 - USE OF 2,088 HOURS FOR BENEFIT CALCULATION

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| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/01/2020 | MAP Status Unassigned |
| Action Plan: | Management will follow up with staff regarding the applicability of 2,088 to all retiring members and will review all benefits established in V3 to ensure the appropriate salary was used regardless of status. The part-time member's benefit identified by Internal Audit as being incorrect will be recalculated to reflect the salary associated to 2,088 hours. | |
| IA Follow-Up: | IA reviewed the FAS recalculations performed by Member Services. | |

OBSERVATION #2 - V3 WORKFLOW PROCESS

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|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/02/2020 | MAP Status Unassigned |
| Action Plan: | The workflow module in V3 was an area that contained defects when we went live with the new system which prevented effective use. The majority of the defects have been addressed and staff is utilizing the workflows as part of their daily operations. However, we have found that a workflow can be completed without all of the steps being marked individually and as a result additional modifications to the overall configuration are being discussed. Management will work with staff to ensure that proper use of the workflow is being followed for all benefit setups. In addition, we will review the workflow steps as currently configured and make enhancements as needed to ensure all critical steps in the process are appropriated captured. | |
| IA Follow-Up: | IA confirmed worksteps are completed and V3 enhancements were implemented. | |

Project: 20 - Audit of OCERS' Service Credit Purchase Process (2016)

REPORT DATE: 11/29/2016

CLOSED

Closed Observations: 1

OBSERVATION #1 - WORK IN PROCESS REPORTING

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| Process Owner: | MEMBER SERVICES |
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Project(s): ALL
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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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| Completion Date: | 04/07/2021 | MAP Status Unassigned |
| Action Plan: | OCERS' management agrees to initiate discussions with Vitech for best cost-benefit solutions to building work-in-process reporting to track the status of buybacks throughout its business processes to provide additional management oversight of staffing and resources; track compliance with business goals; and improve customer service response times to members. | |
| IA Follow-Up: | IA has verified that OCERS has implemented a work-in-process tracking database within SharePoint. | |

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|-----------------------------|-----------------------------------------------------------------------|---------------|
| Project: | 14 - Audit of City of San Juan Capistrano Payroll Transmittals (2017) | |
| REPORT DATE: | 03/22/2017 | CLOSED |
| Closed Observations: | 3 | |

OBSERVATION #1 - MANUAL TRANSMITTAL FILE ADJUSTMENTS

| | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | EMPLOYER | |
| Completion Date: | 08/11/2020 | MAP Status Unassigned |
| Action Plan: | Management agreed to the following recommendation: San San Juan Capistrano will submit manual payroll adjustments into V3 that contain the payroll records required by OCERS for every subsequent pay period until year-end. | |
| IA Follow-Up: | IA noted that SJC has submitted manual payroll adjustments into V3 required by OCERS. | |

OBSERVATION #2 - CONTRIBUTION BASIS DATES

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|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | EMPLOYER | |
| Completion Date: | 04/27/2020 | MAP Status Unassigned |
| Action Plan: | San Juan Capistrano's V3 transmittal file should reflect the correct reciprocal start date or the correct enrollment date with OCERS in the transmittal file field labeled "Reported Contribution Basis Date" in order to prevent these payroll exceptions from occurring again in V3. San Juan Capistrano concurs with this recommendation, which has been addressed based on information provided by OCERS' Member Services to SJC's Payroll Accountant. | |
| IA Follow-Up: | IA examined a recent V3 payroll transmittal exception report for PP#2, 2020 and noted there were no exceptions related to reported contribution basis dates. | |

OBSERVATION #3 - EARNABLE SALARY RECORDS

| | | |
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| Process Owner: | EMPLOYER | |
| Completion Date: | 08/11/2020 | MAP Status Unassigned |

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Project(s): ALL
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 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Action Plan: San Juan Capistrano will submit manual payroll adjustments into V3 that contain earnable salary payroll records required by OCERS during each pay period that the employee is out on leave of absence.
IA Follow-Up: IA noted that SJC has submitted manual payroll adjustments for employees Away On Leave into V3, as required by OCERS.

Project: 26 - Audit of Orange County Fire Authority (2018)

REPORT DATE: 10/23/2018

CLOSED

Closed Observations: 1

OBSERVATION #6 - V3 CONTRIBUTION RATE CONFIGURATIONS SOD - THERE IS NOT A PROPER SEGREGATION OF DUTIES WITHIN OCERS' IT DIVISION IN REGARDS TO THE CONFIGURATION OF CONTRIBUTION RATES IN V3.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 01/11/2024

MAP Status Unassigned

Action Plan: Management agreed to the following recommendation: OCERS' management should re-assign the duties of configuring updated rates in V3 from OCERS' Director of IT to the appropriate personnel for cross-training, process documentation, and backup purposes. The revised process will encompass multiple departments, and will segregate duties related to preparing the rate schedules, data input into V3 and verification/audit of contribution rates.

IA Follow-Up: IA confirmed the delegation of the configuration uploads to the IT Programming team and the review by Member Services of the updates to the pension administration system.

Project: 22 - Audit of Orange County Superior Court Payroll Transmittal (2018)

REPORT DATE: 11/08/2018

CLOSED

Closed Observations: 1

OBSERVATION #4 - SUPERIOR COURT'S HR DEPARTMENT DOES NOT HAVE POLICIES AND PROCEDURES IN PLACE TO DETERMINE IF THE INDEPENDENT CONTRACTOR STATUS FOR ITS INDEPENDENT CONTRACTORS COMPLIES WITH IRS RULES

Process Owner: EMPLOYER

Completion Date: 01/05/2022

MAP Status Unassigned

Action Plan: Superior Court to review independent contractors working for court reporting services, court language services and court technology to determine if their independent contractor status complies with IRS rules defined for independent contractors.

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IA Follow-Up: Superior Court no longer use independent contractors as court reporters. New employee classification/class spec for "Assignment Court Reporter" was created.

Project: 31 - Disability Payment Audit (2018)

REPORT DATE: 01/28/2019

CLOSED

Closed Observations: 1

OBSERVATION #1 - DISABILITY PAYMENT CALCULATION

Process Owner: MEMBER SERVICES

Completion Date: 01/05/2022

MAP Status Unassigned

Action Plan: Member Services will be continuing to review with increased diligence or newly implementing to ensure accuracy of Disability benefits that are setup:

- Ensure that all disability benefits are peer audited (FAS calc) before benefit setup, including disability recalculations (from Service Retirement to SCD, Service Retirement to NSCD, NSCD to SCD)
- Verify selected data points on the "New Benefit Setup Validation Report" (which will contain a subset of 16 reports – expected to be ready by Q3 2019)
- Additional training will be provided to the RPS assigned to the disability department (this was a new position in 2018). These types of benefits are more specialized than regular retirement setups, and the Disability RPS will be trained to look for specific factors that affect the benefit, such as gaps in service, measuring period compression, manual calculations of FAS, recalculation issues.

IA Follow-Up: IA confirmed action plan has been implemented. A new Disability Process has been implemented along with the appropriate training.

Project: 36 - 1943 2019 BCDR Audit

REPORT DATE: 10/17/2019

CLOSED

Closed Observations: 3

OBSERVATION #2 - THE BUSINESS CONTINUITY PROGRAM STANDARD OPERATING PROCEDURES DOCUMENT HAS EXISTED SINCE 2015 BUT THE DOCUMENTATION OF THE APPROVALS BY THE CRISIS MANAGEMENT TEAM WERE NOT FORMALIZED.

Process Owner: FINANCE

Completion Date: 02/26/2020

MAP Status Unassigned

Action Plan: We concur with the observation and will formalize the approval of the document.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IA confirmed the Business Continuity Standard Operating Procedure document has been formally approved by the CMT.

OBSERVATION #3 - A FORMAL PROCESS INVOLVING CRITICAL OCERS STAKEHOLDERS IS NOT IN PLACE TO TEST THE RECOVERY OF DEPENDENT IT APPLICATIONS.

| | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | INFORMATION TECHNOLOGY | |
| Completion Date: | 04/10/2024 | On Schedule |
| Action Plan: | OCERS IT will formalize and adopt a new Business Continuity and Disaster Recovery test plan that will include test activities, confirmation, and sign-off by the various business units within OCERS. | |
| IA Follow-Up: | IT developed a test plan that will require coordination with management to perform testing for IT managed systems. This includes an assessment form and a department validation forms to be completed by management participants. | |

OBSERVATION #6 - 6. RECOVERY PROCEDURES FOR DEPENDENT IT APPLICATIONS ARE NOT DOCUMENTED IN THE RECOVERY PLANS.

| | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | INFORMATION TECHNOLOGY | |
| Completion Date: | 04/10/2024 | On Schedule |
| Action Plan: | End User documents are being developed for the purpose of providing recovery instructions to the crisis management team, in the event IT staff are not available in the event of an emergency. The documents will provide simple easy to follow instructions on how to failover and/or recover sites or systems in the event of a technology failure. These documents will be included in OCERS IT Backup and Recovery test plan stored in Catalyst to ensure procedures are complete and can be followed by non- IT staff | |
| IA Follow-Up: | Documentation of the recovery process was provided. IT and InfoSec noted that IT staff with the appropriate level of access would be needed for the recovery process and that there are enough IT and InfoSec staff for BCDR situations. Management will still develop documented procedures for recovery but geared towards IT Staff. | |

Project: 44 - 1944 - Finance Benefits Audit

REPORT DATE: 01/13/2020

CLOSED

Closed Observations: 2

OBSERVATION #2 - FINANCE DOES NOT SYSTEMATICALLY DELETE V3'S ACH FILES CONTAINING BENEFICIARIES' BANKING INFORMATION FROM LOCAL HARD DRIVES.

| | | |
|-------------------------|------------|-----------------------|
| Process Owner: | FINANCE | |
| Completion Date: | 03/14/2022 | MAP Status Unassigned |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Action Plan: Management will establish procedures to delete copies of the ACH text files from local hard drives after a copy of the file has been uploaded to Wells Fargo.
 Finance will work with IT and Vitech to consider the cost/benefit of changing the ACH file process to directly upload an ACH file once it has been created in V3 and directly downloading the file to a secured network folder in the Finance directory.

IA Follow-Up: IA confirmed with the Finance team the deletion of the ACH file from the local hard drive is now being performed by management. IA reviewed the procedures updated to reflect this practice. Due to COVID, the cost/benefit analysis has been moved to 2021.
 2/3/22 - OCERS IT was able to modify the PM Export file process. The PM Export is now going to be run as a batch export file and will automatically save into a new secured folder location in the Finance folder on the F drive. In addition, access to run the PM Export is restricted to the Finance Accountant Auditor, Senior Accountant Auditor and Supervisor roles
 3/14/22 - IA was able to confirm the PM Export file automatically uploads to a secured folder with limited access. IA also confirmed a documented procedure exists.

OBSERVATION #3 - FINANCE PROCEDURES MANUAL RELATED TO BENEFIT AND LUMP SUM PAYMENTS (I.E. PAYROLL) DO NOT REFLECT ALL CURRENT PROCEDURES.

Process Owner: FINANCE

Completion Date: 10/05/2020 MAP Status Unassigned

Action Plan: Finance will be creating and updating stand-alone procedures for all of its processes as part of an organization-wide 2020 Business Plan Initiative.

IA Follow-Up: Internal Audit reviewed the documented lump sum payroll procedures.

Project: 39 - 1971-IT General Controls

REPORT DATE: 06/04/2020

CLOSED

Closed Observations: 3

OBSERVATION #1 - ADMINISTRATOR ACCESS GRANTED TO THE FINANCIAL REPORTING AND INTRANET PORTAL APPLICATIONS PRESENT A HIGHER THAN NORMAL RISK DUE TO SEGREGATION OF DUTIES CONCERNS.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 01/13/2022 MAP Status Unassigned

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Action Plan: As OCERS is in the process of issuing an RFP for a new financial accounting system, we will defer changes to our current financial accounting system, and focus on building a secure segregated system with the appropriate controls and check and balances as part of the new system to be implemented in 2021.

Due to the size of the OCERS IT Programming group, team members share many administrative responsibilities and needs to be able to cover for other team member assignments and responsibilities when out of the office.

Both the intranet portal and the intranet portal source code repository provide account auditing features that track all changes are made, along with the user that made the change. This information is reported daily to the IT Programming Supervisor, so that he and the IT Management team have complete visibility into any administrative operations that are performed and by whom.

In addition to this audit trail, we have implemented a mandatory workflow process with each IT Programming Request that requires the review of a secondary team member when making changes to the intranet portal or source code in the intranet portal source code repository. This serves as an additional validation and backup to protect against segregation of duties concerns.

IA Follow-Up: New financial accounting system implementation was moved to 2021 with move to production in Jan 2022.
 IA confirmed that the Intranet Portal has restricted administrative access.
 IA also confirmed the new financial accounting system has restricted administrative access

OBSERVATION #2 - OCERS SHOULD FORMALIZE A PROCESS TO ANNUALLY OBTAIN AND REVIEW SOC REPORTS FOR RELEVANT IT VENDORS.

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|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | INFORMATION TECHNOLOGY | |
| Completion Date: | 08/23/2023 | MAP Status Unassigned |
| Action Plan: | OCERS has developed criteria to identify IT vendors and technology service providers' requiring SOC2 reports, and will enhance our systems to notify staff to request and review SOC2 reports annually. Process and review documentation is being developed along with updates to our procurement process to mandate SOC2 reports as a deliverable | |
| IA Follow-Up: | Enhancements have been made to the vendor management system. Processes and Procurement policy needs to be formally updated. | |

OBSERVATION #4 - EVIDENCE OF TESTING OF INTRANET PORTAL CHANGES ARE NOT RETAINED.

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|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | INFORMATION TECHNOLOGY | |
| Completion Date: | 06/12/2020 | MAP Status Unassigned |
| Action Plan: | Currently, OCERS IT Programming records all requested changes to its intranet portal environment in an IT Programming Request list located on OCERS Intranet site. The list includes automated notifications sent to stakeholders and approval workflows generated for approvals and sign off of requests. | |
| | To better capture evidence of testing performed prior to implementing changes to the intranet portal or hosted reports, this ticketing system has been modified to include a field for 'Testing Performed'. This field will be used to specifically capture testing that was performed by the developer and/or the end user prior to the implementation of the change. In addition, this field will include instructions the 'attach supporting testing documentation as necessary'. | |
| IA Follow-Up: | Internal Audit confirmed the creation and use of the "Testing and Validation Performed" field in the IT Programming Requests to document the review of Intranet Portal Changes. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Project: 40 - 1945- FAS Pay Items Audit

REPORT DATE: 06/04/2020

CLOSED

Closed Observations: 3

OBSERVATION #1 - A FORMAL RECONCILIATION WAS NOT PERFORMED TO ENSURE THE PAY ITEMS REPORTED TO THE BOARD ACCURATELY AND COMPLETELY CORRESPONDED WITH THE CONFIGURATION IN V3.

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|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 09/16/2021 | MAP Status Unassigned |
| Action Plan: | Member Services will address the variances noted in the audit, which includes making the appropriate configuration updates to the V3 system, communicating the updates to the Employers and following procedures in the OCERS' Overpaid and Underpaid Plan Contributions Policy in regards to the over and underpayment of contributions of the variances noted. At the next update to the Board, Member Services will include the corrections identified in this audit for pensionable attributes of relevant pay items. Going forward, Member Services will develop a process to perform a full reconciliation of the pay item file presented to the Board with the pay item configurations in the V3 system periodically, at least prior to the annual presentation to the Board to ensure accurate and complete reporting of pay items to the Board. Any discrepancies identified by the reconciliation will be addressed as needed. | |
| IA Follow-Up: | Internal Audit reviewed updated procedure document and annual reconciliation file. | |

OBSERVATION #2 - MEMBER SERVICES DOES NOT HAVE WRITTEN PROCEDURES IN REGARDS TO THE PROCESSING, REVIEW AND AUTHORIZATION OF EMPLOYER PAY ITEMS INTO V3.

| | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 09/16/2020 | MAP Status Unassigned |
| Action Plan: | Member Services has since implemented a process to review the configurations made by OCERS IT to ensure every new or updated Pay Item is configured accurately in OCERS V3 Pension Administration System. This process will include a post review notification to all stakeholders from Member Services (IT, Member Services Director, and the Assistant CEO of External Operations) that will be kept in the same Network Directory as the rest of the supporting documentation (e.g. New Pay Item Submission Form, MOU/Side Letter Agreements, New Pay Item approvals) In addition to the above procedure, Member Services is working with our third party vendor (Vitech) to implement a process for submitting and approving pay items within the V3 Pension Administration Software. Early analysis began prior to the work from home order. | |
| IA Follow-Up: | IA confirmed the review process of pay codes in V3 was implemented and documented. The review consisted of walking through a pay item. | |

OBSERVATION #3 - A PROCESS DOES NOT EXIST TO IDENTIFY UPDATES TO EMPLOYER DOCUMENTATION THAT MAY IMPACT THE LIST OF PAY ITEMS.

| | | |
|-------------------------|-----------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 03/14/2023 | MAP Status Unassigned |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Action Plan: Member Services is in the process of documenting all current MOU's and will draft an update to the pay item review procedure to include a section on monitoring MOU's for adjustments made by Employers to ensure Employers have obtained OCERS approval prior to implementing a new pay item.

Currently, the Employer is required to submit a "pay item request form" to OCERS for approval in order to add a new or adjust an existing pay item. This is required to be done at least two pay periods prior to implementation of the pay item in the Employer payroll. If however an Employer attempts to pass a pay item that has not been added for that Employer, the system will produce an error for the Employer when they submit the payroll. This process assists Member Services in monitoring the implementation of pay items directly by the Employer.

IA Follow-Up: IA confirmed a process and supporting documentation was implemented.

Project: 43 - 2031 - Audit of Orange County Sanitation District (OCSD) Payroll Transmittals

REPORT DATE: 06/04/2020

CLOSED

Closed Observations: 1

OBSERVATION #2031 - AN EMPLOYEE IN OUR SAMPLE WAS NOT ENTITLED TO RECEIVE A PENSIONABLE PREMIUM PAY ITEM, RESULTING IN AN OVERPAYMENT OF THAT PENSIONABLE PREMIUM PAY ITEM (AND CONTRIBUTIONS PAID TO OCERS).

Process Owner: EMPLOYER

Completion Date: 05/21/2020

MAP Status Unassigned

Action Plan: Development Pay requests are manually tracked in Excel, and entered in the FIS system. OCSD staff has begun using an exception report to compare the records from these two data sources, to ensure the number of employees listed on the Excel tracking sheet match the number of employees receiving Development Pay per the FIS system. Secondly, the Development Pay program will be audited bi-annually to capture and correct any administrative errors that may have occurred. Additionally, data entered in the FIS system is now done by using an employee identification (ID) number rather than an employee's last name to ensure the correct record is being updated each time. Lastly, in the past 4 years, we've had 5 different staff members administer the Development Pay program due to staff turnover. We now have a dedicated staff member that is knowledgeable in the program and is solely responsible for entering requests in the Excel worksheet and the FIS system, and a supervisor overseeing the function.

OCSD is also working with the employee on a repayment plan to reimburse OCSD for the pensionable pay granted in error. Once this is finalized, the Development Pay for the impacted employee will be reversed and an adjustment entry (for contributions) will be done in V3 for each pay period affected.

IA Follow-Up: IA confirmed the correct employee qualified for the certification pay, the premium payment in error was corrected with collections and the semi-annual audit has been implemented.

Project: 42 - 2032 - Actuarial Extract Audit

REPORT DATE: 10/13/2020

CLOSED

Closed Observations: 7

OBSERVATION #1 - 1. THE PENSION ADMINISTRATION SYSTEM'S ACTUARIAL EXTRACT REPORTING DOES NOT EXTRACT THE CORRECT STATUS (E.G. ACTIVE, DEFERRED, RETIRED, TERMINATED) OF A MEMBER UNDER CERTAIN SCENARIOS, RESULTING IN THE NEED TO MANUALLY CORRECT THE ACTUARIAL EXTRACT REPORT

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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Process Owner: INFORMATION TECHNOLOGY

Completion Date: 09/22/2021

MAP Status Unassigned

Action Plan: OCERS is working with pension administration vendor to correct issues associated with the member status logic used for the actuarial export and subsequent data cleanup.

IA Follow-Up: Member status logic recoding is complete and deployment launched.

OBSERVATION #2 - 2. IT PROGRAMMING PERFORMS LOGICAL TESTING OF THE PROGRAMMING CODE BEHIND ITS ACTUARIAL EXTRACT VALIDATION PROCESS BUT DOES NOT KEEP FORMALIZED DOCUMENTATION EVIDENCING THE TESTING.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 03/11/2021

MAP Status Unassigned

Action Plan: The IT Programming team will formalize and document the process by which logical testing of our actuarial validation code will be performed.

IA Follow-Up: Formalized testing process has been documented and reviewed by IA

OBSERVATION #3 - 3. FORMAL DOCUMENTATION OF THE APPROVAL OF VALIDATION PROGRAMMING CODE CHANGES DOES NOT EXIST.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 03/11/2021

MAP Status Unassigned

Action Plan: The IT Programming team will formalize and document the process of how actuarial extract validation code changes will be approved, including how all approvals will be tracked and logged within our system.

IA Follow-Up: IT Programming has formalized the code change validations process.

OBSERVATION #4 - NUMERICAL THRESHOLDS UNDER WHICH FURTHER INVESTIGATION OF VALIDATION RESULTS ARE NO LONGER CONSIDERED NECESSARY ARE NOT FORMALLY DEFINED.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 01/11/2024

MAP Status Unassigned

Action Plan: The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results.

IA Follow-Up: IT has developed threshold recommendations and updated the related procedures.

OBSERVATION #5 - 5. MEMBER SERVICES DOES NOT HAVE POLICIES AND PROCEDURES RELATED TO THE USE OF THE PENSION ADMINISTRATION SYSTEM MEMBER DATA VALIDATION QUERIES.

Process Owner: MEMBER SERVICES

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Completion Date: 05/15/2023 MAP Status Unassigned

Action Plan: The Member Services team will document and formalize policies and procedures related to the pension administration system data queries created by the OCERS IT Department. We will also document the personnel structure responsible for the process as well as the timing and scheduling cycles for the annual review.

IA Follow-Up: Internal Audit confirmed a Member Services procedural document was created.

OBSERVATION #6 - 6. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 03/11/2021 MAP Status Unassigned

Action Plan: The IT Programming team will enhance its process to incorporate all validation review updates and related data cleanup changes to ensure all updates are included in the final export to OCERS Actuary.

IA Follow-Up: Data cleanup process has been updated and data validation has occurred.

OBSERVATION #7 - 7. OCERS ACTUARIAL EXTRACT PROCESSING GUIDE DOES NOT DESCRIBE INFORMATIONAL QUERIES WHICH DO NOT REQUIRE INVESTIGATION UNLESS REQUESTED BY SEGAL.

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 03/11/2021 MAP Status Unassigned

Action Plan: The IT Programming team will add a section to the Actuarial Extract Processing guide that will describe the additional Informational queries available to OCERS staff to preview potential member datasets based on annual actuarial review question posed by OCERS actuary.

IA Follow-Up: IA confirmed the Actuarial Extract Processing guide has been updated with the informational queries description.

Project: 47 - 2020 - Continuous Audit of Final Average Salary Calculations (Q3/Q4 2020)

REPORT DATE: 03/22/2021

CLOSED

Closed Observations: 2

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED AN 8% ERROR RATE (SIX ERRORS) WITH THE 75 FAS CALCULATIONS SAMPLED FROM THE 3RD AND 4TH QUARTERS OF 2020.

Process Owner: MEMBER SERVICES

Completion Date: MAP Status Unassigned

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

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Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

Action Plan: Member Services has reviewed and is in the process of addressing the recalculations for members identified by Internal Audit during their review. Member Services Management has also taken the following steps which are further detailed in our "Member Services Management Quality Assurance Review Final Average Salary Q1-Q2 2020 Report.docx" document provided to the committee (Action Item A-5).
 1. Reorganization of the Retirement Program Specialist (RPS) department.
 2. Development of the OCERS Retirement Transaction Tool.
 3. Development of detailed written procedures for the entire Retirement Transaction Process.
 4. Retrained the RPS teams on the newly developed Retirement Transaction Tool.
 5. Development of a fully focused Quality Assurance Review Team and Reporting process.
 6. Random Sampling of Retirement Transactions by Member Services Management Team.

IA Follow-Up: As part of the continuous audit for the FAS calculation, Internal Audit noted the MAP was completed during the July 1 payroll review.

OBSERVATION #2 - 2. THE FAS SUPPORTING DOCUMENTATION FOR THREE MEMBERS NEEDED TO BE UPDATED IN THE PENSION ADMINISTRATION SYSTEM (NO FAS IMPACT).

Process Owner: MEMBER SERVICES

Completion Date: 04/02/2021

MAP Status Unassigned

Action Plan: Member Services has reviewed and updated the member files for the calculation documents for members identified by Internal Audit during their review. Member Services Management has also implemented a checklist within the new tool mentioned above.

IA Follow-Up: Internal Audit noted the checklist was included in the new FAS tool.

Project: 33 - 2090 - Vulnerability and Patch Management

REPORT DATE: 03/22/2021

CLOSED

Closed Observations: 1

OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: INFORMATION TECHNOLOGY

Completion Date: 05/27/2021

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Closed

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Project: 48 - 2132 - Continuous Audit of Final Average Salary Calculations (Q2 2021)

REPORT DATE: 06/04/2021

CLOSED

Closed Observations: 2

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 6.7% ERROR RATE (FOUR ERRORS) OUT OF THE 60 FAS CALCULATIONS SAMPLED FROM THE 2ND QUARTER OF 2021.

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| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 05/20/2021 | MAP Status Unassigned |
| Action Plan: | <p>Member Services Management team takes all errors very seriously. As discussed before, we reorganized our team and implemented a full Quality Assurance process to review all payroll transactions and perform recalculations on any member's account where we found an error. We are reviewing the root cause of all errors and we are providing ongoing training on the errors found each month. We are providing direct feedback to the specific team members who processed the original calculations where errors occurred. We are also reporting up to senior management weekly on the results of our efforts.</p> <p>As to the fourth error, we are working with ViTech, our V3 pension administration system vendor to develop a solution to this issue. We are also working with our team to review any accounts with similar employment history to ensure this error does not occur in the future until we can have the systematic issue fixed in V3. Upon our initial review of all member retirements that have been processed since the implementation of V3 (2016 forward), it is believed to impact approximately 11 members, but the investigation is ongoing. We will provide an update on the final number of members affected at the time of the June Audit Committee Meeting.</p> <p>Member Services is also providing training to the team on how to identify members with this potential issue to ensure additional members are not impacted in the future until the fix in V3 is made</p> | |
| IA Follow-Up: | Internal Audit reviewed the ViTech submission and confirmed with Member Services of the additional training. | |

OBSERVATION #2 - 2. THE FAS SUPPORTING DOCUMENTATION FOR TWO MEMBERS NEEDED TO BE UPDATED IN THE PENSION ADMINISTRATION SYSTEM (NO FAS IMPACT).

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|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 05/20/2021 | MAP Status Unassigned |
| Action Plan: | <p>Member Services Management team is providing feedback to our team and the 2 specific team members who did not upload the fully completed supporting documentation to the V3 system. We will continue to reiterate the importance of maintaining the fully completed documentation in the members' files in V3 and will have the supervisor team monitor compliance.</p> | |
| IA Follow-Up: | Internal Audit confirmed the documents have been uploaded and the feedback to the team members have been provided. | |

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 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Project: 55 - 2135 - Quarterly FAS Review (Q4 2021)

REPORT DATE: 10/04/2021

CLOSED

Closed Observations: 1

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED AN 8% ERROR RATE (SIX ERRORS) WITH THE 75 FAS CALCULATIONS TESTED FROM THE 3RD QUARTER OF 2021.

Process Owner: MEMBER SERVICES

Completion Date: 10/01/2021

MAP Status Unassigned

Action Plan: Member Services has recalculated the 6 accounts and made corrective retroactive payments/adjustments to each of the members in accordance with OCERS Overpaid and Underpaid Plan Benefits Policy. The first 5 members were corrected with the 9/1/2021 payroll and the last account was corrected on the 10/1/2021 payroll. Member Services RPS management team formed a committee to assist in developing new controls. One specific solution that came from this committee was the need to have a consistent process for them to follow to sort through the pay data used in determining FAS pay items. Member Services management developed new controls within the FAS Calculation Tool that incorporate macros to help sort and organize the work history for pay items to ensure all team members are working in a consistent process and to make it easier to identify the pay items to include in the FAS. We implemented and trained the RPS team on the new process in September.

Member Services management has also enacted version control on the FAS Calculation tool to ensure it is easy to identify if calculations are performed on an outdated file. Member Services management will continue to find new ways to eliminate errors in this process and implement them quickly with appropriate training and documentation on the processes for the team.

IA Follow-Up: Member Services shared the updated version of the FAS excel tool.

Project: 56 - 2133 - Dependent Survivor Eligibility Audit

REPORT DATE: 10/04/2021

CLOSED

Closed Observations: 4

OBSERVATION #1 - 1. OCERS DOES NOT HAVE A FORMALIZED AND SYSTEMATIC PROCESS TO ADDRESS SURVIVOR BENEFITS UNCLAIMED OVER AN EXTENDED PERIOD OF TIME.

Process Owner: MEMBER SERVICES

Completion Date: 01/05/2022

MAP Status Unassigned

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- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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| | |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Action Plan: | Member Services Management has worked with our IT partners to develop two reports that will alert us if we have a member that has a death date entered but does not have a survivorship processed. This will help us catch this type of oversight in the future. A process will be developed to monitor the reports/alerts and take appropriate action. Member Services will also research with ViTech to see if it would be possible to have an automated letter mailed out each month to a member's beneficiaries once a death date is entered and to conclude when a survivorship is processed to the beneficiaries. This will help ensure member beneficiaries are made aware of their possible benefit. 2 Reports are as follows: <ul style="list-style-type: none"> • Deceased Retirees with No Associated Burial Benefit nor Survivorship benefit established. • Deceased Retirees with an Associated Burial Benefit but no Survivorship benefit established. |
| IA Follow-Up: | Internal Audit confirmed the reports have been implemented |

OBSERVATION #2 - 2. UPON REVIEWING A SURVIVOR'S BENEFIT PAYMENT, WE NOTED ERRORS WITH THE DECEASED MEMBER'S BENEFIT PAYMENT HISTORY FROM 2002 TO THE MEMBER'S DEATH IN 2018.

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| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 01/26/2023 | MAP Status Unassigned |
| Action Plan: | 1. Per the OCERS' Overpaid and Underpaid Plan Benefits Policy, OCERS will not recoup the overpaid funds from the surviving spouse's continuance. 2. Current procedures requires Member Services to perform a comparison of the benefit components on both member and survivor to identify any possible discrepancies at the time of the survivorship establishment. We will review our current procedures to see if there are any additional steps, we can take to ensure we do not miss this type of discrepancy moving forward. We will also update our team and provide training specific to this issue. | |
| IA Follow-Up: | Confirmed procedures were updated for Member Services to verify COLA and Pension amounts for survivor benefit payments. | |

OBSERVATION #3 - A LUMP SUM BENEFICIARY PAYMENT TO A DECEASED DRO SURVIVOR PAYEE'S ESTATE WAS OVERPAID BY \$200.

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|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 04/25/2024 | On Schedule |
| Action Plan: | Member Services Management will perform a root cause analysis and develop a QA process specific to the Manual Tertiary Applications. This type of application is very rare and is not fully developed and automated in V3. We will work to incorporate this in either a V3 upgrade or the new PAS system in the future. | |
| IA Follow-Up: | IA reviewed new QA Process document | |

OBSERVATION #4 - 4. A MEMBER'S DISABILITY APPLICATION WAS NOT LOCATED IN THE MEMBER'S V3 RECORDS.

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|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 03/16/2022 | MAP Status Unassigned |
| Action Plan: | Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the time of disability recalculation that the required disability documentation is within the V3 member file. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IA confirmed the disability documents have been uploaded to V3 and a process was implemented to validate documents have been uploaded.

Project: 57 - 2231 - SSA Employer Audit

REPORT DATE: 03/30/2022

CLOSED

Closed Observations: 1

OBSERVATION #1 - 1. THE JOB TITLE IN THE OCERS PENSION ADMINISTRATION SYSTEM (PAS) RECORDS FOR A SOCIAL SERVICES AGENCY RETIREE IN OUR SAMPLE DID NOT REFLECT THE RETIREE'S ACTUAL JOB TITLE.

Process Owner: MEMBER SERVICES

Completion Date: 01/30/2023

MAP Status Unassigned

Action Plan: Member Services Employer Payroll (EP) Management Team will perform a one-time audit of the records between OCERS and all employers supported through the County (Not Just SSA). Once Complete, updates will be sent to OCERS IT to make the necessary changes. After IT makes the changes to the system, a member of the EP Team will verify that the changes were successfully implemented. Ongoing, accuracy validation of the data at the time a member retires is currently performed and is also part of our updated Quality Assurance Process initiated in 2021. As a result of our updated quality assurance program and the fact that we rarely receive new or changed Bargaining Units and Job Class, Management is recommending we continue to review the quality for these records at the time of retirement. We will perform another global reconciliation at the time we perform a migration from the current pension administration system to our new pension administration system in the coming years.

IA Follow-Up: Internal Audit confirmed the reconciliation of job title and job codes between the County and OCERS PAS. The issue identified has been corrected.

Project: 58 - 2211 - Investment Manager Fee Report

REPORT DATE: 03/30/2022

CLOSED

Closed Observations: 1

OBSERVATION #1 - EVIDENCE OF MANAGEMENT REVIEW OVER THE PREPARATION OF THE FEE REPORT AND THE UNDERLYING EXCEL SCHEDULE USED TO HELP COMPILER THE REPORT IS NOT FORMALIZED AND RETAINED

Process Owner: INVESTMENTS

Completion Date: 09/12/2022

MAP Status Unassigned

Action Plan: We acknowledge and concur with the observation. We believe that documenting the process will strengthen Investment Division's procedures while also providing a strong audit trail.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: Internal Audit reviewed the Fee Report Procedure and signoff for the 2021 Annual Fee Report presented at the August 2022 Investment Committee meeting.

Project: 59 - 2232 - Quarterly FAS Review (Q1 2022)

REPORT DATE: 03/30/2022

CLOSED

Closed Observations: 1

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 4.0% ERROR RATE (TWO ERRORS) WITH THE 50 FAS CALCULATIONS SAMPLED FROM THE 1ST QUARTER OF 2022

Process Owner: MEMBER SERVICES

Completion Date: 01/26/2023

MAP Status Unassigned

Action Plan: Member Services (M.S.) Management team investigated the first error reported by Internal Audit for this quarter, and we determined that the original data came to OCERS from CalPERS in an Excel spreadsheet that contained improper formatting for the salary records. M.S. management has engaged the leadership team at CalPERS for the department that prepares this information to inform them of the formatting error. We have also reviewed additional member accounts for which we had received salary information from CalPERS to determine if any other accounts had a similar issue. All of the other accounts we reviewed contained spreadsheets that contained merged fields similar to this account, but they were formatted properly and correctly reported final average salary. We are also training our staff to be aware of the possibility of formatting errors from any outside agency using Excel to report data to OCERS.

Regarding the second account with an error, M.S. Management team is working with ViTech to determine the reason for the error and fix the PAS software to ensure it is following the configuration settings properly. We are also working to query the PAS software to see if there are any other accounts that may have been affected in a similar way to this account.

IA Follow-Up: Internal Audit confirmed the training was performed and a JIRA ticket was created to identify the proration issue.

Project: 60 - 2261 - Procurement Audit

REPORT DATE: 10/03/2022

CLOSED

Closed Observations: 8

OBSERVATION #1 - OCERS DID NOT COMPLY WITH OCERS PROCUREMENT AND CONTRACTING POLICY (POLICY) REGARDING CONTRACTS AWARDED TO TWO DIFFERENT VENDORS.

Process Owner: EXECUTIVE

Completion Date: 01/11/2024

MAP Status Unassigned

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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Action Plan:
 A. Management will communicate with all Executives the requirements for issuing an RFP and will coordinate the RFP's per Policy requirements.
 B. Management will propose changes to the Procurement Policy to include a requirement of the Contracts Administrator to educate staff and confirm Policy compliance.
 C. Proof of bids and competitive price comparisons will be retained in the Contracts Management System ("CMS") for future reference

IA Follow-Up: IA confirmed management developed the training, updated the Policy and retained documents in the CMS.

OBSERVATION #2 - THE DUE DILIGENCE WAS NOT CONSISTENTLY PERFORMED OR DOCUMENTED BY THE CONTRACT ADMINISTRATOR, AS PER OCERS BUSINESS PRACTICES, FOR THREE VENDORS IN OUR SAMPLE:

Process Owner: EXECUTIVE

Completion Date: 01/30/2023

MAP Status Unassigned

Action Plan: A. Management will document and implement a process to ensure due diligence is performed prior to the execution of contracts and that will account for instances that might occur whereby a contract is signed before due diligence is completed.

IA Follow-Up: IA confirmed a new due diligence process was implemented. Additional samples were tested.

OBSERVATION #3 - AUTHORIZING SIGNATURES, AS REQUIRED BY THE POLICY, WERE NOT OBTAINED ON FIVE CONTRACTS WITHIN OUR SAMPLE.

Process Owner: EXECUTIVE

Completion Date: 04/20/2023

MAP Status Unassigned

Action Plan:
 A. Management will recommend changes to the Procurement and Contracting Policy to include a duty of the Contract Administer to ensure the appropriate signatures for contracts are obtained.
 B. In an instance where the Procurement and Contracting Policy is not followed, Management will address these non-compliance issues through the Employee Evaluation and Discipline practices as noted in the Employees Handbook.

IA Follow-Up: IA confirmed the Policy was updated with the provision for the Contract Administrator to ensure signatures comply with signature requirements.

OBSERVATION #4 - THE LEGAL DIVISION'S REVIEW WAS NOT OBTAINED FOR AN IT CONSULTANT'S CONTRACT AWARDED IN 2021. (CONTRACT VALUE OF \$126,000).

Process Owner: EXECUTIVE

Completion Date: 09/12/2022

MAP Status Unassigned

Action Plan: A. All contracts, including those that do not deviate from OCERS' form of contract, are now forwarded to the Legal Division for review. In addition, the Legal contract approval is being retained for future reference.

IA Follow-Up: Internal Audit reviewed sample of Legal approval of final contracts

OBSERVATION #5 - FOR TWO VENDORS IN OUR SAMPLE, THE CERTIFICATE OF INSURANCE (COI) PROVIDED BY THE VENDOR DID NOT MEET THE DOLLAR AMOUNT COVERAGE AS SPECIFICALLY STATED IN THE EXECUTED CONTRACT.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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| Process Owner: | EXECUTIVE | |
| Completion Date: | 01/30/2023 | MAP Status Unassigned |
| Action Plan: | A. Management will implement procedures to ensure Certificates of Insurance are in accordance with the vendor contracts. In those cases where the Insurance Certificate does not meet the contractual requirements, the contract stake holder and Legal Division will be consulted for additional action. | |
| IA Follow-Up: | Internal Audit confirmed COIs were obtained for an additional sample. | |

OBSERVATION #6 - POLICY IS ABSENT GUIDANCE OF WHEN A CONTRACT IS NEEDED AND HOW TO MONITOR ROUTINE ITEMS THAT DO NOT WARRANT A CONTRACT.

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|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | EXECUTIVE | |
| Completion Date: | 04/20/2023 | MAP Status Unassigned |
| Action Plan: | Policy Issue: Management will work with the Legal Division to identify circumstances where a contract is required and make recommendations to update the Procurement and Contracting Policy as deemed appropriate. | |
| IA Follow-Up: | IA confirmed the Policy was updated to define when a written contract was required. | |

OBSERVATION #7 - UPON REVIEW OF OCERS' CONTRACT MANAGEMENT SYSTEM (CMS), WE NOTED DATA ENTRY ERRORS WITH SIX VENDORS IN OUR SAMPLE.

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| Process Owner: | EXECUTIVE | |
| Completion Date: | 01/24/2023 | MAP Status Unassigned |
| Action Plan: | Management has approval to hire an additional Team Member in this department. Review procedures will be created and implemented at that time. | |
| IA Follow-Up: | New Senior Manager hired. Internal Audit reviewed the Data Entry review schedule provided by management. | |

OBSERVATION #8 - 8. WE NOTED POTENTIAL ROOM FOR IMPROVEMENT WITH EITHER THE POLICY OR WITH THE ADDITION OF NEW PROCEDURES.

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| Process Owner: | EXECUTIVE | |
| Completion Date: | 04/20/2023 | MAP Status Unassigned |
| Action Plan: | Policy Issue: A. Management will recommend changes to the Procurement and Contracting Policy regarding the approvals required for a contract whose value is unknown at the time of execution. B. Management will recommend changes to the Procurement and Contracting Policy to clarify proper approval of Named Service Providers C. Management will implement a process to track diverse and/or minority owned businesses in an RFP distribution sheet. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IA confirmed the Policy was updated to address instances when a contract value is not known at the time of execution, and to clarify the proper approval of Named Service Providers. Diverse Vendor tracking action plan is complete

Project: 62 - 2233 - Quarterly FAS Review (Q2 2022)

REPORT DATE: 10/03/2022

CLOSED

Closed Observations: 1

OBSERVATION #1 - INTERNAL AUDIT NOTED A 2.4% ERROR RATE (ONE ERROR) WITH THE 41 FAS CALCULATIONS SAMPLED FROM THE 2ND QUARTER OF 2022.

Process Owner: MEMBER SERVICES

Completion Date: 03/17/2023

MAP Status Unassigned

Action Plan: Provide additional training to the Team members when calculating a Sanitation District FAS and benefit. This would include reiterating that Quality Assurance will need to perform a completely separate reperformance of the FAS calculation. Work with the Employer, Sanitation District, to correct errors in the transmittal before OCERS can begin the process of calculating the FAS and benefit.

IA Follow-Up: IA confirmed Member Services provided the additional training and communicated the error with OC Sanitation District.

Project: 63 - 2235 - The Toll Roads Employer Audit

REPORT DATE: 02/14/2023

CLOSED

Closed Observations: 3

OBSERVATION #1 - 1. FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.

Process Owner: EMPLOYER

Completion Date: 03/22/2023

MAP Status Unassigned

Action Plan: TCA ensures all member affidavits are completed for previous public service. The instance identified was for the HR Director. He did not fill out the previous experience because he knew it would not be eligible for reciprocity. TCA reminded the HR Director to ensure all member affidavits have this section completed, regardless of the employee's service credit reciprocity eligibility.

IA Follow-Up: IA confirmed the HR Director was made aware to ensure all sections are completed in a member's affidavit.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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OBSERVATION #2 - FOR TWO MEMBERS IN OUR TEST SAMPLE, THE EMPLOYER INCORRECTLY REPORTED THE PAYROLL INFORMATION TO THE OCERS PENSION ADMINISTRATION SYSTEM (PAS).

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| Process Owner: | EMPLOYER | |
| Completion Date: | 05/02/2023 | MAP Status Unassigned |
| Action Plan: | TCA has adjusted the employee's reported hours for PP13 & PP14 to correctly reflect the hours worked. TCA noted our internal OCERS schedules properly reflected the number of hours worked, but they were incorrectly copied over to the OCERS transmittal. Additionally, TCA noted the internal schedule for the second employee properly reflected the hourly rate for the pay periods noted. TCA will adjust the employee's reported hourly rate for these periods. TCA reminded the staff and supervisor responsible for preparing and reviewing the transmittal to confirm all hours and information agree to our internal documentation prior to submission. TCA is also working to automate the process of updating the OCERS transmittals with the data from our payroll reports to limit the potential for manual data entry mistakes. | |
| IA Follow-Up: | IA confirmed transmittal adjustments were recorded in V3. TCA has been working with OCERS to find opportunities to automate the payroll transmittal. | |

OBSERVATION #3 - 3. WE NOTED A SINGLE INSTANCE IN WHICH A TIMESHEET LACKED SUPERVISORY SIGNOFF.

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| Process Owner: | EMPLOYER | |
| Completion Date: | 03/22/2023 | MAP Status Unassigned |
| Action Plan: | The Sr. Accounting Clerk responsible for ensuring timesheets were properly approved for the selected pay period and the supervisor of the selected employee are no longer with TCA. TCA reminded the new payroll Sr. Accounting Clerk and Accounting Supervisor responsible for review to confirm all timecards (including partial timecards under a different supervisor) include supervisor approval prior to payroll submission. | |
| IA Follow-Up: | IA confirmed communication was made to the Sr. Accounting Clerk and Accounting Supervisor responsible for ensuring timesheets are approved. | |

Project: 65 - 2332 - OC Superior Court

REPORT DATE: 04/05/2023

CLOSED

Closed Observations: 2

OBSERVATION #1 - THIRTEEN MEMBERS PREVIOUSLY SEPARATED FROM SUPERIOR COURT WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).

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| Process Owner: | EMPLOYER | |
| Completion Date: | 08/01/2023 | MAP Status Unassigned |
| Action Plan: | OC Superior Court to send existing records of OCERS Termination Notices to eaa@ocers.org for all 13 members indicating the separation dates. | |
| IA Follow-Up: | IA confirmed status for all 13 members. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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OBSERVATION #2 - 2. TWO MEMBERS DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH EITHER MISSING INFORMATION OR ON AN OUTDATED FORM.

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| Process Owner: | EMPLOYER | |
| Completion Date: | 04/17/2023 | MAP Status Unassigned |
| Action Plan: | The Court will complete the following: <ul style="list-style-type: none"> • Send the two OCERS Member Affidavits that are missing from OCERS Records to employerpayroll@ocers.org • OCERS Member Services instructed the Court to obtain emails from the three members with missing information answering the following: "Are you a member of any other public retirement system in the state of California?" If yes, please list other public retirement systems along with dates of service. If no please respond to confirm you do not have any other public service in California" Emails to be sent by the Court HR to the employees to obtain their responses <ul style="list-style-type: none"> • OCERS Member Services instructed the Court to obtain emails from the two members with outdated forms answering the following: "Are you a member of any other public retirement system in the state of California?" If yes, please list other public retirement systems along with dates of service. If no please respond to confirm you do not have any other public service in California" Emails to be sent by the Court HR to the employees to obtain their responses | |
| IA Follow-Up: | IA Confirmed the necessary information was provided to OCERS | |

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| Project: | 67 - 2202 - Alameda Audit |
| REPORT DATE: | 04/05/2023 |
| Closed Observations: | 3 |

CLOSED

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 6.7% ERROR RATE (TWO ERRORS OUT OF THE SAMPLE OF 30) WITH THE FAS CALCULATIONS SAMPLED.

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| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 05/15/2023 | MAP Status Unassigned |
| Action Plan: | These errors were associated to the first 30 transactions performed by external contractors. The prior 6 transactions (October and November 2022) where Member Services did not have any errors were performed by seasoned team members. From our review of these items, the contractors did not follow the documented processes and training they were provided; had the process been followed errors would not have occurred. The issue has been addressed with the contractors and they fully understand the need for following the documented process. The Member Services management team is also considering extending the payroll deadlines to allow for more time to perform the processing and QA. We believe rushing to get transactions processed before the deadline has contributed to the errors and think extending the timeline will help prevent future errors. | |
| IA Follow-Up: | Internal Audit confirmed the communication was made to the contractors to follow the documented procedure. The payroll deadline was also extended from 30 to 45 days. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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OBSERVATION #2 - INTERNAL AUDIT NOTED A 13.3% ERROR RATE (FOUR ERRORS OUT OF THE SAMPLE OF 30) WITH THE MANUAL ALLOCATION OF THE TOTAL OVERPAID BENEFITS TO BE RECOVERED BETWEEN THE RETIREE AND THE EMPLOYER (NOT FAS IMPACTING).

| | | |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 05/15/2023 | MAP Status Unassigned |
| Action Plan: | These errors were on a new Excel tab specifically created for Alameda recalculations. With the Board direction to only collect overpayments from 10/1/2020 forward from the member, Member Services needed to create a manual calculation process. This tab was created so we could split the amount of the overpayment between the Member and the Employer. V3 automatically calculates the total overpayment, however V3 cannot automate the split between Member and Employer. The data in this tab is a direct extract from members' V3 accounts and the errors occurred when the contractors entered the data manually vs extracting it from V3. In addition, the QA team did not validate the numbers thinking they were a direct extract. Member Services management team will be modifying our controls to ensure this new data tab is calculated separately by our QA team to validate the numbers. | |
| IA Follow-Up: | Confirmed new control for overpayment allocation was implemented. | |

OBSERVATION #3 - FOR ONE RETIREE IN OUR SAMPLE, THREE PAY ITEMS IN ONE PARTIAL PAY PERIOD WERE NOT PRORATED IN A CONSISTENT MANNER.

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|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | MEMBER SERVICES | |
| Completion Date: | 01/19/2024 | MAP Status Unassigned |
| Action Plan: | Member Services followed a standing practice for this observation. OCERS current practice is to accept pay items that have already been prorated by the employer as reported in the transmittal. We will however ensure our current practice is documented in our procedure. We will also review our procedures to determine if it can be simplified even further to eliminate any manual proration of pay items passed to us from the employer. | |
| IA Follow-Up: | Member Services provided the updated procedure. | |

Project: 64 - 2331 - Children and Families Commission

REPORT DATE: 04/05/2023

CLOSED

Closed Observations: 3

OBSERVATION #1 - FOUR MEMBERS PREVIOUSLY SEPARATED FROM CFCOC WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).

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|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | EMPLOYER | |
| Completion Date: | 05/02/2023 | MAP Status Unassigned |
| Action Plan: | The CFCOC Assistant to CEO will add the required termination form to the off-boarding process when an employee terminates. Once completed, the CFCOC Director of Finance will review for accuracy and submit to OCERS. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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IA Follow-Up: IA confirmed the status was updated for the four members.

OBSERVATION #2 - ONE MEMBER DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH MISSING INFORMATION.

Process Owner: EMPLOYER

Completion Date: 08/01/2023

MAP Status Unassigned

Action Plan: All future Member Affidavit forms will be reviewed for accuracy and completeness by the CFCOC Assistant to CEO at time of onboarding new staff. A final review of the form will be performed by CFCOC Director of Finance before being submitted to OCERS.

CFCOC will either amend or correct affidavits currently on file that are incomplete depending on direction from OCERS.

IA Follow-Up: IA confirmed updated member affidavit forms.

OBSERVATION #3 - THERE ARE NO FORMAL INTERNAL GUIDELINES HELPING TO MONITOR INDEPENDENT CONTRACTORS FOR COMPLIANCE WITH IRS REGULATIONS DEFINING INDEPENDENT CONTRACTORS.

Process Owner: EMPLOYER

Completion Date: 05/04/2023

MAP Status Unassigned

Action Plan: CFCOC staff will work with Commission Counsel and develop internal guidelines.

IA Follow-Up: IA confirmed internal guidelines were developed.

Project: 68 - 2334 - Member Data Maintenance_Bank Account Changes

REPORT DATE: 06/01/2023

CLOSED

Closed Observations: 5

OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: MEMBER SERVICES

Completion Date: 06/01/2023

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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IA Follow-Up: Internal Audit confirmed management action plan has been implemented.

OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: MEMBER SERVICES

Completion Date: 12/18/2023

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Member Services provided examples of reviewed confirmation letters.

OBSERVATION #3 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: MEMBER SERVICES

Completion Date: 12/18/2023

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Member Services provided IT ticket to PAS vendor for letter generation.

OBSERVATION #4 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: MEMBER SERVICES

Completion Date: 01/18/2024

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Member Services confirmed direct deposit information, included reminders in meeting agendas and updated member facing information with reminders.

OBSERVATION #5 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

Process Owner: MEMBER SERVICES

Completion Date: 01/18/2024

MAP Status Unassigned

Action Plan: Details Removed - Discussed in Closed Session

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

"We provide secure retirement and disability benefits with the highest standards of excellence."



IA Follow-Up: Member Services included reminders during team meetings and updated materials to verify information.

Project: 72 - 2301 - Alameda 2nd audit

REPORT DATE: 10/11/2023

CLOSED

Closed Observations: 1

OBSERVATION #1 - INTERNAL AUDIT NOTED 13% OF THE ALAMEDA CONTRIBUTION REFUND RE-CALCULATIONS WERE INCORRECT DUE TO A RECENT CHANGE IN THE PENSION ATTRIBUTE FOR A SPECIFIC PAY ITEM. THIS DOES NOT IMPACT FAS.

Process Owner: MEMBER SERVICES

Completion Date: 12/18/2023

MAP Status Unassigned

Action Plan: Member Services Management team reviewed the process for performing the recalculation of the Contribution Refunds as it pertains to the PHP pay item. As Internal Audit confirmed with the subsequent months' members affected by PHP, our process was corrected to include these amounts (reverse pickup rate) in our subsequent calculations. Member Services has also provided Internal Audit with the files containing the corrected contribution refund calculations for the five members noted. These revised contribution and interest amounts were used in total to offset the member's overpayment and thus did not get paid directly to the members as a refund.

We have also worked with the county to create a new pay item for PHP pay item in the PAS as a result to ensure future benefits automatically include the pay in the retirement benefits.

IA Follow-Up: Member Services adjusted the process to include the reverse pickup rate.

Project: 73 - 2333 - Audit of OCFA employer audit

REPORT DATE: 10/11/2023

CLOSED

Closed Observations: 3

OBSERVATION #1 - FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.

Process Owner: EMPLOYER

Completion Date: 09/14/2023

MAP Status Unassigned

Action Plan: The member has checked the appropriate box to indicate no prior public service. The amended form has been provided to OCERS Internal Audit team to provide to Member Services.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IA confirmed the updated member affidavit.

OBSERVATION #2 - TWO PERSONNEL ACTION FORM (PAF) APPROVALS DID NOT HAVE AN APPROVAL SIGNATURE FROM THE DEPARTMENT HEAD, ONLY APPROVAL FROM HUMAN RESOURCES.

Process Owner: EMPLOYER

Completion Date: 09/12/2023

MAP Status Unassigned

Action Plan: The PAF is designed to cover all of the personnel actions that occur within the agency. While the form has multiple signature lines, not every signature line is required to authorize a given action (e.g., a COLA increase, changing Org numbers (which occurs frequently based on reassignments to different stations). An Assistant Chief or Deputy Chief can be the single signatory in those instances. In the case of a COLA increase, a PAF, while not required, is done to simply document the increase and would not need multiple signatures. Multiple signatures are required for Merit Increases, Initial Hire, and Reductions. However, if it's a HR employee then a single signature from the Assistant Chief of Human Resources or Deputy Chief of Administration and Support would suffice, which is the case with one of the two sampled PAFs.

IA Follow-Up: OCFA noted the Assistant Chief of Human Resources has signed the PAF.

OBSERVATION #3 - MEMBERSHIP ELIGIBILITY REVIEW OCCURS BUT IS NOT FORMALLY DOCUMENTED.

Process Owner: EMPLOYER

Completion Date: 01/11/2024

MAP Status Unassigned

Action Plan: The Human Resources Manager over Benefits will review and sign the biweekly Extra-Help report submitted by Finance. HR Benefits and Payroll personnel have communicated regarding new process going forward.

IA Follow-Up: IA confirmed OCFA HR Manager is signing the biweekly Extra-Help report.

Project: 74 - 2337 - Employer audit of IHSS Public Authority

REPORT DATE: 10/11/2023

CLOSED

Closed Observations: 3

OBSERVATION #1 - IHSS PA IS INCORRECTLY ADDING NON-PENSIONABLE OVERTIME PAY TO PENSIONABLE SALARY IN ITS BI-WEEKLY PAYROLL TRANSMITTAL FILES.

Process Owner: EMPLOYER

Completion Date: 01/10/2024

MAP Status Unassigned

Action Plan: IHSS PA will work with OCERS Member Services to add non-pensionable overtime as a separately reported pay item in the transmittal files, as described in OCERS Board Pay Item Review policy.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IHSS provided support for the implementation of a new pay item.

OBSERVATION #3 - IHSS PA'S SALARY INCREASE AUTHORIZATION FORMS DO NOT HAVE THE EMPLOYEE'S TITLE CODE, TITLE DESCRIPTION, AND PAY GRADE.

| | | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | EMPLOYER | |
| Completion Date: | 03/18/2024 | On Schedule |
| Action Plan: | IHSS PA will amend its Salary Increase Authorization forms to evidence the title code, title description and pay grade consistent with The County of Orange's pay schematics. | |
| IA Follow-Up: | IHSS PA updated the Salary Adjustment Authorization form | |

OBSERVATION #4 - FOR NINE MEMBERS IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE OR MISSING A WITNESS SIGNATURE.

| | | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | EMPLOYER | |
| Completion Date: | 03/21/2024 | On Schedule |
| Action Plan: | IHSS PA will work with OCERS employer payroll team and determine if an amended Member Affidavit form should be sent to OCERS, or if another form of documentation should be sent to OCERS. IHSS PA will develop a process to confirm the forms are completed when onboarding a new employee. | |
| IA Follow-Up: | IHSS PA provided updated Member Affidavit forms and updated their process. | |

Project: 71 - 2361 - HR audit of hiring practices

REPORT DATE: 10/11/2023

CLOSED

Closed Observations: 1

OBSERVATION #2 - OCERS'S INTERNAL EMPLOYMENT OFFER WORKSHEET IS NOT FORMALLY DOCUMENTED WITH THE RATIONALE FOR HIRING A CANDIDATE.

| | | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Process Owner: | HUMAN RESOURCES | |
| Completion Date: | 09/21/2023 | MAP Status Unassigned |
| Action Plan: | The HR department has added language that supports the CEO's approval criteria to the Employment Offer Worksheet. Hiring managers will now be required to acknowledge they have met the CEO's approval requirements. Additionally, the CEO will acknowledge that he has met with the hiring manager and approve extending an offer of employment to the selected candidate. | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: Internal Audit confirmed the Employment Offer Worksheet was updated with the CEO acknowledgement.

Project: 76 - 2391 - Azure Active Directory and Microsoft 365 Security Assessment

REPORT DATE: 01/19/2024

CLOSED

Closed Observations: 9

OBSERVATION #101 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-------------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 03/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | Item complete | |

OBSERVATION #103 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-------------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 03/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | Item Complete | |

OBSERVATION #105 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|-------------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 04/01/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | IA confirmed MAP was completed | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE,

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OBSERVATION #106 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 03/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | Item complete | |

OBSERVATION #201 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 03/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | Item complete | |

OBSERVATION #202 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|---------------------------------------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 05/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | IA confirmed configuration update to restrict Outlook add-in installation | |

OBSERVATION #203 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|--------------------------------------------------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 05/13/2024 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | IA confirmed configuration updates to restrict the installation of MS Office add-ins | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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OBSERVATION #301 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 12/29/2023 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | | |

OBSERVATION #302 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

| | | |
|------------------|-----------------------------------------------|-------------|
| Process Owner: | INFORMATION SECURITY | |
| Completion Date: | 12/29/2023 | On Schedule |
| Action Plan: | Details Removed - Discussed in Closed Session | |
| IA Follow-Up: | Item closed | |

Project: 79 - 2342 - Accounts Payable Audit

REPORT DATE: 03/28/2024

CLOSED

Closed Observations: 2

OBSERVATION #1 - FINANCE MANAGEMENT SHOULD FORMALIZE THE REVIEW OF (1) THE VENDOR MASTER FILE LIST IN THE ERP SYSTEM AND (2) THE QUARTERLY ACCOUNTS PAYABLE ACCRUAL.

| | | |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Process Owner: | FINANCE | |
| Completion Date: | 05/14/2024 | On Schedule |
| Action Plan: | <p>1. During the implementation of the ERP system, Finance purged inactive vendors from its previous accounting system, importing only active vendors into the new system that went live in 2022. Finance continues to review processes and procedures for improvement and starting in January 2024, as recommended by Internal Audit, we formally documented the annual review of the Vendor Maintenance List for the year ended December 2023 identifying vendors that could potentially be made inactive if they continue to have no activity during 2024.</p> <p>2. Quarterly reconciliation of accrued payables is completed each quarter. The Accounts Payable Accountant prepares the accrual entries. The Finance Manager reviews the entries and the accrual balance for accuracy. Going forward, beginning with 4th quarter 2023, a sign-off will be noted within the file.</p> | |

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): EMPLOYER, EXECUTIVE, FINANCE

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IA Follow-Up: IA confirmed the review of the Vendor Maintenance list and the Quarterly accrued payables reconciliation were performed

OBSERVATION #2 - A NETWORK FOLDER CONTAINING 2014 ACCOUNTS PAYABLE RELATED FILES HAD NOT BEEN DELETED.

Process Owner: FINANCE

Completion Date: 05/14/2024

On Schedule

Action Plan: During 2022, the Finance Team reorganized the department's accounting folders and purged a large number of documents and folders in adherence with the Records Management Policy. The files in question were missed in the original purging of records and have since been deleted. As part of the Legal Department's year-end request for an annual certification of compliance with the Records Management Policy for each department, the Finance Director emails all Finance Team Members to confirm that they are in compliance with the policy. As part of this compliance and to maintain records within the required retention period, all Finance Team members will purge files at the end of June each year, after the financial audit and other external reporting have been completed.

IA Follow-Up: IA confirmed the identified folders were deleted.

Executed: 5/22/2024 3:22:42 PM
 Executed By: OCERS\dkim

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan (MAP) Aging Report

MAPs that are overdue based on Initial Due Date respective of JUN's Audit Committee Meeting.

Next Audit Committee Meeting: 06/06/2024

Number of Observations: 1

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| Audit Report & Management Action Plan (MAP) | | Aging of OPEN MAP's Past Initial Due Date as of the 06/06/2024's Audit Committee Meeting | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------|--------------------|----------------------------------------|------------|------------|----------|
| | | Management Action Plan (MAP) Detail | Initial Due Date | * Revised Due Date | Outstanding Days from Initial Due Date | 31-60 Days | 61-90 Days | 91+ Days |
| 74 - 2337 - EMPLOYER AUDIT OF IHSS PUBLIC AUTHORITY | | | | | | | | |
| * 2 - For one active member, IHSS PA incorrectly reported the Service Hours in the transmittal files for 12 consecutive pay periods from August 2022 to January 2023. | IHSS PA will correct the member's transmittal records to reflect actual hours worked in the service hours column via payroll transmittal adjustment files. | 09/29/2023 | 08/01/2024 | 251 | | | 1 | 1 |
| Project Total: | | | | | | | | 1 |



Memorandum

DATE: June 6, 2024
TO: Members of the Audit Committee
FROM: David Kim, Director of Internal Audit
SUBJECT: STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

Background/Discussion

Attached is a comparison of budgeted 2024 audit plan hours versus the completed program actual hours, by project.

Attachment

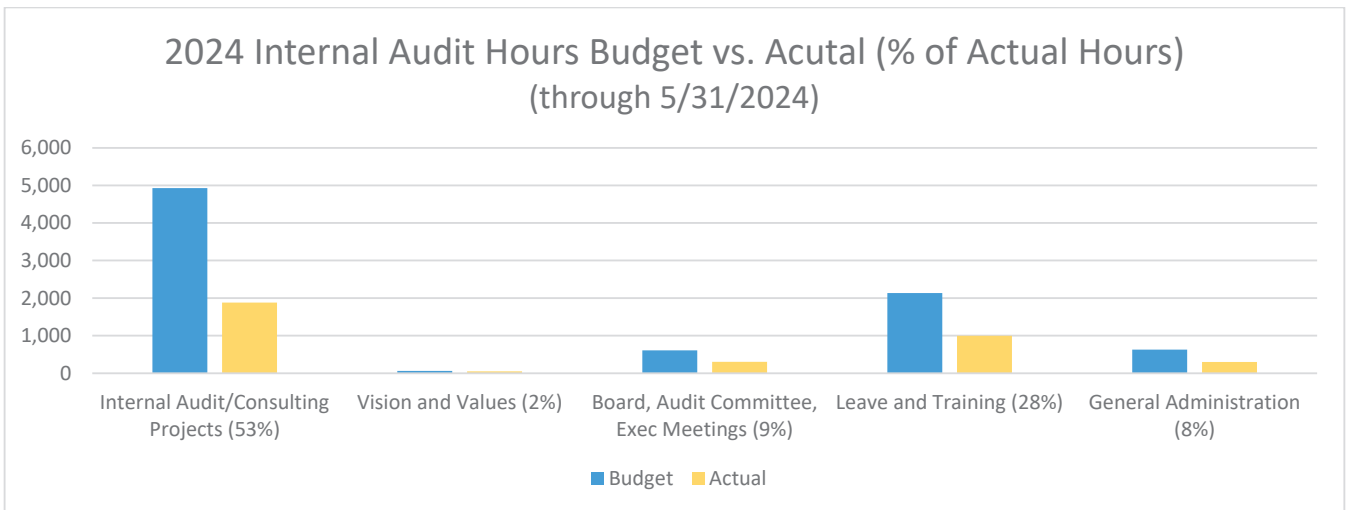
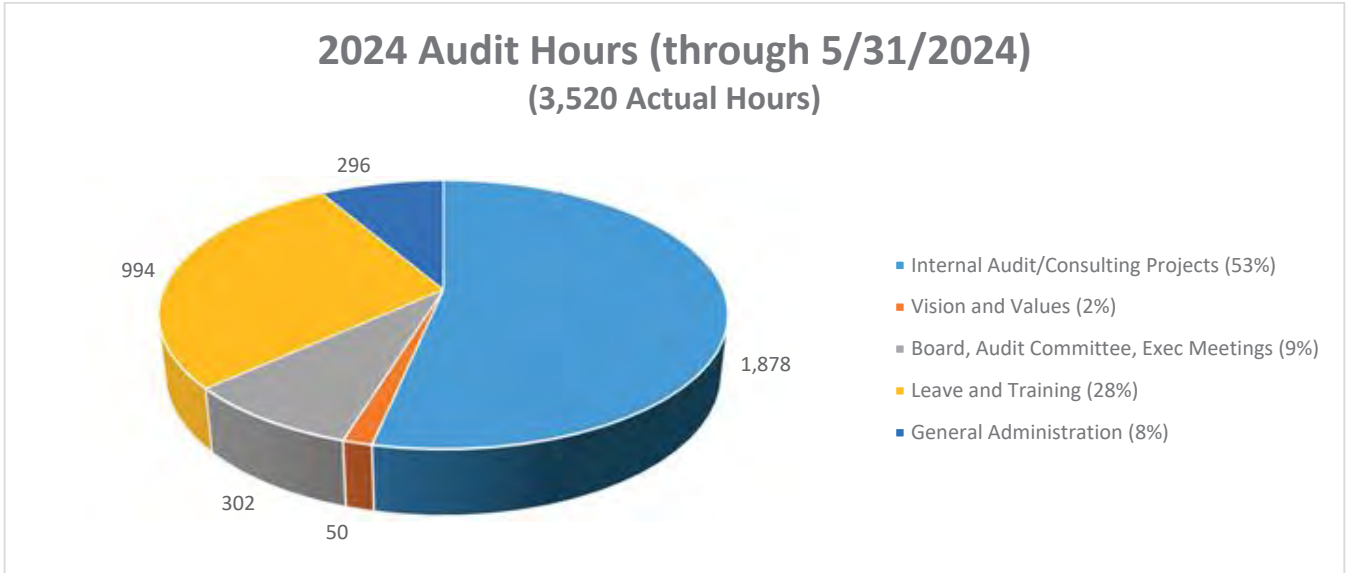
Submitted by:



DK - Approved

David Kim
Director of Internal Audit

2024 Internal Audit Plan



**Orange County Employees Retirement System
2024 Internal Audit Plan**

| Audit Activity | Description | Planned Hours | Actual Hours | Projected Remaining Hours | Comments |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------------------|--------------------------------------------------------------------------------------------|
| Internal Audit/Consulting/Planning/QAIP | | 4,926 | 1,878 | 3,132 | |
| Internal Audits - Assurance | | 3,906 | 1,466 | 2,524 | |
| Governance - Asset Allocation/Rebalancing (carryover from 2023 audit plan) | Review of controls ensuring OCERS asset allocation/rebalancing activities are reviewed and fully reported to the Investment Committee as per Investment Policy Statement. | 70 | 80 | 0 | Complete |
| Transmittal Processing (carryover from 2023 audit plan) | Review the Employer Payroll team's controls over the processing of payroll transmittals in V3. | 40 | 80 | 0 | Complete Additional data pulled to confirm error processing |
| Employer Audit (OCTA) (carryover from 2023 audit) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. Last time audited in 2013. | 96 | 120 | 0 | Complete Additional work performed to confirm pay schedules and pay item communications |
| Accounts Payable (carryover from 2023 audit) | Review of controls over the account payable process, from payment request through payment of invoice. | 40 | 50 | 0 | Complete |
| Alameda 2 Implementation | Perform an independent review of the controls in place to ensure the recalculation of contribution refunds and retirement benefits related to the Alameda decision are complete and accurate for Alameda phase 2 | 370 | 0 | 370 | |
| Continuous Audit - Final Average Salary (FAS) Calculation | Continuous audit of FAS calculations. Sample on quarterly basis for Q3 | 280 | 0 | 280 | |
| Employer (County of Orange - Healthcare Agency) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. | 350 | 215 | 135 | First time audit - Testing in progress |
| Employer (Orange County - Local Agency Formation Commission - LAFCO) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. | 350 | 175 | 175 | First time audit - Testing in progress |
| Employer (County of Orange - Public Law Library) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. | 350 | 250 | 100 | First time audit - Testing in progress |
| Employer (OCERS) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility | 350 | 46 | 304 | First time audit |
| Employer (San Juan Capistrano) | Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. | 350 | 46 | 304 | Last audited in 2017 |
| Payroll for Retirees | Review the Finance Department's controls over the general ledger recording of monthly benefit payments | 360 | | 360 | Last audited in 2019 |

**Orange County Employees Retirement System
2024 Internal Audit Plan**

| Audit Activity | Description | Planned Hours | Actual Hours | Projected Remaining Hours | Comments |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------------------|-----------------------------------------------------------------------------------------------------------|
| COLA Adjustments | Perform an independent review of the controls in place to ensure COLA adjustments are accurately calculated. | 360 | 0 | 360 | First time audit |
| CIS Controls Assessment | Perform an independent assessment of Information Security's implementation of the Center of Internet Security (CIS) Top 18 Controls, and provide recommendations on management's assessment of the department's implementation status and maturity level as appropriate. | 120 | 88 | 32 | First time audit |
| Investment Compensation Review | Perform independent review of annual investment compensation calculations | 160 | 120 | 40 | Complete |
| Internal Audit - Management Action Plan Follow-up | Action Plan Follow-up - Perform MAP follow-ups with management. | 260 | 196 | 64 | Ongoing review of implemented MAPs from completed audits, redesign of MAP reports |
| Internal Audits - Consulting | | 220 | 125 | 95 | |
| Consulting/Ad-hoc projects | Open for any ad-hoc project TBD | 220 | 125 | 95 | Includes time to assist with ACFR, RPA project for Member Affidavits |
| Internal Audits - Planning | | 500 | 36 | 464 | |
| Annual Audit Planning | Review and update Risk and Control Matrix. | 200 | 0 | 200 | |
| | Annual preparation of the Audit Plan, updates to the current Audit Plan. | 300 | 36 | 264 | |
| Internal Audits - Quality Assurance and Improvement Program | | 300 | 251 | 49 | |
| Quality Assurance and Improvement Program | IA Quality Review- self assessment - QAIP program and external peer review | 240 | 212 | 28 | Updates to the Internal Auditing Standards on the Audit Charter, Audit Manual and Audit Committee Charter |
| | Hotline reporting system. | 60 | 39 | 21 | Transitioning responsibilities to Compliance |
| Vision and Values | | 60 | 50 | 10 | |
| | Vision and Values Committee (Internal OCERS Committee) | 60 | 50 | 10 | Hosted bring your child to work event |
| Board, AC, OCERS Executive Meetings | | 608 | 302 | 306 | |
| | Board meetings, Audit Committee, Personnel Committee, Governance Committee, Executive meeting | 510 | 260 | 250 | |
| | Weekly meetings with CEO | 26 | 11 | 15 | |
| | Monthly meeting with Audit Committee Chair | 72 | 31 | 41 | |
| General admin time | | 625 | 296 | 329 | |
| | General admin time | 625 | 296 | 329 | 8% of total hours. |
| Leave (Holiday/Annual) and Training | | 2,133 | 994 | 1,139 | |
| | Holidays (12 days), Annual Leave (15 days) Other Leave (180 days) | 1,958 | 820 | 1,138 | |
| | Training and Continuing Education | 175 | 174 | 1 | |
| Grand Total Hours | | 8,352 | 3,520 | 4,916 | |