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

AUDIT COMMITTEE MEETING MONDAY, JUNE 9, 2025 9:30 A.M.

Members of the Committee

Adele Lopez Tagaloa, Chair Shari Freidenrich, Vice Chair Charles Packard, Member Iriss Barriga, Member

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				
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Go to https://www.zoom.us/download to				
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A Zoom Meeting Participant Guide is available on OCERS' website Board & Committee Meetings page				

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

Orange County Employees Retirement System June 9, 2025 Audit Committee Meeting

Page 2

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 <u>not</u> 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 25, 2025

<u>Recommendation</u>: Approve the 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 AUDIT REPORT - ALAMEDA PHASE 2 RECALCULATION AUDIT

Presentation by Philip Lam, Director of Internal Audit

Recommendation: Receive and file.

A-3 2024 FINANCIAL STATEMENT AUDIT

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

Presentation by Jennifer Reyes, Finance Manager, OCERS, and Kory Hoggan and Aaron Hamilton, Moss Adams

Recommendations:

- 1. Approve OCERS' audited financial statements for the year ended December 31, 2024;
- Direct staff to finalize OCERS' 2024 Annual Comprehensive Financial Report (Annual Report);
- 3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2024; and

Orange County Employees Retirement System June 9, 2025 Audit Committee Meeting

Page 3

4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2024" 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-4 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Tracy Bowman, Director of Finance, and Jennifer Reyes, Finance Manager

Recommendations: 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, 2024; and
- 2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2024 for distribution to Employers.

INFORMATION ITEM

I-1 INTERNAL AUDIT DEPARTMENT UPDATE

Presentation by Philip Lam, Director of Internal Audit

I-2 UPDATE ON THE OCERS COMPLIANCE PROGRAM

Presentation by Manuel Serpa, General Counsel

WRITTEN REPORTS

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

R-1 FORM 700 COMPLIANCE UPDATE

Written Report

R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-3 STATUS UPDATE OF 2025 AUDIT PLAN

Written Report

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/COUNSEL/STAFF COMMENTS

ADJOURNMENT

Orange County Employees Retirement System June 9, 2025 Audit Committee Meeting

Page 4

NOTICE OF NEXT MEETINGS

June 16, 2025 8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701

June 16, 2025 9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701

PERSONNEL COMMITTEE MEETING June 25, 2025 9:00 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 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 TUESDAY, MARCH 25, 2025 9:30 A.M.

MINUTES

OPEN SESSION

Chair Lopez Tagaloa called the meeting to order at 9:31 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair; Shari Freidenrich, Vice Chair; Iriss Barriga; Board

Member; Charles Packard, Board Member

Also Present: Steve Delaney, Chief Executive Officer; David Kim, Assistant CEO of External

Operations; Manuel Serpa, General Counsel; Philip Lam, Director of Internal Audit; Tracy Bowman, Director of Finance; Jenny Sadoski, Director of IT; Matt Eakin, Director of Cyber Security; Mark Adviento, Senior Internal Auditor; Jennifer Reyes, Finance Manager; Jenny Davey, Internal Auditor; Esther Hong, Internal Auditor; Anthony Beltran, Audio Visual Technician;

Marielle Horst, Recording Secretary.

Guests: Kory Hoggan, Moss Adams.

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

February 11, 2025

MOTION by Mr. Packard, **seconded** by Ms. Barriga, to approve the Consent Items.

The motion passed unanimously.

C-2 HOTLINE UPDATE

Orange County Employees Retirement System March 25, 2025 Audit Committee Meeting

Recommendation: Receive and file.

Mr. Lam informed the Committee that Internal Audit received one call on the hotline. This matter was investigated, but there were no substantiated findings, and the matter is closed.

INFORMATION ITEM

I-1 2024 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Presentation by Kory Hoggan, Moss Adams

Ms. Bowman introduced Mr. Hoggan, who then provided an overview of the 2024 Financial Statement Audit, which begins in April 2025. Key audit areas will include: testing of controls, internal controls, analytical procedures, and substantive procedures.

Mr. Packard inquired if the audit would be performed on-site or remotely, to which Mr. Hoggan confirmed it will be a blend of both.

ACTION ITEMS

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

None.

A-2 AUDIT REPORT – OCERS RETIREE PAYROLL PROCESS AUDIT

Presentation by Philip Lam, Director of Internal Audit, and Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Lam presented the Audit Report, noting there were 2 observations. The Committee questioned the payroll transmittal process and whether there are safeguards in place. Ms. Bowman provided insight on the process, confirming that it is secure.

Additionally, the Committee requested that audit samples contain new and existing benefits calculations.

A MOTION by Mr. Packard, seconded by Ms. Freidenrich, to approve staff's recommendation.

The motion passed unanimously.

A-3 AUDIT REPORT - ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO) EMPLOYER AUDIT

Presentation by Philip Lam, Director of Internal Audit, and Mark Adviento, Senior Internal Auditor

Recommendation: Receive and file.

Mr. Adviento presented the Audit Report, noting there were 4 observations. Mr. Adviento addressed follow-up questions from the Committee.

Orange County Employees Retirement System March 25, 2025
Audit Committee Meeting

A **MOTION** by Mr. Packard, **seconded** by Ms. Freidenrich, to approve staff's recommendation.

The motion passed unanimously.

The Committee adjourned to closed session at 10:57 am.

CLOSED SESSION

E-1 THREAT TO CRITICAL INFRASTRUCTURE INFORMATION RELATING TO CYBERSECURITY

(Government Code Section § 54957)

Consultation with OCERS Director of Cyber Security

Recommendation: Take appropriate action.

The Committee returned from Closed Session at 11:28 am.

Mr. Serpa reported that no reportable action was taken during closed session.

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

Mr. Packard expressed his satisfaction with the reduced number of open items reported. Mr. Delaney informed the Committee that action items are reviewed during the monthly Executive Management Meeting, which contributed to completing these matters.

R-2 STATUS UPDATE OF 2025 AUDIT PLAN

Written Report

COMMITTEE MEMBER/CHIEF EXECUTIVE OFFICER/STAFF COMMENTS None.

ADJOURNMENT

Chair Lopez Tagaloa adjourned the meeting at 11:30 a.m.

Submitted by:	Submitted by:	Approved by:		
Philip Lam,	Steve Delaney,	Adele Lopez Tagaloa,		
Committee Liaison	Secretary to the Board	Chairperson		



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee

FROM: Philip Lam, Director of Internal Audit

SUBJECT: AUDIT REPORT – ALAMEDA PHASE 2 RECALCULATION AUDIT

Recommendation

Receive and file.

Background/Discussion

Internal Audit performed an audit of the Alameda Phase 2 Recalculation Process.

There were two observations identified in this report: one related to opportunities to improve how quality checks are documented for the recalculation process, and the other for additional protective controls in key spreadsheets.

Submitted by:



PL - Approved

Philip Lam

Director of Internal Audit



AUDIT OF ALAMEDA PHASE II RECALCULATIONS

Report Date: June 9, 2025

Internal Audit Department

OCERS Internal Audit

Audit of Alameda Phase II Recalculations June 9, 2025

Table of Contents

Audit Objective and Scope	1
Conclusion and Executive Summary	1
Background	2
Observation Details	3

Audit Objective and Scope

The objective of this audit is to provide an independent review of Final Average Salary (FAS) calculations recalculated by OCERS' Member Services in response to Alameda Phase II. Internal Audit reviewed a sample of 15 recalculations from the population of 41 affected safety members.

Internal Audit conducted the audit 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: Satisfactory

During our review, Internal Audit did not note any FAS calculation errors with our test sample resulting in a **100% accuracy rate**.

Two observations, related to overall process improvements, did not impact the accuracy of the FAS calculations tested. These improvements are important because the checklist and workbook will be used for any future FAS recalculations. For further detail of the observations below, please see page 3.

Priority Observations 0	Priority Observations None
Important Observations 2	 Important Observations Opportunities to improve how quality checks are documented in the Alameda recalculation process. Key recalculation spreadsheets could benefit from additional protective controls to prevent unintended changes.

The population of 41 Phase II members, of which we tested 15, had an average revised FAS of \$13,770 with an average revised monthly benefit of \$10,332. The following testing was performed:

- Verified Alameda-related pay items were accurately and completely included in the recalculations, in accordance with Phase II requirements.
- Independently reperformed Final Average Salary (FAS) calculations incorporating the Alameda Phase II adjustments and reviewed supporting documentation maintained by Member Services.
- Reviewed Member Services' calculations of net benefit overpayments for accuracy and completeness.

Background

On July 30, 2020, the California Supreme Court issued the Alameda decision, which excluded certain specialty and premium pay items from being considered pensionable compensation. OCERS' Board adopted the decision and directed staff to recalculate benefits and recover overpayments. This effort was referred to as Alameda Phase I.

In December 2022, the County of Orange Board of Supervisors passed a resolution reclassifying certain previously excluded pay items from Alameda Phase I as regular compensation. As a result, certain pay items such as on-call pay and canine maintenance pay for members of the Association of Orange County Deputy Sheriffs (AOCDS) were reinstated as pensionable under OCERS' Compensation Earnable Policy. A second phase, known as Alameda Phase II, required new benefit recalculations for 41 affected members. Internal Audit reviewed a sample of 15 of these recalculations to assess their accuracy and completeness. **No errors were identified, resulting in a 100% accuracy rate for the sample reviewed**. Management also indicated that all Alameda project recalculations have been completed.

Copies to:

S. Delaney

J. Lamberson

D. Kim

Audit Committee Members

M. Murphy

B. Shott

M. Serpa

D. Dang

OBSERVATION DETAILS	MANAGEMENT ACTION PLAN (MAP) /MAP RESPONSIBLE PARTY / COMPLETION DATE
Important Observations	
1. Opportunities to improve how quality checks are	Management Action Plan:
documented in the Alameda recalculation process. As part of our review of the Alameda recalculation Excel workbooks, Internal Audit reviewed the usage of the workbook's checklist, which outlines the steps used to complete the recalculation of a member's benefit within the system. We noted several steps, including those performed after the completion of the Quality Assurance (QA) review, were not signed off by the preparer or reviewer. Although no calculation errors were identified in our testing, clearer documentation of these steps would enhance transparency. Management clarified these steps are related to administrative and system updates used to finalize the recalculation and to communicate the results to the member. These actions are performed and documented	The Member Services Management Team will make a full review of the checklist used for sign offs in the Recalculation Excel workbooks. We will also make the appropriate changes to ensure proper documentation of our existing controls are reflected for transparency. Management Action Plan Responsible Party: Jeff Lamberson, Director of Member Services Completion Date: 08/31/2025
electronically within the Pension Administration System	
(PAS). As a result, their inclusion on the checklist—	
without corresponding sign-offs—may reflect	
documentation that is already maintained elsewhere. Separately, we identified an opportunity to improve the clarity of one of the checklist steps. Specifically, the	

OBSERVATION DETAILS	MANAGEMENT ACTION PLAN (MAP) /MAP RESPONSIBLE PARTY / COMPLETION DATE
checklist includes a step for completing the tab containing	
Alameda pay item contributions and interest calculations.	
Management noted built-in reconciliation checks are used	
to verify data entry, and the Director of Member Services	
performs a review of this tab (which will transition to a	
Manager going forward). However, the checklist does not	
currently describe these controls and could be	
strengthened by explicitly stating these verification steps	
are part of the process.	
Risk: When key process steps and control activities are not clearly documented on the checklist, transparency is reduced, making it less clear whether all necessary actions have been completed.	
2. Key recalculation spreadsheets could benefit from	Management Action Plan:
additional protective controls to prevent unintended changes.	The Member Services Management Team will review the spreadsheet tabs listed to determine if we can lock formula cells in a way to not cause issues with the process of
The Excel workbook used in the Alameda benefit	performing the calculations efficiently. If we are unable to
recalculation includes multiple worksheets supporting	lock the cells, we will ensure proper sign offs to provide
different parts of the process. Internal Audit noted while	evidence of the reviews performed.
the worksheet containing Final Average Salary	
calculations is protected against edits, other critical	Management Action Plan Responsible Party:
worksheets, such as those used to calculate Alameda	Jeff Lamberson, Director of Member Services
Over/Underpayments and Alameda Pay-Related	

OBSERVATION DETAILS	MANAGEMENT ACTION PLAN (MAP) /MAP RESPONSIBLE PARTY / COMPLETION DATE
Contributions and Interest, do not have similar protections.	Completion Date: 08/31/2025
Although no calculation errors were identified, and the worksheets are subject to multiple layers of review—including a formal Quality Assurance (QA) process and management oversight—applying basic protections to critical formulas and data fields would further strengthen the control environment by reducing the risk of unintended edits.	
<u>Risk</u> : Lack of protective controls over key formulas and data fields may increase the risk of unintended changes, potentially impacting calculation accuracy. While QA and management reviews are in place, adding protections would further reduce this risk.	

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 up to three to six months after the date of the audit report.

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 of Alameda Phase II Recalculations

Page 6

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 Observations".

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 9, 2025

TO: Members of the Audit Committee

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

Finance

SUBJECT: 2024 FINANCIAL STATEMENT AUDIT

Recommendation

Recommend to the Board of Retirement the following:

- 1. Approve OCERS' audited financial statements for the year ended December 31, 2024;
- 2. Direct staff to finalize OCERS' 2024 Annual Comprehensive Financial Report (Annual Report);
- 3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2024; and
- 4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2024" 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

Attached is the draft of OCERS' 2024 Annual Report, which includes the audited financial statements and related notes for the year ended December 31, 2024. The report is in substantially final form and includes a draft of the unmodified (clean) audit opinion from Moss Adams, OCERS' independent auditors. Moss Adams will issue the final signed audit opinion following their presentation of the draft financial statements to the Audit Committee. The audited financial statements and accompanying notes are presented in the Financial Section of the Annual Report.

The attached Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2024, 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' 2024 Annual Report in compliance with GASB Statement No. 67, Financial Reporting for Pension Plans.

As part of the standard 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 2024 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 attend the Audit Committee Meeting on June 9, 2025, to provide the Committee with a verbal report on their audit. A draft of the 2024 Annual Report in substantially final form will be presented to the Board at its regularly scheduled Board meeting on June 16, 2025. The final, signed audit reports and the completed Annual Report will be distributed to the Board upon completion.



Memorandum

In accordance with California Government Code Section 7504, all public retirement systems, including OCERS, must submit their annual financial information to the State Controller within six months of the fiscal year end. The State Controller's Office (SCO) provides an automated platform for the submission of the required report, referred to as the State Controller's Report. In addition to this report, OCERS is required to submit its audited financial statements and the most recent funding actuarial valuation. Following Board approval of the financial statements for the year ended December 31, 2024, OCERS staff will submit the State Controller's Report, the 2024 Annual Report, and the Actuarial Valuation (for funding purposes) as of December 31, 2023, by the June 30, 2025, deadline.

Lastly, as mandated by Government Code Section 31597.1, OCERS' Chief Executive Officer will file a sworn statement with the County Auditor and the Board of Supervisors, reporting the financial condition and transactions of the system for the year ended December 31, 2024.

Asst. CEO, Finance & Internal Operations

Submitted by:	Approved by:	
CERS SUB-CHIES RETHRANCE STREET	CERS MAN, CHARLES AND THE SERVICE SERVICES	
TB - Approved	BS - Approved	
Tracy Bowman	Brenda Shott	

Director of Finance



2024 Financial **Statement Audit**

Presented on June 9, 2025

Brenda Shott, Tracy Bowman, and Jennifer Reyes







Recommendation

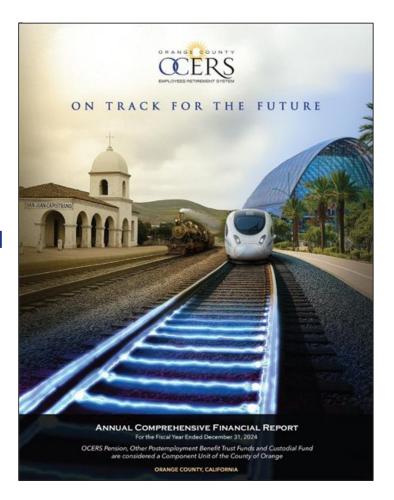
Recommend to the Board of Retirement the following:

- 1. Approve OCERS' audited financial statements for the year ended December 31, 2024
- Direct staff to finalize OCERS' 2024 Annual Comprehensive Financial Report (Annual Report)
- 3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2024
- 4. Receive and file Moss Adams LLP's (Moss Adams) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2024" 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"



2024 Annual Report

- Fourth 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: On Track for the Future
- Adopted GASB 101, Compensated Absences



Orange County Employees Retirement System

Financial Highlights - MD&A

- Net position in 2024 totaled \$24.6 billion, an increase of \$2.2 billion or 10.0% from the prior year
- Total additions increased 4.4% from \$3.4 billion in 2023 to \$3.6 billion in 2024
 - ➤ Net investment income of \$2.4 billion or 10.0% vs. \$2.4 billion or 11.4% in the prior year
 - Employee and employer contributions of approximately \$1.2 billion
- Total deductions increased 5.5% from \$1.3 billion in 2023 to \$1.4 billion in 2024
 - ➤ Member pension benefit payments increased 5.4% from \$1.2 billion in 2023 to \$1.3 billion in 2024

Table 2: Changes in Fiduciary Net Position For the Years Ended December 31, 2024 and 2023 (Dollars in Thousands)						
	12/31/202	1	12/31/2023		rease / crease)	Percentage Change
Additions						
Employer Pension Contributions	\$ 846,3	3 \$	749,776	\$	96,587	12.9%
Employer Health Care Contributions	36,9	12	26,245		10,747	40.9%
Employee Pension Contributions	302,5	15	277,455		25,090	9.0%
Employer OPEB Contributions	17,6	9	794		16,875	2,125.3%
Net Investment Income	2,387,8	1 _	2,384,772	22	3,109	0.1%
Total Additions	3,591,4	0 _	3,439,042	_	152,408	4.4%
Deductions						
Participant Benefits - Pension	1,265,6	7	1,200,307		65,310	5.4%
Participant Benefits - Health Care	43,6	0	43,994		(374)	-0.9%
Death Benefits	1,5	13	1,190		403	33.9%
Member Withdrawals and Refunds	18,2	0	14,751		3,449	23.4%
Employer OPEB Payments	1,7	4	1,531		223	14.6%
Administrative Expenses - Pension	31,1	1	29,056		2,125	7.3%
Administrative Expenses - Health Care and Employer		9 _	70	12	(1)	-1.4%
Total Deductions	1,362,0	4 _	1,290,899		71,135	5.5%
Increase in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	2,229,4	6	2,148,143		81,273	3.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer						
Beginning of the Year	22,359,1	0	20,210,967			
End of the Year	\$ 24,588.5	6 S	22.359.110			

Orange County Employees Retirement System

Financial Highlights – MD&A (continued)

Table 3 : Membership Data As of December 31, 2024 and 2023					
	12/31/2024	12/31/2023	Increase	Percentage Change	
Active Members	23,368	22,782	586	2.6%	
Retired Members	21,740	21,283	457	2.1%	
Deferred Members	9,377	8,579	798	9.3%	
Total Membership	<u>54,485</u>	52,644	1,841	3.5%	

- 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 2.1% or 457, for a total of 21,740 payees as of December 31, 2024
 - The average annual benefit paid to retired members and beneficiaries during 2024 was \$58,216 vs. \$56,397 in 2023, an increase of 3.2%

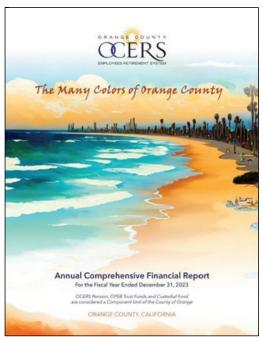
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Financial Highlights – MD&A (continued)

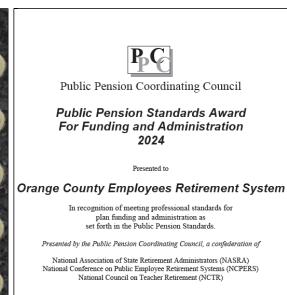
- Annual Report includes information from the December 31, 2023 funding valuation, which is the most currently available information at the time the Annual Report is completed
 - Funding status based on actuarial value of assets (which smooths market gains and losses over five years) was 82.6% versus 80.8% if market gains and losses were recognized immediately
 - ➤ In comparison, in the December 31, 2024, funding valuation to be presented at the June Board meeting, the funding status based on actuarial value of assets was 83.8% versus 84.2% if market gains and losses were recognized immediately



2023 Annual Report Awards









Orange County Employees Retirement System

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 2023 valuation to the December 31, 2024, measurement date
- 2024 Net Pension Liability (NPL) decreased from \$4.8 billion to \$4.0 billion, primarily due to higher-than-expected returns
 - > 2024 NPL is amount used in GASB 68 proportionate share calculation



Conclusion

Questions?



Thank you!



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Jennifer Reyes Finance Manager

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jreyes@ocers.org













10



ON TRACK FOR THE FUTURE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2024

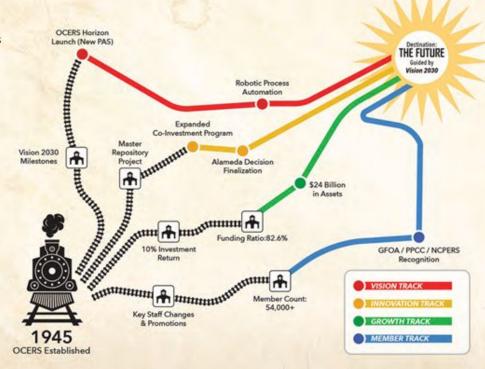
OCERS Pension, Other Postemployment Benefit Trust Funds and Custodial Fund are considered a Component Unit of the County of Orange

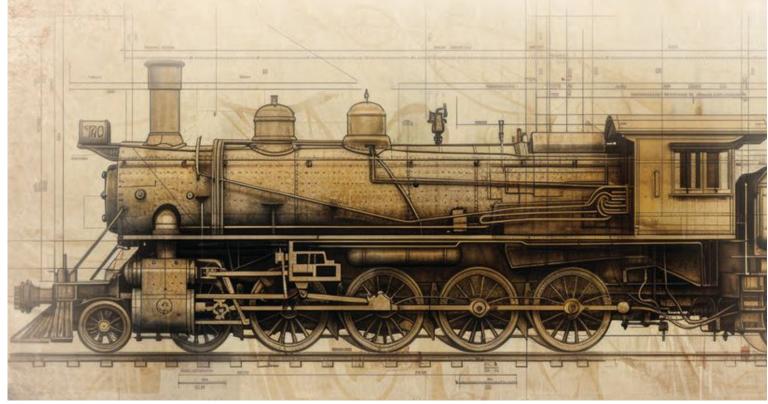
ORANGE COUNTY, CALIFORNIA

FROM 1945 TO THE FUTURE

OUR STRATEGIC JOURNEY

Since 1945, OCERS has been dedicated to serving those who serve Orange County. As we look to the future, our track record of growth, innovation, and commitment remains strong – guiding every milestone along the way.







Orange County Employees Retirement System

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2024

Prepared by: The Finance Department of the Orange County Employees Retirement System

Issued by: Steve Delaney, Chief Executive Officer Brenda Shott, Assistant CEO of Finance and Internal Operations

Orange County Employees Retirement System

2223 East Wellington Avenue, Suite 100 Santa Ana, CA 92701-3161

Mailing Address:

P.O. Box 1229 Santa Ana, CA 92702

> 714.558.6200 www.ocers.org

OCERS Pension, Other Postemployment Benefit Trust Funds and Custodial Fund are considered a Component Unit of the County of Orange



MISSION

We provide secure retirement and disability benefits with the highest standards of excellence.

VISION

To be a trusted partner providing premier pension administration, distinguished by consistent, quality member experiences and prudent financial stewardship.

VALUES

Open and Transparent
Commitment to Superior Service
Engaged and Dedicated Workforce
Reliable and Accurate

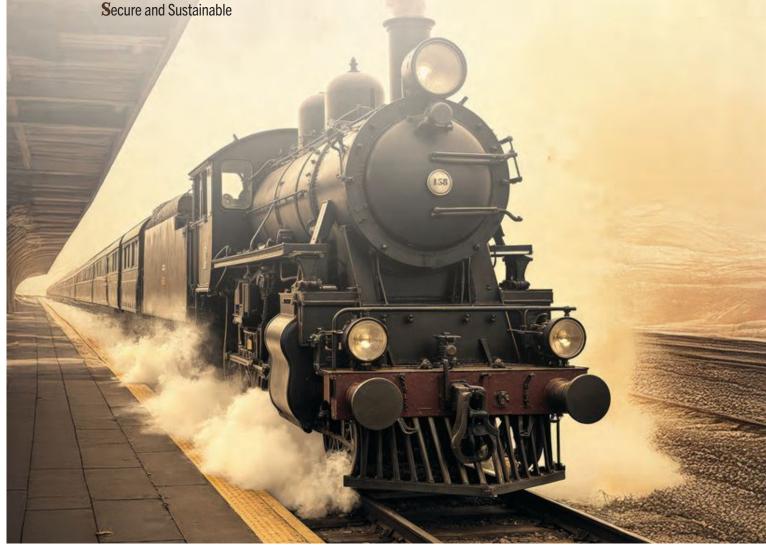
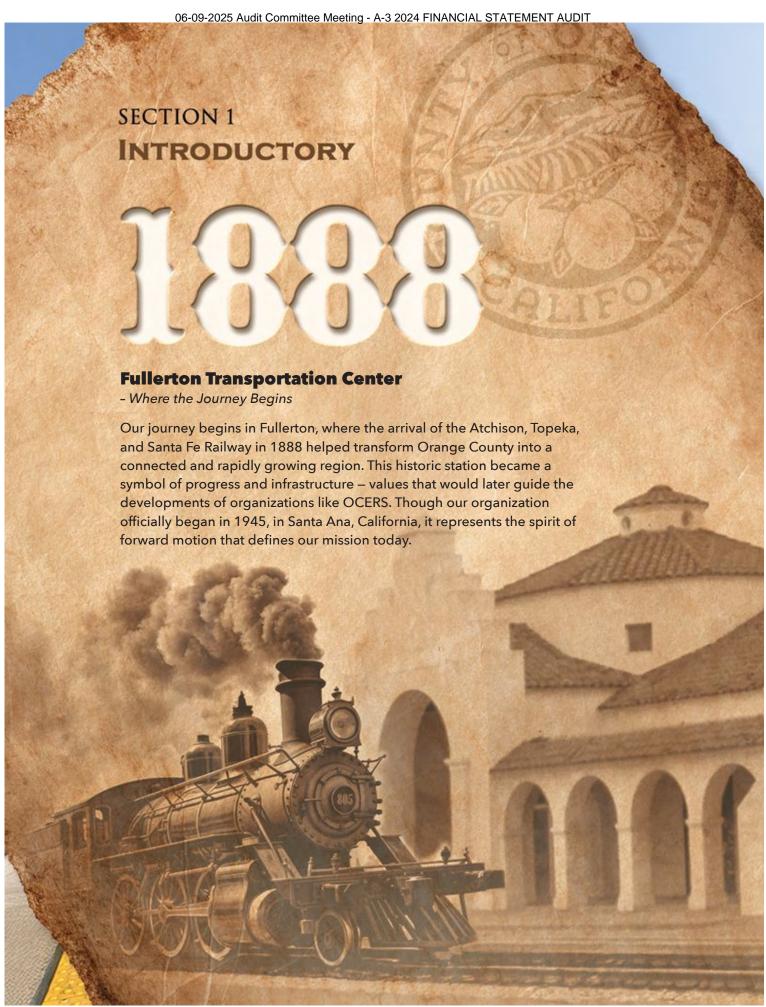
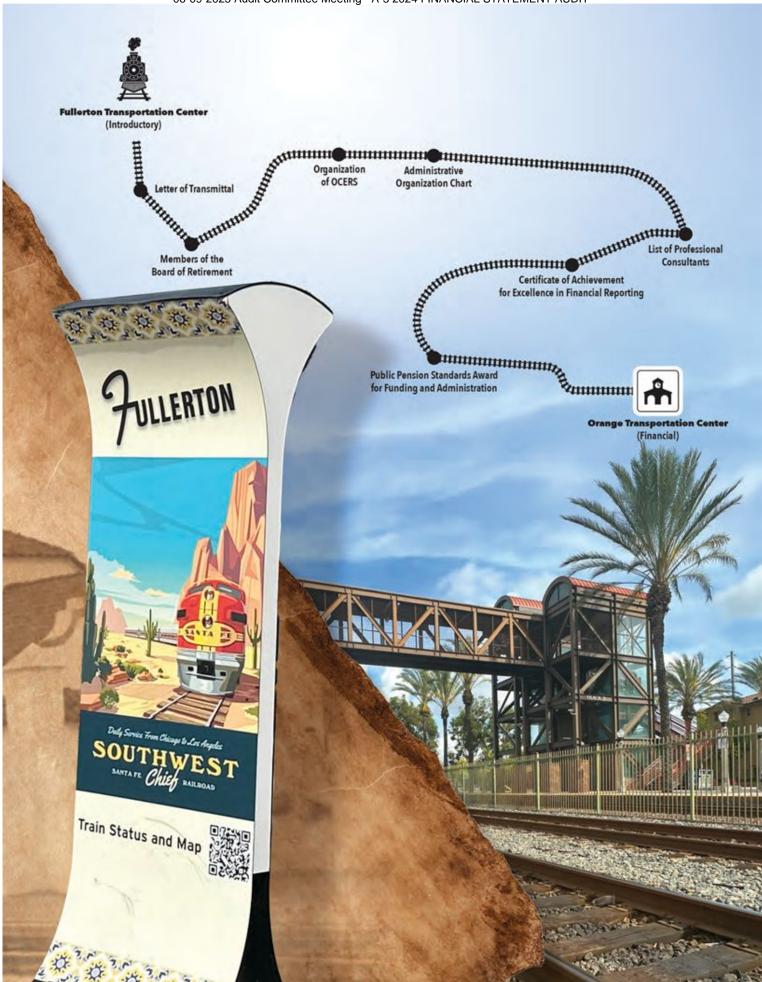


TABLE OF CONTENTS

Castian 1 Introductions		Costion A. Astronial	
Section 1: Introductory	0	Section 4: Actuarial	
Letter of Transmittal		Actuary's Certification Letter. 9	
Members of the Board of Retirement		Schedule of Funding Progress	10
Organization of OCERS		History of Employer Contribution Rates	
Administrative Organization Chart		Summary of Active Membership	
List of Professional Consultants		Summary of Retired Membership	
Certificate of Achievement for Excellence in Financial Reporting	10	Development of Actuarial and Valuation Value of Assets	.0
Public Pension Standards Award for Funding and Administration	11	Schedule of Funded Liabilities by Type	.1
		Actuarial Methods and Assumptions	2
Section 2: Financial		Summary of Major Plan Provisions	2
Independent Auditor's Report	14	Experience Analysis	31
Management's Discussion and Analysis.			
Wallagement 3 Discussion and Allalysis.	10	Section 5: Statistical	
Basic Financial Statements		Statistical Section Review	. 4
Statement of Fiduciary Net Position	28		14
Statement of Changes in Fiduciary Net Position		Schedule of Changes in Fiduciary Net Position - Pension Trust Fund	
Notes to the Basic Financial Statements.			4
Trotes to the Basic Financial otatements	50	Schedule of Changes in Fiduciary Net Position	
Required Supplementary Information		- Health Care Fund - County	b
Schedule of Changes in Net Pension Liability		Schedule of Changes in Fiduciary Net Position	
of Participating Employers	64	- Health Care Fund - OCFA	5
Schedule of Investment Returns.		Schedule of Changes in Fiduciary Net Position	
Schedule of Employer Contributions.		- Custodial Fund - OCTA	
Notes to the Required Supplementary Information.		Schedule and Graph of Fiduciary Revenues by Source	
Significant Factors Affecting Trends in Actuarial Information	07	Schedule and Graph of Expenses by Type	
Pension Plan	68	Schedule and Graph of Benefit Expenses by Type	
- I clision i ian.	00	Schedule and Graph of Average Monthly Pension Check	
Other Supplementary Information		Schedule of Average Pension Benefit Payments by Years of Service . 14	1
Schedule of Contributions	72	Schedule of Pension Benefit Recipients by Type of Benefit 14	2
Schedule of Administrative Expenses.		Schedule of Pension Benefit Recipients by Option Selected 14	3
Schedule of Investment Expenses.		Schedule and Graph of Pension Benefit Recipients	4
Schedule of Payments for Professional Services.		Schedule of Average Retirement Age14	5
ochedule of Fayments for Fforessional Services	75	Schedule of Average Years of Service at Retirement	
		Schedule of Beneficiaries Receiving a Pension	
Section 3: Investments		Schedule of Active and Deferred Members	
Investment Consultant's Statement		Schedule of Participating Employers – Pension Plan	
Investment Returns.		History of Actuarial Assumption Rates	
Statement of Investment Objectives and Policies	86	Thotal y of Notacinal Nobalingtion Nation.	•
Asset Diversification	87	0 11 0 01	
Growth of System Net Investments at Fair Value	88	Section 6: Glossary	
Historical Asset Allocation	88	Glossary of Terms	0
History of Performance – Net	89		
Schedule of Largest Equity Holdings			
Schedule of Largest Fixed Income Holdings			
Schedule of Commissions			
Commission Recapture Program.			
Schedule of Investment Expenses and Investment Summary			
Contour of invostment Expenses and invostment odiffinally	22		







Active Participating Employers:

City of San Juan Capistrano

County of Orange

Orange County Cemetery
District

Orange County Children & Families
Commission

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

Superior Court of California, County of Orange

Transportation Corridor
Agencies

June 2, 2025

To the Trustees, Members and Beneficiaries, and Participating Employers of the Orange County Employees Retirement System:

We are pleased to present the Annual Comprehensive Financial Report (Annual Report) of the Orange County Employees Retirement System (OCERS or System) as of and for the year ended December 31, 2024. The information contained in this report is intended to provide a detailed overview of the System's financial and investment results for the year ended December 31, 2024. It also includes information from the current actuarial valuations as of December 31, 2023.

OCERS HISTORY, PARTICIPANTS, AND SERVICES

As we count down to our 80th anniversary, OCERS proudly reflects on its legacy of providing service retirement, disability, death, and survivor benefits to members since 1945. These benefits are administered in accordance with the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

Pursuant to certain provisions of CERL, OCERS is an independent governmental unit within the County of Orange, with a separate operating budget and professional staff. The California Constitution gives the Board of Retirement full authority over the administration of the System, which includes administering plan benefits for over 54,000 members, managing \$24 billion in net assets, and serving 13 participating employers. A complete listing of both active and inactive employers as of December 31, 2024, can be found on page 30, Section 2 of the Annual Report, Under Note 1: Plan Descriptions.

In 2024, OCERS proudly upheld its tradition of exceptional service and support for our members. We remained on track with several key multi-year initiatives aligned with our technology-forward Vision 2030. Highlights included continued implementation of the Alameda decision, progress on the next-generation Pension Administration System, development of a centralized repository for procedures and business documents, and exploration of intelligent automation and robotic process automation solutions.

This year's Annual Report theme, "On Track for the Future," draws inspiration from Orange County's historic train stations and railway system. The theme reflects OCERS' commitment to guiding members along their journey to a secure retirement. As we move steadily toward Vision 2030, we are proud to highlight the significant achievements, innovations, and positive impact OCERS has made on behalf of our members.

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

Vision 2030

During 2024, OCERS continued to make progress with the Vision 2030 initiative, the long-term strategic goal of leveraging technology and we are actively pursuing opportunities using some form of Robotic Process Automation (RPA), Machine Learning (ML) and/or Artificial Intelligence (AI). In addition, OCERS has business procedure documentation services to assist staff with a comprehensive standardized library of business processes

SECTION 1: INTRODUCTORY

(continued)

and procedure across the organization. This will ensure consistent application of rules and procedures by OCERS staff, as well as lay a foundation for programming a new pension administration system that will support Vision 2030.

New Pension Administration System

In 2024, OCERS launched OCERS Horizon, a multi-year initiative to implement a new Pension Administration System (PAS) designed to enhance service delivery, improve operational efficiency, and support long-term organizational goals. As part of this effort, OCERS engaged a consulting partner to assist with developing a comprehensive Request for Proposal (RFP), gather detailed business and technical requirements, and help envision a modern solution aligned with the organization's and its members' future needs. These foundational activities mark critical first steps in the OCERS Horizon project and reflect OCERS' commitment to delivering a secure, reliable, and member-focused system. The organization looks forward to continued progress as it moves into the subsequent phases of RFP development and solution evaluation activities.

Staffing

At the Board of Retirement meeting on October 21, 2024, the Board approved the creation of four new positions and the elimination of two vacant positions as part of the 2025 Staffing Plan. These new roles have been allocated across the Information Technology, Executive, and Investment departments.

This staffing adjustment aligns with Vision 2030, particularly in Technology Modernization and Organizational Excellence, by ensuring we have the staff and resources needed to improve efficiency, deliver high-quality services, and adapt to the future needs of our members.

Key Staff Additions

In 2024, OCERS celebrated the retirement of Suzanne Jenike, who served as Assistant CEO, External Operations. Following her departure, David Kim, formerly the Director of Internal Audit, was promoted to the Assistant CEO role. OCERS also welcomed Philip Lam as the new Director of Internal Audit.

Alameda Decision

As stated last year, in late July 2020, the California Supreme Court issued an opinion in what is known as the "Alameda" case (Alameda County Deputy Sheriffs Association et al. v. Alameda County Employees Retirement Association and Board of Retirement of ACERA (\$247095)). This decision impacted how OCERS and other public pension systems in California pay benefits to members who receive certain pay items. OCERS has no authority or discretion to calculate pension benefits in a manner inconsistent with the Supreme Court decision.

At the time of the decision, roughly 3,600 Active, Deferred and Retired members were determined to be affected by the decision. OCERS staff have completed the complex and crucial tasks related to recalculating the retirement allowances of over 650 impacted retirees, as well as refunding overpaid employee contributions and interest. In addition, OCERS staff have completed the required recalculation of retirements for certain Orange County Sheriff's Department (OCSD) and Orange County District Attorney (OCDA) Safety members who were included in the Orange County Board of Supervisor Resolution passed in December 2022. We are currently in the process of collecting the repayment of these members previously refunded contribution and interest as well as any missing gap period contributions on the on-call and canine handler pay that was not collected from September 11, 2020, onward. OCERS staff aim to close out the entire Alameda project by June 30, 2025.

FINANCIAL INFORMATION

OCERS' management is responsible for the complete and fair presentation of the financial information in accordance with accounting principles generally accepted in the United States of America (GAAP). To the best of our knowledge, the enclosed data is accurate in all material respects and is report in a manner designed to fairly present the financial position and operating results of OCERS. Moss Adams LLP audited the accompanying basic financial statements and related disclosures and has issued an unmodified opinion in the independent auditor's report found on page 14, Section 2 of the Annual Report. The financial audit provides reasonable assurance that OCERS' financial statements are presented in conformity with GAAP and are free from material misstatement.

(continued)

The Annual Report was prepared in accordance with GAAP and reporting guidelines set forth by the Governmental Accounting Standards Boards (GASB) and CERL. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. OCERS' MD&A can be found immediately following the independent auditor's report.

OCERS' management is responsible for establishing a system of internal controls to safeguard assets, maintain accurate and reliable accounting records, protect member privacy detect and prevent fraud, and provide a reasonable basis for asserting that financial statements are fairly presented. OCERS' internal controls are designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgment by management. In addition, oversight of internal controls and operational efficiency is provided by OCERS' Audit Committee and supported by internal audit staff.

INVESTMENT ACTIVITIES

The Board of Retirement (with the participation of the Investment Committee, OCERS' Investments Team, and Investment Consultants) has exclusive control of all investments of the System and is responsible for the establishment of investment objectives, strategies, and policies.

OCERS' Investment Policy Statement helps guide decisions that impact OCERS' investment structure with the overall objective to invest the assets of the System solely for the benefit of its members while attempting to minimize employer contributions and investment and administration costs. OCERS' Investments Team conducted 760 total meetings and virtual calls with current and prospective investment managers in 2024.

OCERS' Investment Committee approved expanding the co-investment program beyond private equity to other private market asset classes including: real assets, private income strategies, and unique strategies. The OCERS Investments Team established a pool of secondaries advisors and completed both secondaries purchase and sales transactions in 2024. The OCERS Investment Committee also approved the use of portfolio leverage of 0-5% of total fund assets as a tool to efficiently manage liquidity needs and to optimize portfolio positioning within the Board specified asset class ranges.

For the year ended December 31, 2024, OCERS' investment portfolio had a gain of 10.0%, net of fees. This is much higher than the long-term actuarial assumed rate of return of 7.0%. As the average years of service for a new OCERS retiree approximates 22 years for general and 20 years for safety members, our net annualized return of 6.9% over the last 20 years closely aligns with the assumed earnings rate over a similar period.

PENSION ACTUARIAL FUNDING STATUS

OCERS is committed to maintaining a funding policy that establishes contribution levels to fully fund the System's liabilities. The goal is to keep these contributions, as a percentage of payroll, as level as possible across generations of active members. This approach ensures that each generation of active members fully funds its own obligations, preventing any financial burden from being passed on to future members.

Actuarial valuations are performed annually with actuarial experience investigations conducted triennially in accordance with state statute. The use of realistic assumptions is important in maintaining the necessary funding while paying promised benefits. Each year the actual experience of the System is compared to actuarial assumptions and any differences are analyzed to determine if adjustments to contribution requirements are needed. In addition, triennially, the actuarial experience investigation is undertaken to review the actuarial assumptions and compare the actual experience during the preceding three-year period with that expected under those assumptions. The most recent experience investigation, covering plan years 2020 through 2022, was completed in 2023.

(continued)

The Board adopted the recommendations for several major assumption categories that were incorporated into the 2022 actuarial valuation, including maintaining the assumed rate of return at 7.0%, the inflation rate at 2.50%, and the retiree cost-of-living assumption at 2.75%. As of the most current actuarial valuation for the year ended December 31, 2023, OCERS' funding status was 82.6% on a valuation value of assets basis, versus 80.1% on a fair value of assets basis, with an Unfunded Actuarial Accrued Liability (UAAL) of \$4.7 billion. Average employer and employee contribution rates for the year ended December 31, 2023, were 38.1% and 11.7%, respectively.

BUDGET

The Board of Retirement approves OCERS' annual budget. The 1937 Act limits OCERS' annual administrative expenses, excluding the costs of administration for computer software and hardware and computer technology consulting services, to twenty-one hundredths of one percent (0.21%) of OCERS' actuarial accrued liability. OCERS' 2024 allowable administrative expense of \$29.3 million was 0.10% of OCERS' Actuarial Accrued Liability.

AWARDS AND RECOGNITION

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCERS for its Annual Comprehensive Financial Report for the year ended December 31, 2023. To be awarded a Certificate of Achievement, a government agency must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

OCERS was also the recipient of the Public Pension Coordinating Council (PPCC) Award in recognition of compliance with professional standards for plan funding and administration for the year ended December 31, 2023. This is awarded to a retirement system that meets the professional standards for plan design and administration as set forth in the Public Pension Standards, including a Comprehensive Benefit Program, Funding Adequacy, Actuarial Valuation, Independent Audit, Investments, and Communications. A Public Pension Standards Award is valid for a period of one year.

Lastly, the National Conference on Public Employee Retirement Systems (NCPERS) has recognized OCERS' Director of Communications, Mary-Joy Coburn, with the inaugural 2024 Public Pension Communicator of the Year — Rising Star award. This new honor celebrates outstanding growth, leadership, and innovation in public pension communications, fostering trust and engagement across organizations.

ACKNOWLEDGEMENTS

We would like to take this opportunity to thank the members of the System for their continued confidence in OCERS during the past year. Also, we would like to express our thanks to the Board of Retirement for its dedicated efforts in supporting the System throughout this past year. Finally, we would like to thank the staff and consultants for their commitment to OCERS and their diligent work to assure the System's continued success.

Brenda M Short

Respectfully submitted,

Steve Delaney

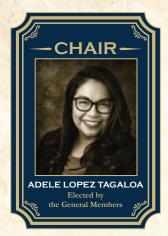
Chief Executive Officer

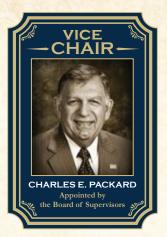
Brenda Shott

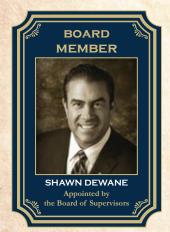
Assistant Chief Executive Officer, Finance & Internal Operations

MEMBERS OF THE BOARD OF RETIREMENT

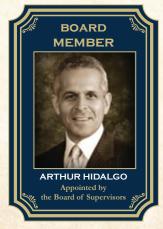
As of December 31, 2024

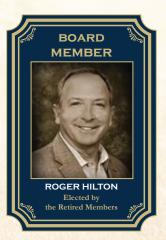


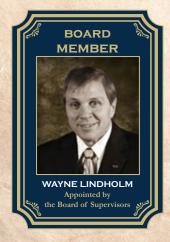


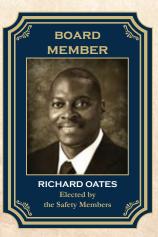
















ORGANIZATION OF OCERS

Board of Retirement

The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan, disability determinations, assuring benefit payments, establishing investment policy for the System, and monitoring the execution of its policies. The Board of Retirement consists of nine members and one alternate. Four members of the Board of Retirement are appointed by the Board of Supervisors of the County; four members are elected by active members of the System, including two by the general members, two by the safety members, of which one is the alternate member; one member is elected by the retirees; and the Treasurer of the County, elected by registered voters in the County, serves as an Ex-Officio member.

Executive Division

This division consists of the Chief Executive Officer (CEO), who implements and executes policies promulgated by the Board of Retirement. Two Assistant CEOs, a Chief Investment Officer, and a General Counsel assist the CEO in the daily operations of the System. This division also oversees the following departments: Internal Audit, Enterprise Project Management Office, and Communications.

The Internal Audit Department is responsible for objectively assessing the organization's governance, risk management, and internal control practices.

The Enterprise Project Management Office (EPMO) is responsible for aligning all projects and project-related activities with OCERS Business strategy and objectives. The EPMO establishes standardized methodologies for project management, governance frameworks, and best practices while providing consistent project execution throughout the enterprise.

The Communications Department is responsible for developing and coordinating information for members and employers through publications, newsletters, seminars, video content, social media and publishing content to the website.

Investment Division

This division is responsible for the administration and management of the investment program, in accordance with policies, regulations, and guidelines set forth by the Board of Retirement. It is responsible for the interface with investment managers, including hiring and termination of investment managers, monitoring investment performance objectives, adherence to investment guidelines, conducting due diligence visits to investment managers' sites, and interviewing prospective investment managers. This division is also responsible for the interface with outside investment consultants in reviewing and evaluating all investment managers' performance and investment manager fees. Refer to the Investment Section on pages 91 and 92 for the Schedule of Commissions and Schedule of Investment Expenses and Investment Summary.

External Operations Division

This division is comprised of the following departments: Member Services and Disabilities.

The Member Services Department is responsible for providing all benefit services to the members of the System. This includes benefit calculations, preparation of data to support applications for retirement, preparation of the retiree payroll, processing contribution transmittals, membership counseling, and retirement seminars.

The Disabilities Department is responsible for reviewing claims and medical records of the members of the System; interviewing applicants and witnesses; preparing written reports of findings and recommendations; and making presentations to the Disability Committee and the Board of Retirement regarding the disposition of cases.

Internal Operations Division

This division is comprised of the following departments: Finance, Information Technology, Information Security, Human Resources, and Operations Support Services.

The Finance Department is responsible for all of the financial records and reports of OCERS. This includes the preparation of the Annual Comprehensive Financial Report, monthly and quarterly financial statements and the annual operating budget. The Finance Department also maintains OCERS' system of internal controls; processes and accounts for retirement payroll and refunds of contributions and interest to members; collects and accounts for employers' and members' contributions; reconciles investment portfolios; and pays costs incurred for goods received and services rendered.

The Information Technology Department is responsible for managing and supporting OCERS' technology infrastructure and systems and plays a crucial role in maintaining and securing computer networks, servers, and databases. In addition they oversee the development, implementation, and maintenance of software applications, provides technical support to users and is responsible for data management.

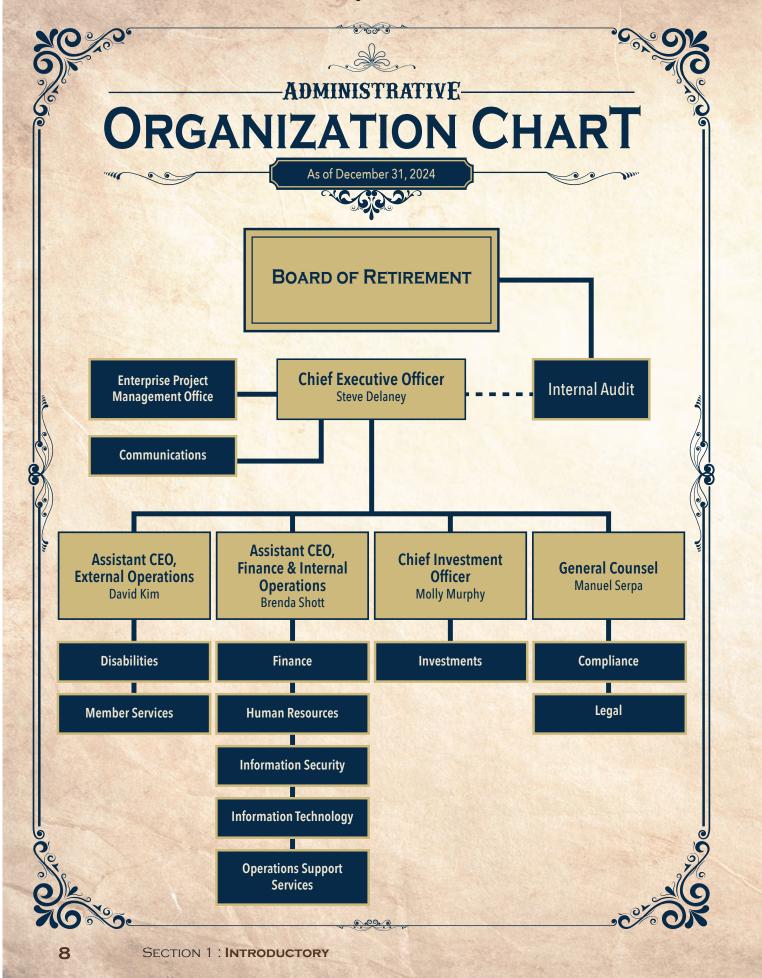
The Information Security Department is responsible for overseeing the security of OCERS' data and systems with a focus on protecting members' information and the systems, which are relied on for daily operations.

The Human Resources Department is responsible for providing human resources services including leading recruitment and on-boarding efforts, training and developing staff, supporting a high performing workforce, health and safety, maintaining intraoffice relationships, and other labor relations.

The Operations Support Services Department is responsible for procurement and contract administration, operational risk management, facilities management, building safety and security, and mailroom operations. In addition, this department is responsible for overseeing the business continuity/disaster recovery program.

Legal Division

This division provides legal advice, representation to the Board of Retirement and OCERS on a wide variety of issues, and administers the compliance program. Among other things, this includes issues involving pension benefits, disability retirements, investments, legislation and vendor contracts.



LIST OF PROFESSIONAL CONSULTANTS

As of December 31, 2024

Actuary

The Segal Company

Investment Consultant

Meketa Investment Group

Private Equity and Private Real Assets Consultant

Aksia LLC

Real Estate Consultant

The Townsend Group

Independent Auditor

Moss Adams LLP

Investment Counsel

DLA Piper LLP
Foley & Lardner, LLP
K&L Gates LLP
Morgan, Lewis, & Bockius LLP
Nossaman LLP
Proskauer Rose LLP
Seyfarth Shaw LLP

Fiduciary Counsel

Reed Smith, LLP

Tax Counsel

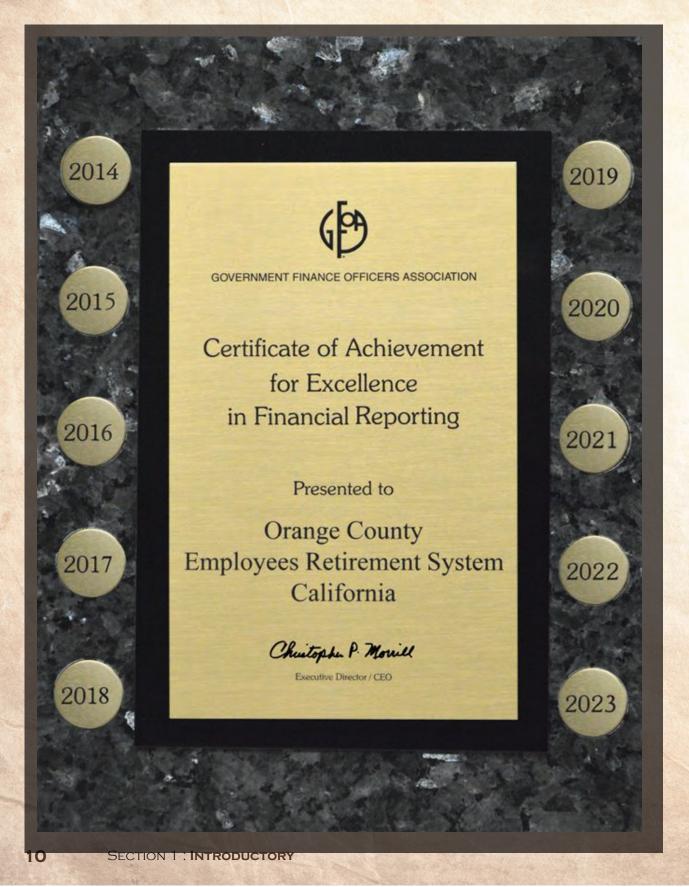
Buchalter

Custodian

State Street Bank and Trust Company

Note: Please refer to pages 91-93 in the Investment Section for the Schedule of Commissions, Schedule of Investment Expenses and Investment Summary and List of Investment Managers.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



PUBLIC PENSION STANDARDS AWARD FOR FUNDING AND ADMINISTRATION



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2024

Presented to

Orange County Employees Retirement System

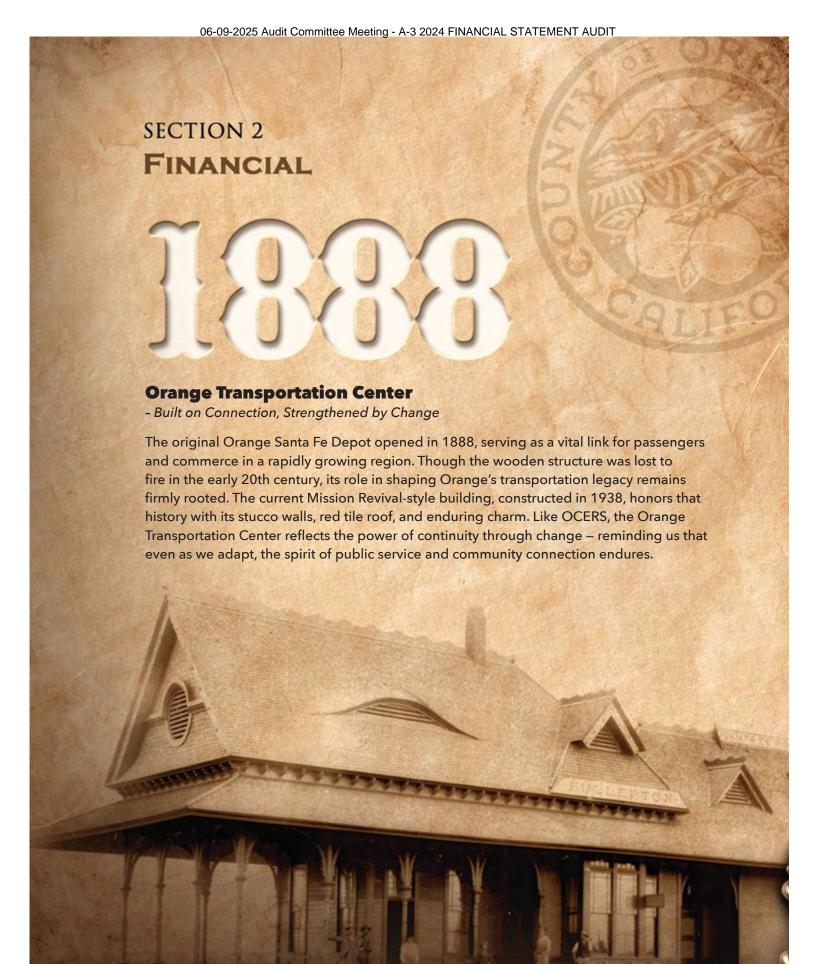
In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

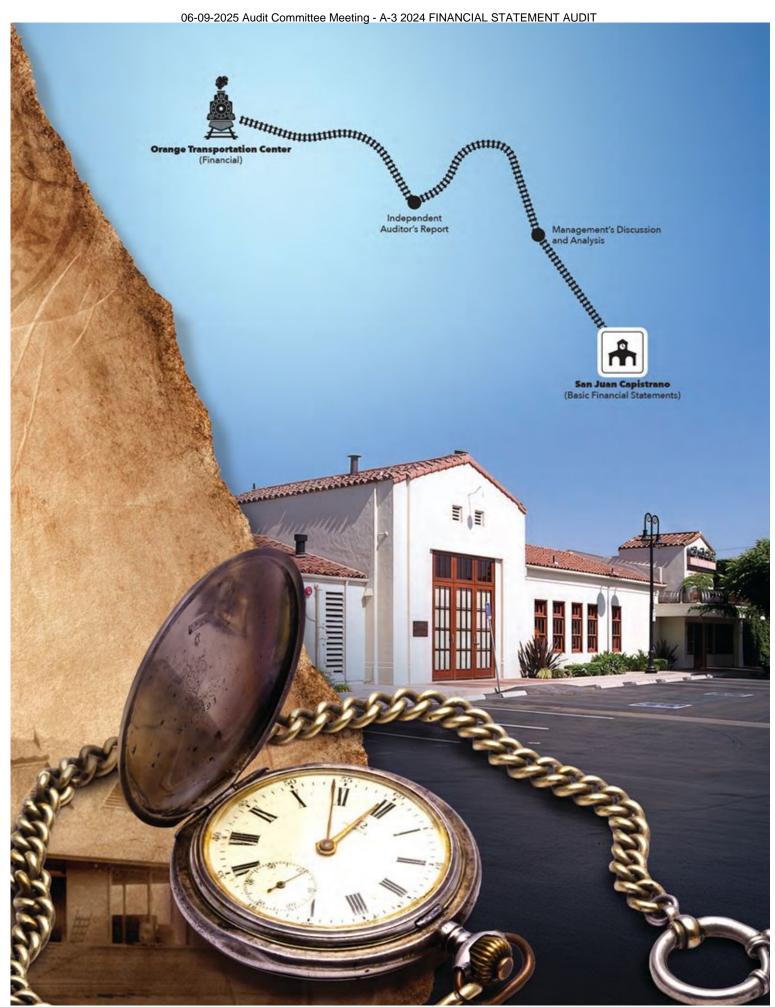
Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA) National Conference on Public Employee Retirement Systems (NCPERS) National Council on Teacher Retirement (NCTR)

> Alan H. Winkle Program Administrator

alan Helinkle







Report of Independent Auditors

The Board of Retirement
Orange County Employees Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying pension trust fund, heath 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, 2024, and the related pension trust fund, heath 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System as of December 31, 2024, and the related respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Financial Statements 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 opinions.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the fiduciary net position and changes in fiduciary net position of the System and do not purport to, and do not, present fairly the financial position of the County of Orange, California, as of December 31, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 financial statements.

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 financial statements, 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 financial statements.
- 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 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
 financial statements

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.

Prior-Year Comparative Information

We have previously audited the System's 2023 financial statements, and we expressed an unmodified opinion on the pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System, which are summarized in the comparative totals 2023 column, in our report dated June 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

(continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability of participating employers, schedule of investment returns, schedule of employer contributions, notes to the required supplementary information and significant factors affecting trends in actuarial information - pension plan (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The schedule of contributions, schedule of administrative expenses, schedule of investment expenses, and schedule of payments for professional services (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investments, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(continued)

Other Reporting Required by Government Auditing Standards

over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the System's internal control over financial reporting and compliance. contracts, and grant agreements and other matters. The purpose of that report is solely to describe In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2025 on our consideration of the Orange County Employees Retirement System's internal control

Irvine, California June 2, 2025

The Management's Discussion and Analysis (MD&A) of the Orange County Employees Retirement System (OCERS or System) presents the financial performance and provides a summary of OCERS' financial position and activities as of and for the year ended December 31, 2024. The narrative overview and analysis are presented in conjunction with the Letter of Transmittal, included in Section 1: Introductory of this Annual Comprehensive Financial Report. The MD&A should be read in conjunction with OCERS' Basic Financial Statements as presented in this report. Amounts in this section have been grouped together to facilitate readability.

OCERS administers the OCERS pension plan—a cost-sharing multiple-employer defined benefit pension plan (the Plan) as well as acts as a trustee and custodian for retirement health benefit plan funds that are sponsored by participating employers. OCERS' financial information is comprised of four fiduciary funds: a defined benefit pension trust fund, two other postemployment benefit (OPEB) trust funds for retiree medical plans and a custodial fund held for the Orange County Transportation Authority (OCTA).

Financial Highlights

- **Fiduciary Net Position**: The Plan's net position restricted for pension, other postemployment benefits and employer totaled \$24.6 billion as of December 31, 2024, an increase of \$2.2 billion, or 10.0%, compared to the prior year. This growth was primarily driven by higher investment returns and contributions throughout the year.
- Additions: Total additions to fiduciary net position increased \$152.4 million or 4.4%, from \$3.4 billion in 2023 to \$3.6 billion in 2024.
 - Contributions: Total contributions from employers and employees totaled \$1.2 billion in 2024, an increase of \$149.3 million or 14.2%, over 2023.
 - Investment Income: Net investment income totaled \$2.4 billion in 2024; reflecting a modest increase of \$3.1 million or 0.1,% from 2023. The year-to-date net return on investments was 10.0% in 2024 versus 11.4% in 2023.
- **Deductions:** Total deductions from fiduciary net position increased \$71.1 million or 5.5%, from \$1.3 billion in 2023 to \$1.4 billion in 2024. This growth was primarily driven by an increase in pension benefit payments.
 - Benefit Payments: Pension benefits paid to members rose \$65.3 million or 5.4%, from \$1.2 billion in 2023 to \$1.3 billion in 2024. The average annual benefit paid to retired members and beneficiaries during 2024 was \$58,216, an increase of 3.2% over the average annual benefit payment of \$56,397 in 2023.
 - Membership Growth: Total membership grew by 1,841 members to 54,485. Active members increased by 586 (2.6%), retirees by 457 (2.1%), and deferred members by 798 (9.3%), reflecting both workforce expansion and system maturity.
- The annual actuarial funding valuation as of December 31, 2024 is not yet available at this time. Based upon the most recent actuarial funding valuation dated as of December 31, 2023, the funding status for the pension plan, as measured by the ratio of the actuarial value of assets (which smooths market gains and losses over five years) to the actuarial value of accrued liabilities was 82.6% versus 80.8% if market gains and losses were recognized immediately.
- The net pension liability of participating employers as calculated in the December 31, 2024, Governmental Accounting Standards
 Board (GASB) Statement No. 67 Actuarial Valuation used for financial reporting purposes is \$4.0 billion, which as a percentage
 of covered payroll is 176.5%. The plan fiduciary net position of the pension trust fund of \$24.0 billion as a percentage of the total
 pension liability of \$27.9 billion is 85.8%.

Overview of the Financial Statements

The following discussion and analysis serve as an introduction and overview of the OCERS' Basic Financial Statements. The Basic Financial Statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the GASB. These pronouncements require OCERS to make certain disclosures and to report using the full accrual method of accounting.

(continued)

OCERS' Basic Financial Statements are comprised of the following:

Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position presents the major categories of assets and liabilities and their related value as of year-end. The difference between assets and liabilities is reported as "Net Position Restricted for Pension, Other Postemployment Benefits and Employer," representing funds available to pay future benefits to plan participants. The Statement of Fiduciary Net Position includes prior year-end total balances for comparative purposes. Increases and decreases in Net Position Restricted for Pension, Other Postemployment Benefits and Employer, when analyzed over time, may serve as an indicator of whether OCERS' financial position is improving or deteriorating. Other factors, such as market conditions, should also be considered when measuring the overall financial health of the System.

The County of Orange (County) and Orange County Fire Authority (OCFA) participate in irrevocable postemployment health care plan trusts (retiree medical plans) that are reported as other postemployment benefit trust funds in the Statement of Fiduciary Net Position as separate health care funds. OCERS serves as trustee for these trusts. Assets are commingled with pension trust assets for investment purposes and are used exclusively to pay health allowances. The County and OCFA have financial reporting responsibility of the retiree medical plans, including financial statement disclosures and required supplementary information regarding the retiree medical plans funded status and contributions, in accordance with GASB Statement No.74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

The OCTA has revocable trust assets held by OCERS in an investment capacity that are reported as a separate custodial fund. The purpose of the employer's trust is to provide certain OPEB benefits to eligible retired OCTA members. Assets are not commingled with those of the pension plan and health care plan trusts.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position provides information about the financial activities during the reporting period that increased and decreased Net Position Restricted for Pension, Other Postemployment Benefits, and Employer. The trend of additions versus deductions to the Plan indicates the strength of OCERS' financial position over time. For comparative purposes, prior year-end total balances are also provided.

To distinguish the activities of the health care plan trusts and the employer trust from the pension plan, the health care plan trusts and employer trust are reported separately in the Statement of Changes in Fiduciary Net Position as health care funds and a custodial fund, respectively.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of the basic financial statements and provide additional information that is essential to acquire a full understanding of the information provided in the two statements discussed above. The notes include further discussion and details regarding OCERS' key policies, programs, investments and activities that occurred during the year.

Required Supplementary Information

The Required Supplementary Information (RSI) presents historical trend information related to the pension plan reported in the Basic Financial Statements. The pension plan includes a schedule of changes in net pension liability, a schedule of investment returns, a schedule of employer contributions and other required supplementary information as required by GASB Statement No.67, *Financial Reporting for Pension Plans — an Amendment of GASB Statement No. 25* (GASB 67). The information contained in the schedules is based on the actuarial valuation prepared for the pension plan and includes additional actuarial information that contributes to the understanding of the changes in the net pension liability of participating employers in the pension plan. The actuarial information is based upon assumptions made regarding future events at the time the valuation was performed. Therefore, the amounts presented in the schedules are management's estimates. A summary of factors that affected the trends of the actuarial information is included in this section as well.

(continued)

Other Supplementary Information

The Other Supplementary Information includes schedules pertaining to contributions by employers and members, administrative expenses, investment expenses, and payments for professional services.

Financial Analysis

Tables 1 and 2 compare and summarize OCERS' financial activity for the current and prior years.

Table 1: Fiduciary Net Position

As of December 31, 2024 and 2023 (Dollars in Thousands)

	12/31/2024	12/31/2023	Increase / (Decrease)	Percentage Change
Assets				
Cash and Cash Equivalents	\$ 1,550,753	\$ 380,010	\$ 1,170,743	308.1%
Securities Lending Collateral	172,042	326,270	(154,228)	-47.3%
Receivables	383,287	204,584	178,703	87.3%
Investments at Fair Value	23,186,548	22,187,331	999,217	4.5%
Capital Assets, Net	6,259	6,927	(668)	-9.6%
Total Assets	25,298,889	23,105,122	2,193,767	9.5%
Liabilities				
Obligations Under Securities Lending Program	172,041	326,271	(154,230)	-47.3%
Securities Purchased	313,006	244,475	68,531	28.0%
Other	225,316	175,266	50,050	28.6%
Total Liabilities	710,363	746,012	(35,649)	-4.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$ 24,588,526</u>	<u>\$ 22,359,110</u>	<u>\$ 2,229,416</u>	10.0%

As of December 31, 2024, OCERS reported a net position of \$24.6 billion, restricted for pension, other postemployment benefits and employer. This reflects a \$2.2 billion increase, or 10.0% growth, compared to 2023. The increase in net position was driven by a \$2.2 billion increase in total assets and a \$35.6 million decrease in total liabilities.

Total assets increased by \$2.2 billion, primarily driven by a \$1.2 billion increase in cash and cash equivalents. This increase was largely in support of futures exposure related to OCERS' synthetic replication investment strategy, which provides passive exposure to non-U.S. equity markets. Investments measured at fair value also increased by \$999.2 million, reflecting strong portfolio performance, with a net return of 10.0% for the one-year period. In addition, receivables grew by \$178.7 million, primarily due to the timing of investment-related and contribution receivables. These increases were partially offset by a \$154.2 million decrease in securities lending collateral, reflecting reduced market demand for OCERS' U.S. and non-U.S. corporate bond and equity holdings.

Total liabilities decreased by \$35.6 million, primarily due to a reduction in obligations related to the securities lending program. This decrease corresponds with the previously noted decline in securities lending collateral. The overall reduction was partially offset by an increase in liabilities for securities purchased, driven by the timing of trade settlements, as well as a rise in other liabilities associated with OCERS' synthetic replication investment strategy, as previously discussed.

(continued)

Table 2 : Changes in Fiduciary Net PositionFor the Years Ended December 31, 2024 and 2023

(Dollars in Thousands)

	12/31/2024	12/31/2023	Increase / (Decrease)	Percentage Change
Additions	•		·	
Employer Pension Contributions	\$ 846,363	\$ 749,776	\$ 96,587	12.9%
Employer Health Care Contributions	36,992	26,245	10,747	40.9%
Employee Pension Contributions	302,545	277,455	25,090	9.0%
Employer OPEB Contributions	17,669	794	16,875	2,125.3%
Net Investment Income	2,387,881	2,384,772	3,109	0.1%
Total Additions	3,591,450	3,439,042	152,408	4.4%
Deductions				
Participant Benefits - Pension	1,265,617	1,200,307	65,310	5.4%
Participant Benefits - Health Care	43,620	43,994	(374)	-0.9%
Death Benefits	1,593	1,190	403	33.9%
Member Withdrawals and Refunds	18,200	14,751	3,449	23.4%
Employer OPEB Payments	1,754	1,531	223	14.6%
Administrative Expenses - Pension	31,181	29,056	2,125	7.3%
Administrative Expenses - Health Care and Employer	69	70	(1)	-1.4%
Total Deductions	1,362,034	1,290,899	71,135	5.5%
Increase in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	2,229,416	2,148,143	81,273	3.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer				
Beginning of the Year	22,359,110	20,210,967		
End of the Year	<u>\$ 24,588,526</u>	<u>\$ 22,359,110</u>		

(continued)

Additions to Fiduciary Net Position

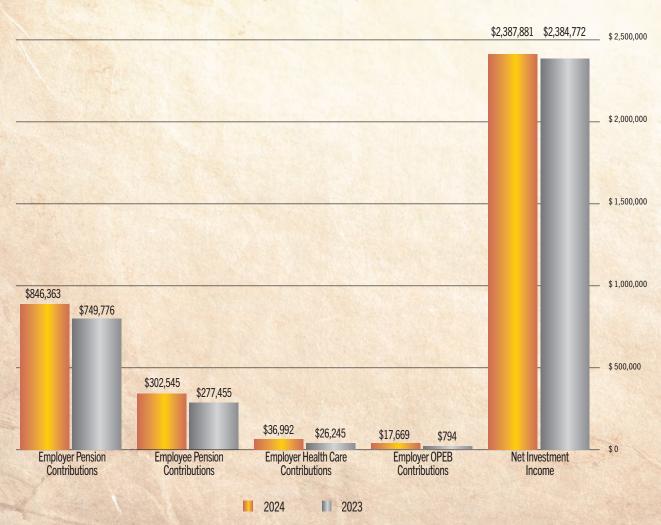
The primary funding sources of pension benefits are participating employer and member contributions, along with investment earnings, net of investment expenses. Total additions for the year ended December 31, 2024, were \$3.6 billion compared to \$3.4 billion for the year ended December 31, 2023. This represents an increase of \$152.4 million, or 4.4%, primarily driven by a \$149.3 million increase in contributions and a \$3.1 million increase in net investment income.

Net investment income increased by \$3.1 million, or 0.1%, from the prior year. This increase can be attributed to a year-to-date return of 10.0% in 2024, compared to 11.4% in 2023. The overall economy remained relatively strong over the past year, with an increase in dividends, interest and other investment income. This increase was offset by a decrease in net appreciation in fair value due to sustained economic growth and cooling inflation.

Total contributions increased \$149.3 million over the prior year, largely due to a \$96.6 million rise in employer pension contributions, a \$25.1 million increase in employee contributions, and a \$16.9 million increase in employer OPEB contributions. These increases were driven by higher pension contribution rates and additional contributions made to the OCTA custodial fund.

Additions to Fiduciary Net Position

(Dollars in Thousands)



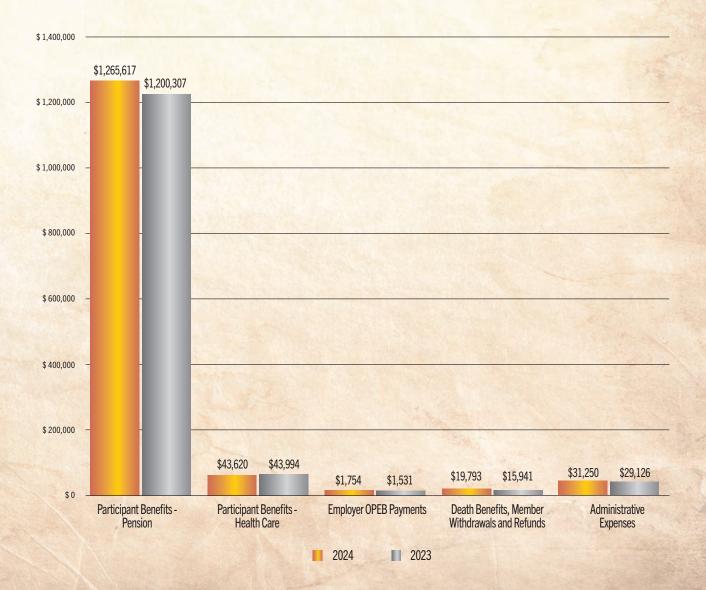
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Deductions from Fiduciary Net Position

Expenses incurred by OCERS include payments of benefits to members and their beneficiaries, refunds of contributions to terminated members and the costs of administering the plan. Deductions from fiduciary net position increased \$71.1 million or 5.5% compared to the prior year, primarily due to the continued and anticipated growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and the average benefit received. Participant benefit payments for pension increased by \$65.3 million. Total benefit recipients increased by 457, from 21,283 to 21,740. The average annual pension benefit increased from \$56,397 to \$58,216.

Deductions from Fiduciary Net Position

(Dollars in Thousands)



OCERS - ANNUAL COMPREHENSIVE FINANCIAL REPORT 2024

(continued)

OCERS Membership

The table below provides comparative OCERS' membership data for the last two years.

Table 3: Membership Data As of December 31, 2024 and 2023

	12/31/2024	12/31/2023	Increase	Percentage Change
Active Members	23,368	22,782	586	2.6%
Retired Members	21,740	21,283	457	2.1%
Deferred Members	9,377	8,579	798	9.3%
Total Membership	<u>54,485</u>	52,644	1,841	3.5%

Total OCERS' membership increased by 1,841 members (3.5%) in 2024, reflecting continued growth with the Plan. Active members increased by 586 members (2.6%), indicating stable contribution inflows. Retiree membership increased by 457 members (2.1%), and deferred membership saw a significant increase of 798 members (9.3%). This overall growth suggests a healthy and expanding membership base, with positive implications for plan stability, while also emphasizing the importance of long-term funding strategies to support increasing benefit obligations.

Actuarial Valuations

To determine the current status of Net Position Restricted for Pension Benefits compared to future obligations, a calculation of the actuarial funding requirement is performed. An actuarial valuation includes an appraisal of both the assets available to pay future benefits and the liabilities of the System, which represent the actuarial present value of all future benefits expected to be paid for each member. One of the primary purposes of the valuation is to determine the amount of future contributions by the employees and employers, which will be required to pay all expected future benefits. OCERS utilizes an independent actuarial firm, The Segal Company (Segal), to prepare an annual valuation. The most recent Annual Actuarial Valuation as of December 31, 2023 is included in the Actuarial Section of this report and contains a detailed discussion of the funding requirements. This valuation is used for funding purposes and establishing employer and employee contribution rates. Segal also prepared a Governmental Accounting Standards Board (GASB) Statement No.67 Actuarial Valuation as of December 31, 2024, used for financial reporting purposes.

To prepare the valuations, the actuary must use several assumptions with regards to OCERS' members such as their life expectancy, projected salary increases over time, and the age at which members will retire. The actuary must also utilize assumptions with regards to how the assets will perform over time. All assumptions used by the actuary are reviewed and adjusted, as required, on a triennial basis and adopted by the Board of Retirement. The most recent triennial study was adopted by the Board on August 21, 2023, for the three-year experience period ended December 31, 2022. As a result, the following assumptions will be maintained as of the December 31, 2023 valuation: investment return at 7.0%; inflation at 2.50%; retiree cost-of-living at 2.75%; and active member payroll increases at 3.00%. Projected salary increases for general members lowered from a range of 4.00% to 11.00% to a range of 3.90% to 10.25% and for safety members, the range was changed from 4.60% to 15.00% to 4.50% to 15.00%. In addition, mortality rates apply Pub-2010 Benefit-Weighted mortality tables as a starting point ("base table"), projected generationally using the two-dimensional mortality improve scale MP-2021, with adjustments to reflect mortality trends specific to OCERS.

The GASB 67 valuation provides the calculation of the employers' pension liability. To accommodate the annual reporting requirements of our employers in a timely manner, the valuation was prepared using the December 31, 2023 valuation as the basis for calculating the total pension liability (TPL) and rolled forward to December 31, 2024. Based on this actuarial valuation, the TPL was \$27.9 billion compared to a fiduciary net position of \$24.0 billion, resulting in the employers' net pension liability (NPL) of \$4.0 billion and a fiduciary net position as a percentage of the TPL of 85.8% The NPL as a percentage of covered payroll was 176.5%.

(continued)

In the actuarial funding valuation for the pension plan as of December 31, 2023, the funding ratio of the valuation value of assets to actuarial accrued liabilities was 82.6%. The calculation of funding status takes into account OCERS' policy to smooth the impact of market volatility by spreading each year's gains or losses over five years. Using the fair value of assets as of the valuation date, the funded status of OCERS' pension plan was 80.8% in 2023.

Investment Summary

OCERS' portfolio gained 10.0%, net of fees, for calendar year 2024, driven largely by an impressive year for public equity markets. OCERS' 2024 calendar year return ranked in the top 24% versus peers¹. Over the trailing three-, five-, and ten-year periods, OCERS had respective returns of 4.1%, 8.0%, and 7.4% annualized, net of fees, ranking in the top 14%, 17%, and 25% of the peer group, respectively. OCERS' portfolio ended 2024 with a fair value of \$23.2 billion, up from \$22.2 billion at the end of 2023.

In 2024, the U.S. stock market saw strong gains fueled by resilient economic growth, easing inflation, and the outsized performance by big tech stocks, particularly those companies related to artificial intelligence.

OCERS' global public equity portfolio earned 16.9% in 2024. U.S. equities led the way gaining 23.6% during 2024, while non-U.S. developed market equities returned 3.8%. OCERS' emerging market equity portfolio earned 10.6% during the year.

Public fixed income markets lagged in 2024. While the Federal Reserve Board lowered interest rates three times for a total reduction of 100 basis points, the 10-year U.S. Treasury moved in the opposite direction putting pressure on fixed income markets. The yield on the U.S. 10-year Treasury began the year at 3.87% and ended 2024 at 4.57%. While duration disappointed in 2024, credit markets fared better despite tight spreads. Overall, OCERS' income strategies gained 4.7% for the year.

It is customary to report private market performance on a quarterly lag. Therefore, OCERS' year-end performance will reflect returns as of the end of the third quarter for many private equity, private credit, real estate, and real assets managers. OCERS' private real assets portfolio returned 8.6% in 2024, led by the infrastructure portfolio which produced a 10.3% return. Infrastructure continues to benefit from digital and energy transition tailwinds across the globe. OCERS' private equity portfolio gained 7.3% for the year. While real estate valuation declines showed signs of bottoming towards the back half of the year, 2024 was still a challenge for real estate markets. OCERS' real estate portfolio declined 4.0% in 2024.

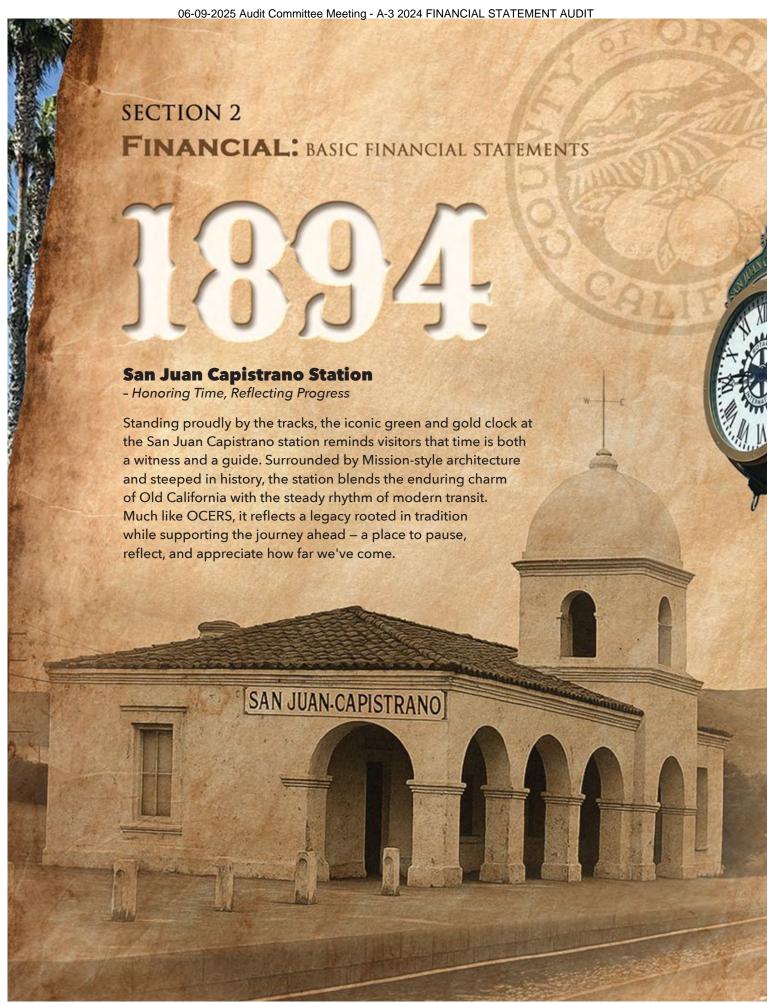
Request for Financial Information

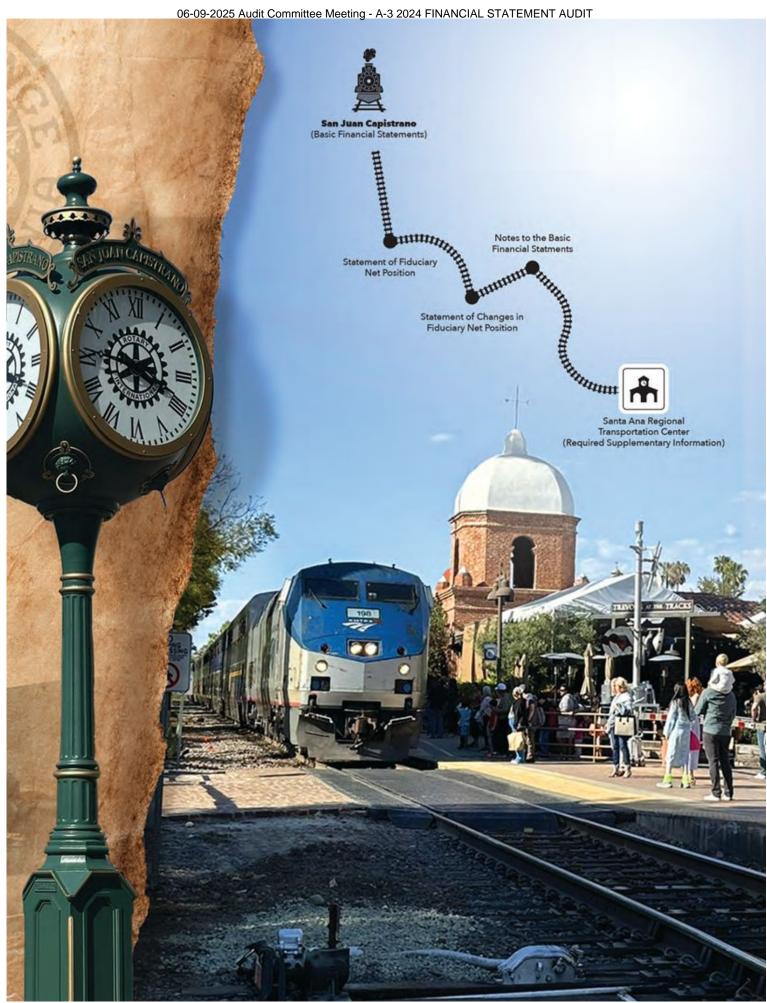
This Annual Comprehensive Financial Report is designed to provide the Board of Retirement, plan members, participating employers, taxpayers, investment managers and other interested parties with a general overview of OCERS' financial condition and to demonstrate OCERS' accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional information to:

Orange County Employees Retirement System P.O. Box 1229
Santa Ana, CA 92702

¹ InvestorForce peer rankings are for defined benefit public funds over \$1 billion in assets.





STATEMENT OF FIDUCIARY NET POSITION

As of December 31, 2024 (with summarized comparative amounts as of December 31, 2023) (Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2023
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$1,496,523	\$ 30,163	\$ 6,841	\$ 17,226	\$1,550,753	\$ 380,010
Securities Lending Collateral	167,891	3,384	<u>767</u>		172,042	326,270
Total Cash and Short-Term Investments	1,664,414	33,547	7,608	17,226	1,722,795	706,280
Receivables						
Investment Income	22,046	444	101	-	22,591	21,268
Securities Sales	205,183	4,136	938	-	210,257	131,586
Contributions	59,339	-	-	-	59,339	41,072
Foreign Currency Forward Contracts	879	18	4	-	901	1,655
Other Receivables	88,023	1,774	402		90,199	9,003
Total Receivables	375,470	6,372	1,445	-	383,287	204,584
Investments at Fair Value						
Global Public Equity	9,886,185	199,259	45,193	15,073	10,145,710	10,404,665
Private Equity	3,981,431	80,247	18,200	-	4,079,878	3,597,888
Income Strategies	3,730,232	75,184	17,052	5,621	3,828,089	3,235,902
Real Assets	2,979,869	60,060	13,622	-	3,053,551	3,011,847
Risk Mitigation	1,830,276	36,890	8,367	-	1,875,533	1,813,821
Unique Strategies	198,870	4,008	909		203,787	123,208
Total Investments at Fair Value	22,606,863	455,648	103,343	20,694	23,186,548	22,187,331
Capital Assets, Net	6,259				6,259	6,927
Total Assets	24,653,006	495,567	112,396	37,920	25,298,889	23,105,122
Liabilities						
Obligations Under Securities Lending Program	167,890	3,384	767	-	172,041	326,271
Securities Purchased	305,453	6,157	1,396	-	313,006	244,475
Unearned Contributions	40,624	-	-	-	40,624	38,502
Foreign Currency Forward Contracts	255	5	1	-	261	16
Retiree Payroll Payable	104,170	5,075	767	-	110,012	104,478
Other	72,623	1,464	332		74,419	32,270
Total Liabilities	<u>691,015</u>	16,085	3,263		710,363	<u>746,012</u>
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	<u>\$23,961,991</u>	<u>\$ 479,482</u>	\$ 109,133	<u>\$ 37,920</u>	<u>\$24,588,526</u>	<u>\$22,359,110</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2024 (with summarized comparative amounts for the Year Ended December 31, 2023) (Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2023
Additions						
Contributions						
Employer	\$ 846,363	\$ 6,404	\$ 30,588	\$ -	\$ 883,355	\$ 776,021
Employee	302,545	-	-		302,545	277,455
Employer OPEB Contributions				17,669	17,669	794
Total Contributions	1,148,908	6,404	30,588	17,669	1,203,569	1,054,270
Investment Income						
Net Appreciation in Fair Value of Investments	2,108,284	39,634	7,900	2,519	2,158,337	2,253,248
Dividends, Interest, and Other Investment Income	406,483	8,193	1,858	48	416,582	303,877
Securities Lending Income						
Gross Earnings	11,600	234	53	-	11,887	12,526
Less: Borrower Rebates and Bank Charges	(10,832)	(218)	(50)		(11,100)	(11,577)
Net Securities Lending Income	768	16	3		787	949
Total Investment Income	2,515,535	47,843	9,761	2,567	2,575,706	2,558,074
Investment Fees and Expenses	(183,290)	(3,694)	(838)	(3)	(187,825)(173,302	
Net Investment Income	2,332,245	44,149	8,923	2,564	2,387,881	2,384,772
Total Additions	3,481,153	50,553	39,511	20,233	3,591,450	3,439,042
Deductions						
Participant Benefits	1,265,617	35,885	7,735	-	1,309,237	1,244,301
Death Benefits	1,593	-	-	-	1,593	1,190
Member Withdrawals and Refunds	18,200	-	-	-	18,200	14,751
Employer OPEB Payments	-	-	-	1,754	1,754	1,531
Administrative Expenses	31,181	24	22	23	31,250	29,126
Total Deductions	1,316,591	35,909	7,757	1,777	1,362,034	1,290,899
Net Increase	2,164,562	14,644	31,754	18,456	2,229,416	2,148,143
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	_21,797,429	464,838	77,379	19,464	_22,359,110	20,210,967
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	<u>\$ 23,961,991</u>	<u>\$ 479,482</u>	\$ 109,133	\$ 37,920	<u>\$ 24,588,526</u>	<u>\$ 22,359,110</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1: Plan Descriptions

The Orange County Employees Retirement System (OCERS or System) was established in 1945 under the provisions of the County Employees Retirement Law of 1937 (CERL). OCERS is governed by a ten-member Board of Retirement, nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors, five members elected by the members of the System, including an alternate, two by the general members, one by the safety members, and one by the retired members. Safety members elect the alternate member. The County of Orange Treasurer Tax-Collector, elected by the voters registered in the County, serves as an Ex-Officio member.

OCERS operates as a cost-sharing multiple-employer defined benefit pension 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 (LAFCO), Orange County Public Law Library, Orange County Sanitation District, Orange County Transportation Authority and Transportation Corridor Agencies. Capistrano Beach Sanitary District, Cypress Recreation & Parks District, Orange County Mosquito and Vector Control District, City of Rancho Santa Margarita, the Orange County Department of Education and the University of California, Irvine Medical Center and Campus are no longer active employers, but retired members and their beneficiaries, as well as deferred members, remain in the System. OCERS is legally and fiscally independent of the County of Orange.

Pension Plan Membership

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 date of OCERS membership. Tier I members were hired prior to September 21, 1979 and use their highest one-year average salary to determine their retirement allowance while Tier II members were hired on or after September 21, 1979 and use their highest three-year average salary to determine their retirement allowance. All Public Employees' Pension Reform Act (PEPRA) members hired on or after January 1, 2013 are Tier II and use their highest three-year average salary to determine their retirement allowance. Member rate groups are determined by employer, bargaining unit, and benefit plan (a description of the benefit plans can be found under Member Retirement Benefits). The benefit plan represents the benefit formula and tier that will be used in calculating a retirement benefit. All regular employees scheduled to work 20 hours or more per week become members of the plan upon commencing employment with one of OCERS' employers, with the exception of a provision adopted in 2014 that allows new members over the age of 60 to opt out of the plan if their employer has implemented the provision. Active members in the following table are categorized as service retirement eligible when certain criteria are met, such as completing five years of accredited service or reaching the age of 70. Additional information regarding the pension plan's benefit structure is included in the Summary-Plandescription.

The following table is a summary of OCERS' general and safety membership as of December 31, 2024, consisting of active members, retired members or their beneficiaries, and deferred members who have terminated, but are not yet receiving benefits (further information regarding benefit eligibility for deferred members is described under the Deferred Members Benefits section):

NOTE 1: Plan Descriptions (continued)

OCERS Membership - General Members As of December 31, 2024

		AS UI L	December 31, 2	024			
Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
1	Α		-	-	257	1	258
1	В		402	4	577	266	1,249
1	U	II-PEPRA	412	1,019	25	707	2,163
Rate Group 1 Total			814	1,023	859	974	3,670
2	A	1	-		2,196	6	2,202
2	В	II	-	-	1,790	483	2,273
2	1	1	4	-	1,100	-	1,104
2	J	II	5,930	71	8,597	2,343	16,941
2	Р		136	16	21	105	278
2	S		6	2	5	12	25
2	T	II-PEPRA Compliant	3,241	4,287	68	3,245	10,841
2	U	II-PEPRA	496	832	13	251	1,592
2	W	II-PEPRA Alternative	1			1	2
Rate Group 2 Total			9,814	5,208	13,790	6,446	35,258
3	Α		-	-	62	-	62
3	В	II	43	7	74	42	166
3	G		-	-	30	-	30
3	Н		178	-	475	51	704
3	U	II-PEPRA	200	197	9	78	484
Rate Group 3 Total			421	204	650	171	1,446
4	Н	II	-	-	1	-	1
Rate Group 4 Total			-	-	1	-	1
5	A	I	1	-	337	2	340
5	В	i	622	13	1,309	474	2,418
5	U	II-PEPRA	209	528	10	326	1,073
Rate Group 5 Total	<u>_</u>		832	541	1,656	802	3,831
9	A		-	-	3	-	3
9	В	i	-		10	12	22
9	N	ii	15	2	57	37	111
9	Ü	II-PEPRA	18	27	4	33	82
Rate Group 9 Total			33	29	74	82	218
10	A		-	-	5	-	5
10	В	II	-	-	37	6	43
10	1	1	-	-	15	-	15
10	J	II	61	-	192	85	338
10	N	ii	22	12	11	27	72
10	Ü	II-PEPRA	97	141	8	205	451
Rate Group 10 Total	-		180	153	268	323	924
11	Α	I	-		3		3
11	В	II	-		3	-	3
11	N	II	12		9	2	23
11	U	II-PEPRA	7	6	1	2	16
Rate Group 11 Total			19	6	16	4	45
12	В	II	-	-	3	1	4
12	Н	II	10	-	10	1	21
12	U	II-PEPRA	2	2	-	-	4
Rate Group 12 Total			12	2	13	2	29
Total General Memb	oers		12,125	7,166	17,327	8,804	45,422

OCERS - ANNUAL COMPREHENSIVE FINANCIAL REPORT 2024

NOTE 1: Plan Descriptions (continued)

OCERS Membership - Safety Members

As of December 31, 2024

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
6	С		-	-	85	-	85
6	D		-	-	43	33	76
6	Ε		-	-	45	-	45
6	F		450	2	484	159	1,095
6	V	II-PEPRA	58	84		28	170
Rate Group 6 Total			508	86	657	220	1,471
7	С	I	-	-	387	-	387
7	D		-		287	19	306
7	E	1	-	-	272	-	272
7	F		597	-	1,703	76	2,376
7	R		350	28	37	42	457
7	V	II-PEPRA	644	634	43	75	1,396
Rate Group 7 Total			1,591	662	2,729	212	5,194
8	С	I	-	-	26	-	26
8	D		-	-	67	2	69
8	E	I	-	-	16	-	16
8	F		450	1	900	35	1,386
8	R		145	16	11	14	186
8	V	II-PEPRA	265	353	7	90	715
Rate Group 8 Total			860	370	1,027	141	2,398
Total Safety Member	rs		2,959	1,118	4,413	573	9,063
Grand Total			<u>15,084</u>	<u>8,284</u>	<u>21,740</u>	9,377	<u>54,485</u>

Member Retirement Benefits

Members are entitled to receive a retirement allowance with ten or more years of service credit beginning at age 50 (5 years of service and age 52 for General PEPRA plans and 5 years of service and age 50 for Safety PEPRA, for all plans except those identified as PEPRA compliant and PEPRA alternative), at any age with thirty years of service credit (twenty years of service credit for safety members), or if a part-time employee at age 55 or older with five or more years of service credit and at least ten years of active employment with a sponsoring agency covered by OCERS. Members attaining age 70 are eligible to retire regardless of credited service. Benefits received are determined by plan formula, age, years of service, and final average salary. Member rate groups and benefit plans as of December 31, 2024, are as follows:

NOTE 1: Plan Descriptions (continued)

Rate Groups and Benefit Plans As of December 31, 2024

NOTE 1: Plan Descriptions (continued)

Rate Groups and Benefit Plans (continued)

As of December 31, 2024

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Employers
#9	General	А	2.0% @ 57	
		В	1.67% @ 57.5	Transportation Carridar Aganaias
		N	2.0% @ 55	Transportation Corridor Agencies
		U	2.5% @ 67 PEPRA	
#10	General	Α	2.0% @ 57	
		В	1.67% @ 57.5	
		1	2.7% @ 55	OC Five Authority
		J	2.7% @ 55	OC Fire Authority
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#11	General	Α	2.0% @ 57	
		В	1.67% @ 57.5	OC Cometony District
		N	2.0% @ 55	OC Cemetery District
		U	2.5% @ 67 PEPRA	
#12	General	В	1.67% @ 57.5	
		Н	2.5% @ 55	OC Law Library
		U	2.5% @ 67 PEPRA	

Public Employees' Pension Reform Act (PEPRA)

During 2012, the Public Employees Pension Reform Act (PEPRA) was signed into law, resulting in the creation of three new benefit formulas for employees entering OCERS on or after January 1, 2013: 1.62% @ 65 PEPRA - General; 2.5% @ 67 PEPRA - General; and 2.7% @ 57 PEPRA - Safety. New plan provisions include a cap on pensionable compensation at 120% of the social security taxable wage base limit, three year final average salary, and new cost-sharing requirements by members to pay at least 50% of the total normal cost of the plan.

Deferred Member Benefits

If a member terminates employment with a participating employer, the member is entitled to either withdraw the employee contributions made, together with accumulated interest, unless the member enters a reciprocal retirement system within 180 days and establishes reciprocity or if they can receive a deferred retirement allowance when eligible. There are different deferred retirement eligibility requirements for members with less than five years of service when terminating and leaving funds on deposit. It is possible for these members to earn a deferred retirement allowance upon attaining the age of 70, or upon accumulating reciprocal service. Members who terminate employment with a participating employer, and defer with five or more years of service may become eligible for a service retirement allowance when they would have accrued ten years of service and attain the age of 50 or greater (5 years of service and age 52 for PEPRA).

NOTE 1: Plan Descriptions (continued)

Disability Benefits

Members found by the Board of Retirement to be permanently incapacitated from the performance of their job are eligible for disability retirement benefits. A disability retirement benefit may either be service-connected or non-service-connected. Members applying for non-service-connected disability must have five or more years of eligible service credit. There are no service credit requirements for members applying for service-connected disability benefits, but the disabling condition must be a result of a permanent incapacitating injury or disease arising out of or in the course of the member's employment.

Death Benefits

Death benefits are payable to eligible beneficiaries of OCERS members. Eligible beneficiaries of retired members may receive a percentage of a deceased member's retirement allowance based upon the retirement option selected by the member at the time of retirement. The beneficiary of a retired member will also receive a \$1,000 burial benefit.

Survivor benefits for members who die prior to retirement are dependent upon a number of factors including whether or not the member was eligible for a service retirement or disability retirement at the time of death, and whether the death was job related. The eligible beneficiary of a member who is not eligible for service retirement or disability retirement is eligible to receive the member's accumulated contributions plus one month's salary for each year of creditable service, subject to a maximum of six month's salary. The eligible beneficiary of a member who is entitled to receive a service retirement or disability retirement, in lieu of the benefit described above, may elect to receive a monthly retirement allowance equal to 60% of the monthly allowance the member would have received for a non-service connected disability as of the day after the date of death, or a monthly allowance equal to the higher of 50% of the member's monthly compensation or service retirement allowance if the death was found to be service-connected.

Survivor benefits for deferred members (with no reciprocity) that are not eligible for service retirement consist of a refund to eligible beneficiaries of all contributions and interest accumulated by the member as of the date of death.

Cost-of-Living Adjustments

Retired member monthly allowances will be adjusted annually in accordance with changes in the cost-of-living, as determined by the average annual change in the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area for the prior calendar year. The cost-of-living adjustment (COLA) is limited to a maximum increase or decrease of three percent per year as established by the Board of Retirement. The 2024 cost-of-living adjustment was 3.5%; this adjustment will increase benefit recipients allowances by 3% with the remaining 0.5% added to the recipients COLA bank. The COLA bank can be used in subsequent years when the change in CPI falls below 3%.

STAR COLA

Retired members and eligible beneficiaries who have lost more than 20% of their original retirement benefit's purchasing power due to inflation are eligible to receive the STAR COLA (Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment). STAR COLA benefits are reviewed annually by the Board of Retirement and as of December 31, 2024, the Board has determined that presently only those members that retired on or before April 1, 1980 are eligible to receive the STAR COLA benefit.

Postemployment Health Care Plans

OCERS serves as trustee for the County of Orange (County) multiple-employer cost-sharing defined benefit postemployment health care plan trust and Orange County Fire Authority (OCFA) single-employer postemployment health care plan trust established under Internal Revenue Code section 401(h), which are reported as other postemployment benefit trust funds in OCERS basic financial statements. Health care assets for the 401(h) trusts are commingled with pension trust assets for investment purposes and are used exclusively to pay health allowances to eligible retired members of the County of Orange and participating special districts including OCERS and the OCFA.

NOTE 1: Plan Descriptions (continued)

In July 2007, the County of Orange established under Internal Revenue Code both a 115 trust and a 401(h) trust as funding sources of retiree health care benefits, including grants, for the County of Orange Retiree Medical Plan (the "Plan"). The County maintains control and custody of all the 115 trust assets, which acts as a conduit for collecting contributions and passing them through to the 401(h) trust at their discretion, as well as distributing lump sum health care grant payments as part of a termination program that is being phased-out. OCERS maintains custody of the assets in the 401(h) trust and pays all primary benefits of the Plan as directed by the County. The County has evaluated the structure of its plan and related roles and responsibilities and has determined that the County is the plan administrator. Therefore, the County has taken financial reporting responsibility of the plan including financial statement disclosures and required supplementary information regarding the plan's funded status and contributions, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (GASB 74). A publicly available financial report can be obtained from the County of Orange at 12 Civic Center Plaza, Santa Ana, California 92702 or their website at http://ac.ocgov.com.

As trustee of OCFA's 401(h) Other Postemployment Benefits (OPEB) trust fund, the sole source of funding for OCFA's postemployment health care plan, OCFA has evaluated the structure of its plan and related roles and responsibilities and has determined that OCFA is the plan administrator. Therefore, OCFA has taken financial reporting responsibility of the Plan including financial statement disclosures and required supplementary information regarding the plan's funded status and contributions, in accordance with GASB 74. A publicly available financial report can be obtained from the Orange County Fire Authority at 1 Fire Authority, Irvine, California 92602 or their website at http://ocfa.org.

Assets are allocated on the Statement of Fiduciary Net Position between the pension plan and the two 401(h) health care trusts based upon pro-rata shares of the net position after balances and transactions specific to the respective trusts are assigned. Contributions and benefit payment information for the pension plan and individual health care trusts are readily identified; however, investment income must be allocated and is based upon the individual health care trusts' pro-rata share of total fund assets.

Custodial Fund

In addition to serving as Trustee for the two 401(h) health care trusts, OCERS also provides investment advisory services to the Orange County Transportation Authority (OCTA) health care plan established in accordance with Internal Revenue Code section 115 (115 Plan). Investments in the 115 Plan are not commingled with those of the pension plan and 401(h) plan trusts, but rather are invested in separately managed index funds. OCTA's 115 Plan assets held by OCERS in an investment capacity are reported as a Custodial Fund. Additional information regarding the OCTA 115 Plan is available by contacting OCTA at 550 S. Main Street, Orange, California 92868 or their website at http://www.octa.net.

NOTE 2: Summary of Significant Accounting Policies

Reporting Entity

OCERS is an independent public employees' retirement system with its own governing board. Due to the nature of the relationship between OCERS and the County of Orange (County), OCERS' Pension Plan and Other Postemployment Benefits Trust Funds and Custodial Fund are reflected as fiduciary funds within the County's basic financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP). Employee and employer contributions are recognized in the period in which contributions are due pursuant to legal requirements, and benefits and refunds are recognized when currently due and payable in accordance with plan terms. Unearned contributions represent prepaid employer contributions that will be recognized as an addition to plan net position in future periods. Investment income is recognized as revenue when earned. The net appreciation/(depreciation) in the fair value of investments is recorded as an increase/(decrease) to investment income based upon investment valuations, which includes both realized and unrealized gains and losses on investments.

NOTE 2: Summary of Significant Accounting Policies (continued)

Investment Policy and Valuation

State Street Bank and Trust (State Street) maintains custody of the majority of OCERS' investments held as of December 31, 2024. The acquisition of investments is authorized by state statute and OCERS' Investment Policy Statement (refer to Note 3: Investments for further information). Investments are reported at fair value on a trade-date basis. The allocation of investment assets is approved by OCERS' Board of Retirement, as outlined in the Investment Policy Statement, and System assets are invested solely for the benefit of plan participants and beneficiaries while attempting to minimize employer contributions and investment and administration costs. The Investment Policy Statement calls for an asset allocation plan that seeks to optimize long-term returns for the level of risk that the Board of Retirement considers appropriate. The current asset allocation adopted by the Board of Retirement as of December 31, 2024, is detailed in Note 3: Investments and Section 3: Investments. The Board of Retirement conducts a periodic review of the asset allocation plan to maintain an optimal allocation, and may also revise the asset allocation in response to significantly changing market conditions that may affect valuations and forward-looking expected returns of asset classes.

Plan investments consist of global public equity securities, income strategies (including fixed income and credit instruments), real assets, risk mitigation, unique strategies, and private equity. Investments are reported at fair value and the overall valuation process and information sources by major asset classification are as follows:

Cash and Short-Term Investments

Cash and short-term investments represent funds held in operating accounts with State Street, Wells Fargo Bank and deposits held in a pooled account with the County of Orange Treasurer. Short-term investments are expected to be utilized within 30-90 days and are reported at fair value. OCERS is a participant in the County Treasurer's Orange County Investment Pool (OCIP). The OCIP is an external investment pool, is not rated, and is not registered with the Securities and Exchange Commission. The County Treasury Oversight Committee conducts OCIP oversight. Cash on deposit in the OCIP is stated at fair value. The OCIP values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. Deposits held in the OCIP are invested in the Orange County Money Market Fund and the Extended Fund. The Orange County Money Market Fund is rated AAAm by Standard & Poor's. The Extended Fund is not rated. For further information regarding the OCIP, refer to the County of Orange's most recently available Annual Comprehensive Financial Report.

Global Public Equity

The majority of OCERS' domestic, international and global securities, including those traded in emerging markets, consist of institutional funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund. Other domestic, international and global securities are actively traded on major security exchanges, or over-the-counter. Fair value for exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third-party pricing sources for securities traded over-the-counter.

Income Strategies

Income strategies includes core fixed income and credit strategies. Core fixed income is actively traded debt instruments such as those securities issued by the U.S. Treasury, Federal Agencies and corporate issuers are reported at fair value as of the close of the trading date. Fair values of irregularly traded debt securities are obtained from pricing vendors who employ modeling techniques in determining security values. Inputs typically employed by pricing vendors include cash flows, maturity and credit rating.

NOTE 2: Summary of Significant Accounting Policies (continued)

Credit is a global allocation that includes a number of diverse fixed-income related strategies. It represents an allocation that is diversified by region, by credit quality, and by sources of risk. The general shared characteristics of these strategies are a degree of illiquidity, and a focus on current yield as a principal source of expected return. Hedging of market and individual security risks and diversified risk-controlled tactical trading may be permitted.

Credit is a combination of liquid and illiquid credit strategies and the fair value depends on the nature of the investment. For credit funds structured as partnerships, the fair values are based on net asset value (NAV). Credit included in Level 2 of the fair value hierarchy may be estimated by the underlying managers in the absence of observable market data or the general partner may estimate the fair value in good faith using the best information available, which may incorporate the general partner's own assumptions. The liquid strategies comprised of multi- strategies are actively traded and are generally reported at fair value as of the close of the trading date. The illiquid strategies comprised of mortgages, direct lending and energy-based credit funds are valued initially at cost as an approximation of fair value with subsequent adjustments to fair value as determined by the general partner. The factors considered include readily available market quotes, earnings- multiple analysis using comparable companies or discounted cash flow analysis.

Real Assets

OCERS invests in real assets, which include agriculture, energy, infrastructure, and real estate. The fair value for real estate, energy, infrastructure and agriculture are determined based on independent appraisals and/or estimates made in good faith by the general partner or management.

Real estate assets are in commingled real estate funds structured as either limited partnerships or trust funds. Properties held in commingled funds are based on the investments NAV per share provided by the investment management firms/general partners, who perform regular internal appraisals and obtained at regular intervals independent third-party appraisals and are further supported by annual financial statements, which are audited by an independent third-party accountant. Primary determinants of fair value include market and property type specific information, which typically involve a degree of expert judgment.

Other real asset funds, agriculture, energy, and infrastructure, are held in limited partnerships. The investment's NAV per share are provided by the investment management firms/general partners, and are further supported by annual financial statements, which are audited by an independent third-party accountant. Primary determinants of fair value include market specific information, which involves a degree of expert judgment.

Other Investments

OCERS invests in a variety of alternative strategies which include private equity, unique strategies, and risk mitigation investments.

Private equity and unique strategies are alternative strategies. The fair value of these alternative investments depends upon the nature of the investment and the underlying business. Typically, alternative investments are less liquid and subject to redemption restrictions. Fair value is determined either quarterly or semi-annually with valuations conducted by general partners, management and valuation specialists. Valuation techniques vary by investment type and involve expert judgment or estimates made in good faith using the best information available, including the general partner's or management's own assumptions. Investments reported at NAV are based on audited financial statements.

Risk mitigation investments include generally liquid investments with shorter redemption periods. Risk mitigation funds included in Level 2 are short-term investment funds and NAV is determined daily; for risk mitigation funds structured as partnerships, the fair values are based on NAV. Risk mitigation investments are uncorrelated or negatively correlated to economic growth assets.

NOTE 2: Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets consist of furniture, equipment, intangible assets, including internally generated computer software, construction-in-progress, and building and improvements for the portion of the OCERS headquarters building used for plan administration. Capital assets are defined by OCERS as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at cost and reflected on the statement of fiduciary net position, net of accumulated depreciation/amortization. Depreciation/amortization is charged to operations using the straight-line method on the estimated useful life of the related asset and is included in administrative expenses on the statement of changes in fiduciary net position. Generally, estimated useful lives range from a minimum of more than one year to approximately 40 years.

Capital Assets

As of December 31, 2024 (Dollars in Thousands)

Capital Assets Not Being Depreciated	,	
Land	\$	604
Construction-In-Progress		2,196
Total Capital Assets Not Being Depreciated		2,800
Capital Assets Being Depreciated and Amortized		
Building and Improvements		4,752
Computer Software - Pension Administration System		21,854
Data Center		1,234
Furniture and Equipment		891
Total Capital Assets Being Depreciated and Amortized		28,731
Less: Accumulated Depreciation and Amortization		(25,272)
Total Capital Assets Being Depreciated and Amortized (Net of Depreciation and Amortization)		3,459
Total Capital Assets (Net of Depreciation and Amortization)	\$	6,259

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of net position. Actual results could differ from those estimates.

Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with OCERS' financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncement

GASB issued Statement No. 101, *Compensated Absences* (GASB 101), which is effective for the fiscal year ended December 31, 2024. This statement establishes a unified model for the recognition and measurement of all types of compensated absences, with the goal of enhancing consistency and comparability. Under GASB 101, a liability is recognized when leave is earned, rather than when it is paid or taken. This approach more accurately reflects the point at which a governmental entity incurs an obligation. The implementation of GASB 101 did not have a material impact on OCERS' financial statements.

NOTE 3: Investments

OCERS may invest, in accordance with state statutes, in any form or type of investment deemed prudent by the Board of Retirement. Pension and 401(h) health care plan assets are restricted for the exclusive purposes of providing benefits to plan participants and defraying reasonable expenses of administering the plans. The Board of Retirement may invest, or delegate the authority to invest, the assets of the funds through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction. Custodial fund assets, restricted pursuant to section 115 of the Internal Revenue Code, are separately invested in domestic equity, international equity and domestic bond index funds in accordance with the respective OCTA Third-Party Administrative and Investment Management Agreement.

The following table shows the Investment Allocation as of December 31, 2024:

Investment Allocation

As of December 31, 2024

Investment Category	Policy	Target Ranges	Actual
Global Public Equity	45%	38% - 52%	41%
Private Equity	15%	10%-20%	16%
Income Strategies	17%	12%-22%	16%
Real Assets	13%	8% - 18%	12%
Risk Mitigation	10%	6% - 14%	8%
Unique Strategies	0%	0%-5%	1%
Cash*	0%	0%-5%	<u>6%</u>
Total	<u>100 %</u>		<u>100 %</u>

For financial reporting purposes, the Short-Term Investment Fund (STIF) is reported in the financial statements as a cash equivalent. OCERS investment policy includes the STIF in the Global Public Equity allocation.

During 2024, no changes were made to the investment allocation.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, OCERS would not be able to recover its deposits. Deposits are exposed to custodial risk if they are not insured or not collateralized. As of December 31, 2024, OCERS' deposits with a financial institution are fully insured by Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 with the remaining balance exposed to custodial credit risk as it is not insured; however, the financial institution does collateralize the deposit of monies in excess of the FDIC insurance amount with eligible securities held by the pledging financial institution, but not in OCERS' name, which approximates \$115.4 million. Deposits held by OCERS' custodial bank are not exposed to custodial credit risk as they are held in a qualified pool trust, separate from the custodial bank assets.

For an investment, custodial credit risk is the risk that, in the event of a counterparty failure, OCERS will not be able to recover the value of its investments or collateral securities that are in the possession of counterparties. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in OCERS' name or by other qualified third-party administrator trust accounts.

OCERS' investments and collateral received through securities lending are not exposed to custodial credit risk because all securities are held by OCERS' custodial bank in OCERS' name or by other qualified third-party administrator trust accounts. The risk is managed by the custodian bank by diversifying the number of counterparties, with periodic review of the credit quality of counterparties and by regularly posting/receiving margins. OCERS does not maintain any general policies regarding custodial credit risk.

NOTE 3: Investments (continued)

Credit Risk

By definition, credit risk measures the risk that an issuer or counterparty will not fulfill its obligations. S&P Global defines investment grade as those fixed income securities with ratings between AAA and BBB. OCERS' investment policy permits, on an opportunistic basis, the investment in fixed income securities rated below investment grade. A rating of NR represents pooled funds and other securities that have not been rated by S&P Global and NA represents securities explicitly guaranteed by the U.S. Government that are not subject to the GASB Statement No. 40 disclosure requirements. The credit ratings for individual OCERS' fixed income portfolios are monitored regularly.

As of December 31, 2024, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Credit Ratings

As of December 31, 2024 (Dollars in Thousands)

Rating	Pooled	U.S. Treasuries	Corporates	Mortgages	Asset- Backed	Municipals	Agencies	International	Swaps	Total
AAA	\$ -	\$ -	\$ -	\$ 10,910	\$ 40,629	\$ 4,565	\$ -	\$ -	\$ -	\$ 56,104
AA	-	-	8,480	502,895	7,291	16,971	-	4,988	-	540,625
Α	-	-	57,000	3,380	5,839	12,574	-	26,024	-	104,817
BBB	-	-	207,579	238	6,305	851	-	87,199	-	302,172
BB	-	-	64,608	198	1,513	981	-	21,853	-	89,153
В	-	-	25,188	481	751	921	-	10,194	-	37,535
CCC	-	-	8,061	865	422	-	-	713	-	10,061
CC	-	-	1,468	-	-	-	-	-	-	1,468
С	-	-	509	-	-	-	-	95	-	604
D	-	-	-	147	1	-	-	-	-	148
NR	551,118	-	18,638	39,042	58,028	13,539	3,390	12,593	2,377	698,725
NA		383,902		32,333						416,235
Total	<u>\$551,118</u>	<u>\$ 383,902</u>	<u>\$ 391,531</u>	<u>\$ 590,489</u>	<u>\$ 120,779</u>	<u>\$ 50,402</u>	<u>\$ 3,390</u>	<u>\$ 163,659</u>	<u>\$2,377</u>	<u>\$2,257,647</u>

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$85.5 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

NOTE 3: Investments (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed-income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through OCERS' investment policies requiring that investment managers investing on behalf of OCERS have applicable investment guidelines and that the effective durations of fixed income portfolios remain within a defined range of the benchmark's effective duration. The primary benchmark for domestic fixed income is a blend of two indices, the Bloomberg US Universal (85%) and the Bloomberg US Treasury TIPS (15%). As of December 31, 2024, the durations of these indices are 6.17 years and 2.36 years, respectively for a blended duration of 5.60 years. All investment managers were in compliance within their defined range.

OCERS invests in a variety of fixed income instruments including asset-backed securities, corporate obligations and commercial mortgage-backed securities. The value, liquidity and income of these securities are sensitive to changes in overall economic conditions and the fair value of these securities may be affected by changes in interest rates, default rates and the value of the underlying securities.

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2024:

Interest Rate Risk Schedule

As of December 31, 2024 (Dollars in Thousands)

Category	Amount	Duration (in Years)	Percent
Pooled	\$ 551,118	3.76	24%
U.S. Treasuries	383,902	9.34	17%
Corporates	380,207	5.01	17%
Mortgages	580,869	5.76	26%
Asset-Backed	118,960	2.32	5%
Municipals	50,402	8.16	2%
Agencies	3,390	6.60	0%
International	161,891	4.23	7%
No Effective Duration:			
Corporates	11,324	N/A	2%
Mortgages	9,620	N/A	0%
Asset-Backed	1,819	N/A	0%
International	1,768	N/A	0%
Swaps	2,377	N/A	0%
Total	<u>\$ 2,257,647</u>	<u>5.45</u>	<u>100%</u>

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$85.5 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

NOTE 3: Investments (continued)

Foreign Currency Risk

The value of deposits or investments denominated in foreign currency may be adversely affected by changes in currency exchange rates. OCERS' investment policy permits investment in international securities that includes investments in international equity securities, global equity securities, emerging markets equity securities and debt, public real estate securities, and real return. Investment managers monitor currency exposures daily.

The following schedule represents OCERS' net exposure to foreign currency risk in U.S. dollars as of December 31, 2024:

Foreign Currency Risk Schedule

As of December 31, 2024 (Dollars in Thousands)

Currency in U.S. Dollar	Cash	Equity	Fixed Income	Options	Forward Contracts	Swaps	Total
Australian Dollar	\$ 107	\$ 26,671	\$ -	\$ -	\$ 668	\$ -	\$ 27,446
Brazilian Real	115	323	8,493	-	707	(417)	9,221
Canadian Dollar	1,862	26,492	2,142	-	(8)	(175)	30,313
Danish Krone	24	25,644	-	-	3	-	25,671
Euro Currency	19,468	537,987	5,821	(5)	993	(100)	564,164
Hong Kong Dollar	60	15,987	-	-	1	(117)	15,931
Indonesian Rupiah	-	1,668	-	-	-	-	1,668
Japanese Yen	20	170,970	-	-	(1,257)		169,733
Mexican Peso	-	355	168	-	4	-	527
New Israeli Shekel	-		-	-	(10)	-	(10)
New Taiwan Dollar	-	475	-	-	-	-	475
New Zealand Dollar	-	1,442	-	-	(29)	-	1,413
Norwegian Krone	-	4,791	-	-	(813)	-	3,978
Pound Sterling	234	118,201	1,257	(3)	(352)	(18)	119,319
Russian Ruble	-	3,344	-	-	-	-	3,344
Singapore Dollar	39	7,104	-	-	(56)	-	7,087
SOL	-	-	364	-	3	-	367
South African Rand	5	1,305	-	-	-	-	1,310
South Korean Won	-	9,328	-	-	-	-	9,328
Swedish Krona	124	21,358	-	-	77	(156)	21,403
Swiss Franc	56	47,478	-	-	603	(65)	48,072
Turkish Lira	-	-	-	-	105	-	105
Yuan Renminbi		354					354
Amount Exposed to Foreign Currency Risk	<u>\$ 22,114</u>	<u>\$ 1,021,277</u>	<u>\$ 18,245</u>	<u>\$ (8)</u>	<u>\$ 639</u>	<u>\$ (1,048)</u>	<u>\$ 1,061,219</u>

The foreign currency amounts above are included within the cash and cash equivalents, global public equity, and income strategies categories on the Statement of Fiduciary Net Position as of December 31, 2024.

NOTE 3: Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of OCERS' investment in a single issuer. By policy, OCERS did not hold investments in any one issuer that represented five percent (5%) or more of plan net position and net investments. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this policy requirement.

Concentration of Investments

As of December 31, 2024, OCERS did not hold investments in any one organization that represented five percent (5%) or more of the plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. Government and pooled investments are excluded from this requirement.

Derivative Instruments

As of December 31, 2024, all derivative instruments held by OCERS are considered investments and not hedges for accounting purposes. Any reference to the term hedging in these financial statements references an economic activity and not an accounting method. All gains and losses associated with these activities are recognized as incurred in the Statement of Changes in Fiduciary Net Position.

The table that follows presents the related net appreciation/(depreciation) in fair value, the fair value amounts and the notional amounts of derivative instruments outstanding as of December 31, 2024:

NOTE 3: Investments (continued)

Derivative Instruments

As of December 31, 2024 (Amounts in Thousands)

	Changes in Fair Value Net Appreciation/ (Depreciation) ⁴	Fair Value at December 31, 2024		
Derivative Instruments	Amount ¹	Classification	Amount ²	Notional ³
Commodity Futures Long	\$ 120	Cash	\$ -	\$ 1,050
Commodity Futures Short	(58)	Cash	-	-
Credit Default Swaps Written	120	Income Strategies	649	25,388
Fixed Income Futures Long	(11,418)	Cash / Income Strategies	-	212,784
Fixed Income Futures Short	1,363	Income Strategies	-	(25,908)
Fixed Income Options Bought	(143)	Income Strategies	136	113,602
Fixed Income Options Written	509	Income Strategies	(127)	(131,337)
Foreign Currency Futures Long	(149)	Cash	-	2,400
Futures Options Written	30	Income Strategies	(5)	(8)
FX Forwards	(1,788)	Foreign Currency Contracts Receivables and Payables	639	337,757
Index Futures Long	(38,206)	Cash/Global Public Equity	-	557
Index Futures Short	582	Global Public Equity	-	(8)
Pay Fixed Interest Rate Swaps	2,207	Income Strategies	2,300	62,483
Receive Fixed Interest Rate Swaps	(1,389)	Income Strategies	(572)	30,773
Rights	(2)	Global Public Equity	-	-
Total Return Swaps Bond	(1,649)	Global Public Equity	22	3,593
Total Return Swaps Equity	1,360	Global Public Equity	(452)	(29,756)
Grand Totals	<u>\$ (48,511)</u>		<u>\$ 2,590</u>	

¹ Negative values (in brackets) refer to losses

² Negative values refer to liabilities and are reported net of investments

³ Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions

⁴ Excludes futures margin payments

NOTE 3: Investments (continued)

Valuation of Derivative Instruments

Non-exchange traded instruments, such as swaps, are valued using similar methods as those described for debt securities.

Futures contracts are traded on exchanges and typically derive their value from underlying indices and are marked to market daily. All gains and losses associated with changes in the value of futures contracts also settle on a daily basis and result in the contracts themselves having no fair value at the end of any trading day, including December 31, 2024. Future variation margin accounts also settle daily and are recognized in the financial statements under net appreciation/(depreciation) in the fair value of the investments as incurred.

In general, option values are dependent upon a number of different factors, including the current market price of the underlying security, the strike price of the option, costs associated with holding a position in the underlying security including interest and dividends, the length of time until the option expires and an estimate of the future price volatility of the underlying security relative to the time period of the option.

Foreign currency forward contracts are agreements to buy or sell a currency at a specified exchange rate on a specified date. The fair value of a foreign currency forward is determined by the difference between the specified exchange rate and the closing exchange rate at December 31, 2024.

Custodial Credit Risk – Derivative Instruments

As of December 31, 2024, all investments in derivative instruments are held in OCERS' name and are not exposed to custodial credit risk as described in the previous discussion of custodial credit risk.

NOTE 3: Investments (continued)

Counterparty Credit Risk — **Derivative Instruments**A summary of counterparty credit ratings relating to non-exchange traded derivatives in asset positions as of December 31, 2024 is as follows:

Counterparty Credit Risk Schedule for Derivative Instruments

As of December 31, 2024 (Dollars in Thousands)

Counterparty Name	S&P Rating	Foreign Currency Forward Contracts	Swaps	Total Fair Value
Bank of America, CME	A-	\$ -	\$ 1,272	\$ 1,272
Bank of America, ICE	A-	-	603	603
Bank of America Merrill Lynch Securities Inc.	A-	-	1,425	1,425
Bank of America, N.A.	A+	2	-	2
Barclay's Bank PLC Wholesale	A+	78	-	78
BNP Paribas SA	A+	2	-	2
Citibank N.A.	A+	1,550	3	1,553
Goldman Sachs Bank USA	BBB+	797	-	797
HSBC Bank PLC	A-	77	-	77
JP Morgan Chase Bank, N.A.	AA-	1,588	-	1,588
Morgan Stanley Co Incorporated	A-	-	22	22
Standard Chartered Bank	A+	33		33
Total Non-Exchange Traded Derivatives in Asset Position		<u>\$ 4,127</u>	<u>\$ 3,325</u>	<u>\$ 7,452</u>

NOTE 3: Investments (continued)

Interest Rate Risk - Derivatives

At December 31, 2024, OCERS is exposed to interest rate risk on its investments in various swap arrangements based on daily interest rates for BRCDI (Brazilian Certificate of Deposit Interbank), CAD (Canadian Dollar Rate), SONIA (Sterling Overnight Index Average), SOFR (Secured Overnight Financing Rate) and European reference rates. The following table illustrates the maturity periods of these investments.

Interest Rate Risk - Schedules for Derivative Instruments

As of December 31, 2024 (Dollars in Thousands)

			Investment Maturities (in years)							
Investment Type	Fai	ir Value	Less	Than 1		1-5	•	5-10	More	e than 10
Credit Default Swaps Written	\$	649	\$	1	\$	694	\$	-	\$	(46)
Fixed Income Options Bought		136		136		-		-		-
Fixed Income Options Written		(127)		(127)						
Pay Fixed Interest Rate Swaps		2,300		-		(56)		484		1,872
Receive Fixed Interest Rate Swaps		(572)		-		(540)		(120)		88
Total Return Swaps Bond		22		22		-		-		-
Total Return Swaps Equity		(452)		(452)				_		<u>-</u>
Total	<u>\$</u>	1,956	\$	(420)	\$	98	\$	364	<u>\$</u>	1,914

Derivative Instruments Highly Sensitive to Interest Rate Changes

As of December 31, 2024 (Dollars in Thousands)

Investment Type	Receive Rate	Payable Rate	Fair Value	Notional
Pay Fixed Interest Swaps	Variable 3-month SOFR	Fixed 2.00%-2.06%	\$ 265	\$ 720
Pay Fixed Interest Swaps	Variable 12-month SOFR	Fixed 1.75%-4.25%	2,258	51,680
Pay Fixed Interest Swaps	Variable 6-month CAD	Fixed 3.50%-3.75%	(175)	5,423
Pay Fixed Interest Swaps	Variable 6-month EUR	Fixed 3.50%-3.75%	(48)	2,485
Pay Fixed Interest Swaps	Variable 12-month EUR	Fixed 3.50%-3.75%		2,175
Total Pay Fixed Interest Rate Swaps			\$ 2,300	
Received Fixed Interest Rate Swaps	Fixed 11.49%-11.56%	Variable 0-month BRCDI	(417)	7,171
Received Fixed Interest Rate Swaps	Fixed 0.65%-2.5%	Variable 6-month EURIB	(17)	10,205
Received Fixed Interest Rate Swaps	Fixed 3.4%-4.15%	Variable 12-month SOFR	(120)	6,760
Received Fixed Interest Rate Swaps	Fixed 4.00%	Variable 12-month SONIA	(18)	6,638
Total Receive Fixed Interest Rate Swap	os		<u>\$ (572)</u>	
Total Interest Rate Swaps			<u>\$ 1,728</u>	

NOTE 3: Investments (continued)

Foreign Currency Risk – Derivatives

At December 31, 2024, OCERS is exposed to foreign currency risk on investments in swaps and forward currency contracts denominated in foreign currencies that may be adversely affected by changes in the currency exchange rates.

Foreign Currency Risk Schedule for Derivative Instruments

As of December 31, 2024 (Dollars in Thousands)

		Currency Forw	ard Contracts		
Currency Name	Options	Net Receivables	Net Payables	Swaps	Total Exposure
Australian Dollar	\$ -	\$ 775	\$ (107)	\$ -	\$ 668
Brazilian Real		801	(94)	(417)	290
Canadian Dollar	-	12	(20)	(175)	(183)
Danish Krone	-	25	(22)	-	3
Euro Currency	(5)	1,118	(125)	(100)	888
Hong Kong Dollar	-	1	-	(117)	(116)
Japanese Yen	-	286	(1,543)	-	(1,257)
Mexican Peso	-	4	-	-	4
New Israeli Shekel	-	6	(16)	-	(10)
New Zealand Dollar	-	-	(29)	-	(29)
Norwegian Krone	-	184	(997)	-	(813)
Pound Sterling	(3)	95	(447)	(18)	(373)
Singapore Dollar	-	2	(58)	-	(56)
SOL	-	3	-	-	3
Swedish Krona	-	81	(4)	(156)	(79)
Swiss Franc	-	627	(24)	(65)	538
Turkish Lira	-	107	(2)	-	105
Total Foreign Currency	<u>\$ (8)</u>	<u>\$ 4,127</u>	\$ (3,488)	<u>\$ (1,048)</u>	<u>\$ (417)</u>
U.S. Dollar	12			<u>2,995</u>	3,007
Total	<u>\$ 4</u>	<u>\$ 4,127</u>	<u>\$ (3,488)</u>	<u>\$ 1,947</u>	<u>\$ 2,590</u>

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 9.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

NOTE 3: Investments (continued)

Securities Lending

OCERS is authorized by investment policy and state law to lend its investment securities including global public equities, and income strategies to broker/dealers in exchange for collateral in the form of either cash or securities. Lent domestic and international securities are collateralized with an initial fair value of not less than 102% or 105% depending on the nature of the loaned securities and the collateral received, of fair value of the loaned securities. The lending agent receives cash and non-cash collateral for the securities on loan. There are no restrictions on the value of securities that can be lent at one time. State Street Bank serves, in accordance with a Securities Lending Authorization Agreement, as OCERS' agent to loan domestic and international securities. State Street Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default.

Cash collateral received on loaned securities is invested together with the cash collateral of other qualified tax-exempt investors in a collective investment fund managed by State Street. The collective investment fund is not rated and is comprised of one liquidity investment pool. As of December 31, 2024, the liquidity pool had an average duration of 99 days and a weighted average maturity of 9 days. Because loans are terminable at will, the duration of the loans did not generally match the duration of the investments made with the cash collateral. The Securities Lending Authorization Agreement requires State Street to indemnify OCERS if the broker/dealer fails to return any borrowed securities. During 2024, there were no failures to return loaned securities or to pay distributions by the borrowers. Furthermore, there were no losses due to borrower defaults. The fair value of securities on loan and the total cash and non-cash collateral held as of December 31, 2024 was 167.9 million and \$172.0 million, respectively. The following table shows fair values of securities on loan and cash collateral received by asset class:

Securities on Loan and Collateral Received

As of December 31, 2024 (Dollars in Thousands)

Security Lent for Cash Collateral	ue of OCERS' rities Lent	ı Collateral eceived	Collate	ral Investment Value
Global Public Equity	\$ 68,204	\$ 70,111	\$	70,111
Income Strategies	 99,738	 101,930		101,930
Total	\$ 167,942	\$ 172,041	\$	172,041

Investments – Fair Value Measurements

OCERS categorizes its fair value measurements of its investments based on the three level fair value hierarchy established by GAAP. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset or liability and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). Unobservable inputs are developed using the best information available about the assumptions that market participants would use when pricing an investment. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 Valuations are derived from valuation techniques in which significant inputs are unobservable. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

NOTE 3: Investments (continued)

The following table represents the fair value measurements as of December 31, 2024:

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2024 (Dollars in Thousands)

	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Income Strategies:				
U.S. Fixed Income:				
Pooled	\$ 551,118	\$ -	\$ 551,118	\$ -
U.S. Treasuries	383,902	-	383,902	-
Corporates	391,531	-	391,531	-
Mortgages	590,489	-	590,489	-
Asset-backed	120,779	-	120,779	-
Municipals	50,402	-	50,402	-
Agencies	3,390	-	3,390	-
International	163,659	-	163,659	<u>-</u>
Total Income Strategies	2,255,270	-	2,255,270	<u>-</u>
Global Public Equity Investments:				
Domestic Equity	7,456,066	637,460	6,818,606	-
International Equity	1,084,638	733,307	351,331	-
Emerging Markets Equity	420,245	-	420,245	
Total Global Public Equity	8,960,949	1,370,767	7,590,182	-
Real Assets:				
Agriculture	11,204	-	-	11,204
Real Estate	10,949			10,949
Total Real Assets	22,153			22,153
Other Investments:				
Risk Mitigation	631,064	-	631,064	<u>-</u>
Total Other Investments	631,064		631,064	
Total Investments at Fair Value Level	<u>\$ 11,869,436</u>	<u>\$ 1,370,767</u>	<u>\$ 10,476,516</u>	<u>\$ 22,153</u>

NOTE 3: Investments (continued)

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2024 (Dollars in Thousands) (Continued)

	12	2/31/2024	Active I for Ide Ass	Prices in Markets entical eets el 1)	O Obse In	ificant ther ervable puts vel 2)	Unobs Inp	ficant ervable uts el 3)
Investments Measured at the Net Asset Value (NAV)								
Global Public Equity:								
International Equity	\$	528,137						
Emerging Markets Equity		745,431						
Total Global Public Equity	_	1,273,568						
Real Assets:								
Energy		605,087						
Infrastructure		787,814						
Real Estate		1,638,497						
Total Real Assets		3,031,398						
Other Investments:								
Income Strategies		1,484,270						
Private Equity		4,077,669						
Risk Mitigation		1,244,469						
Unique Strategies	_	203,787						
Total Other Investments		7,010,195						
Total Investments Measured at the NAV	<u>\$</u>	11,315,161						
Investments Derivative Instruments								
Swaps:								
Interest Rate Swaps	\$	1,728	\$	-	\$	1,728	\$	-
Credit Default Swaps		649		-		649		-
Total Return Swaps		(430)		-		(430)		-
Options		4	_		_	4	_	
Total Investment Derivative Instruments	_	1,951	<u>\$</u>		\$	1,951	\$	
Total Investments Measured at Fair Value	\$	23,186,548						

Income Strategies in the above schedule excludes \$85.5 of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

NOTE 3: Investments (continued)

Income Strategies include actively traded debt instruments such as those securities issued by the United States government, federal agencies, municipal obligations, foreign governments, and both U.S. and foreign corporate issuers. These fixed income securities are reported at fair value as of the close of the trading date. Fair values for securities not traded on a regular basis are obtained from pricing vendors who employ modeling techniques, such as matrix pricing or discounted cash flow method, in determining security values. These inputs are observable, which supports the Level 2 fair value hierarchy.

Global public equity include U.S. and international equity securities, and emerging markets equity securities. Global public equity securities classified in Level 1 of the fair value hierarchy are primarily common and preferred stock or real estate investment trusts. Fair value for these exchange traded securities is determined as of the close of the trading date in the primary market or agreed upon exchange. The last known price is used for listed securities that did not trade on a particular date. Fair value is obtained from third-party pricing sources for securities traded over-the-counter. Global public equity securities classified in Level 2 of the fair value hierarchy consist of institutional funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Real assets investments at fair value include a variety of real return investments in agriculture and real estate, which are held directly. Real estate assets held directly are appraised by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Independent appraisals use professional judgment, which is unobservable input, to determine the fair value of the asset; therefore these real estate investments are classified as Level 3. Agriculture investments included in Level 3 are based on independent appraisals and/or the good faith estimates of management.

Other investments include one risk mitigation fund. These investments are classified in Level 2 of the fair value hierarchy and include primarily institutional mutual funds that are valued based on the fair value of underlying investments using pricing models or other valuation methodologies that use pricing inputs that are either directly or indirectly observable on the valuation date for the securities or assets held in the fund.

Derivative instruments classified as Level 2 are valued using a market approach with observable inputs from major indices as well as benchmark interest rates and foreign exchange rates.

NOTE 3: Investments (continued)

Investments Measured at NAV, Unfunded Commitments and Redemption Terms

As of December 31, 2024 (Dollars in Thousands)

The System uses the Net Asset Value (NAV) to determine the fair value of the underlying investments, when an investment does not have a readily determinable fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements.

	Fair Value Measured at NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible) ¹	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)				
Global Public Equity:				
International Equity	\$ 528,137	\$ -	W	7 days
Emerging Markets Equity	745,431		М	30 days
Total Global Public Equity	1,273,568			
Real Assets:				
Agriculture	-	22,451	Q	60 days
Energy	605,087	515,954	N/A	N/A
Infrastructure	787,814	406,737	N/A	N/A
Real Estate	1,638,497	632,782	Q, N/A	7-90 days, N/A
Total Real Assets	3,031,398	1,577,924		
Other Investments:				
Income Strategies	1,484,270	857,670	M, Q, N/A	5-90 days, N/A
Private Equity	4,077,669	2,052,025	N/A	N/A
Risk Mitigation	1,244,469	-	D, W, M, Q	1-75 days
Unique Strategies	203,787	<u>170,476</u>	Q, N/A	60 days, N/A
Total Other Investments	7,010,195	3,080,171		
Total Investments Measured at the NAV	<u>\$ 11,315,161</u>	<u>\$ 4,658,095</u>		

¹ D=Daily, W=Weekly, M=Monthly, Q=Quarterly, N/A = No redemption or frequency period

NOTE 3: Investments (continued)

The investment types listed in the above table were measured at the Net Asset Value (NAV) as explained below:

Global public equity includes five institutional funds. Two funds focus on international securities and three funds focus on emerging markets equities. The fair value of each fund has been determined using NAV per share or unit of the investments.

Real assets: Agriculture includes one fund that invests in a diversified portfolio of vegetable and permanent crop farmland in select major agricultural states. The fund is an open-end, infinite life, private REIT (real estate investment trust) subject to the redemption terms in the above schedule.

Real assets: Energy consists of eighteen limited partnerships that invest primarily in oil and gas related investments. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

Real assets: Infrastructure consists of thirteen limited partnerships that invest primarily in digital, transportation and logistics, energy transition/renewables, power/utilities, and midstream infrastructure. There are no redemption terms for any of these partnerships. These investments are considered illiquid. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using estimates provided by the underlying partnerships and are at NAV.

Real assets: Real estate investments include twenty-four funds consisting of primarily trust funds and limited partnerships. The purpose of these funds is to acquire, own, invest in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. These investments are valued through independent appraisals and other unobservable methods. The majority of these funds are closed-end funds with structured investment periods, and considered illiquid investments. All other funds have no redemption restrictions other than the restrictions noted above.

Income Strategies includes investments in twenty-five limited partnership funds and one equity fund. Nineteen of these funds are considered private credit investments, which are closed-end funds and are considered illiquid funds. These investments represent approximately 64% of the value. The remaining six funds allow for redemption based on the terms noted above. The fair value of these investments has been determined using NAV per share of the investments.

Private equity includes primarily investments in limited partnership funds, managed by various different investment managers. Generally, the partnership strategies are to maximize the return by participating in private equity and equity-related investments through a diversified portfolio of venture capital, growth equity, buyouts, special situation partnerships and other limited liability vehicles. Investments in these partnerships are typically for 10-12 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The fair values of this investment type have been determined using NAV per share of the System's ownership interest in partners' capital.

Risk mitigation includes eight limited partnership funds, which allow redemption with proper notification. The funds assist in diversifying the portfolio and protecting in an economic downturn of growth assets. The strategies are uncorrelated or negatively correlated to economic growth assets. The fair value of these investments has been determined using NAV per share.

Unique strategies includes four limited partnership funds which have no redemption terms and are considered illiquid investments. This asset class provides additional diversification which can be used to help mitigate risk and provide value to the OCERS portfolio. These investments are valued at NAV.

NOTE 4: Funding Policy - Pension Plan

Employer and employee/member pension plan contribution requirements are determined as a percentage of employer payrolls. In determining contributions, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. The projected total pensionable compensation for all OCERS' employers for the year ended December 31, 2024 was \$2.1 billion. Employer contribution rates are determined using the entry age actuarial cost method based upon a level percentage of payroll. The employer contributions provide for both normal cost and an amount to amortize any unfunded or overfunded actuarial accrued liabilities. By definition, the normal cost is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The actuarial valuation report as of December 31, 2021 established the contribution rates for the first six months of calendar year 2024 (second half of fiscal year 2023-2024), and the actuarial valuation report as of December 31, 2022 established the contribution rates for the last six months of calendar year 2024 (first half of fiscal year 2024-2025). For the year ended December 31, 2024, employer contribution rates ranged from 11.63% of payroll to 60.35% depending upon the benefit plan type. Employer pension contributions were \$846.4 million for the year ended December 31, 2024 of which approximately \$660 million and \$84.1 million, net of prepayment discounts, were made by the County of Orange and the Orange County Fire Authority, respectively. Participating employers are required by Government Code sections 31453.5 and 31454 to contribute a percentage of covered salary to the Plan. The contribution requirements of participating active members and employers are established and may be amended by the OCERS' Board of Retirement. Participating employers may pay a portion of the participating active employees' contributions through negotiations and bargaining agreements. Employer contributions paid for by the employee through negotiated reverse pick-up arrangements are treated and reported as employee contributions. Employee contributions elected to be paid for by the employer under Section 31581.1 are treated and reported as employer contributions as these payments do not become part of the accumulated contributions of the employee and are immaterial. Employee contributions elected to be paid for by the employer under Section 31581.2 are treated and reported as employee contributions as these payments are credited to the employee account and become a part of their accumulated contributions.

Employee contributions are established by the OCERS' Board of Retirement and guided by state statute (Government Code sections 31621, 31621.5, 31621.8, 31639.25 and 31639.5) and vary based upon employee age at the time of entering OCERS membership. OCERS received \$302.5 million in employee pension contributions for the year ended December 31, 2024. Average employee contribution rates for the year ended December 31, 2024 ranged between 9.75% and 17.63%.

NOTE 5: Plan Reserves

The OCERS Board of Retirement adopted the Reserves and Interest-Crediting Policy to identify all the reserves maintained by OCERS and how funds are distributed to and from the relevant reserve. Employer and employee contributions are deposited into various legally-required reserve accounts established on a book value basis. Set forth below are the descriptions of OCERS' various reserve accounts:

Pension Reserve

Pension reserve represents funding set aside for retirement payments derived from employer contributions. Additions include transfers from the employer contribution reserve and interest credited. Deductions include benefit payments made to retired members.

Employee Contribution Reserve

Employee contribution reserve represents the balance of member contributions. Additions include member contributions and interest credited. Deductions include member refunds and transfers to the annuity reserve fund retirement benefits.

Employer Contribution Reserve

Employer contribution reserve represents the balance of employer contributions for active member future retirement benefits. Additions include employer contributions and interest credited. Deductions include transfers to the pension reserves in order to fund retirement benefits, disability benefits and death benefits.

Annuity Reserve

Annuity reserve represents funding set aside for retirement payments derived from contributions made by members. Additions include transfers from the employee contribution reserve and interest credited. Deductions include benefit payments made to retired members.

NOTE 5: Plan Reserves (continued)

Contra Account

A positive balance in this account represents excess earnings. A negative balance in this account represents the amount of interest credited to the reserve accounts that has not been paid for out of current or excess earnings. Additions include net increases to the fiduciary net position, which are decreased by interest credited to the reserves account.

County Investment Account (POB Proceeds) Reserve

County investment account (POB Proceeds) reserve represents the remaining proceeds from the County of Orange's 1994 Pension Obligation Bond issuance. The remaining proceeds are utilized, in accordance with a long standing agreement between OCERS and the County of Orange, to offset a portion of the annual actuarially-determined contribution rates for the County of Orange. In 2024, \$5.0 million of the remaining proceeds were utilized to offset the actuarially determined contributions for the County of Orange.

OCSD UAAL Deferred Reserve

The Orange County Sanitation District (OCSD) Unfunded Actuarial Accrued Liability (UAAL) Reserve represents the payment made by OCSD for its deferred UAAL. OCERS shall make annual transfers from the OCSD reserve account into the OCERS' employer contribution reserve account in the amount necessary to satisfy the actual UAAL attributed to OCSD. The intent of this transfer is to provide that the OCSD's future annual employer contribution obligation to OCERS shall consist of either the normal cost portion only, or the normal cost and amortizing installments of only such amount of future actual UAAL that exceeds to the amount of funds remaining in the OCSD reserve account.

Actuarial Deferred Return/(Loss)

The actuarial deferred return/(loss) represents the balance of deferred earnings created by a five-year smoothing of actual gains and losses compared to the assumed investment rate of return.

Health Care Plan Reserves

Health care plan reserves represent assets held to pay medical benefits for eligible retirees of the 401(h) health care plans. Additions include employer contributions and investment earnings. Deductions include medical payments and administrative expenses.

Custodial Fund Reserve

Custodial fund reserve represents custodial assets held by OCERS in an investment capacity for the OCTA health care plan. Additions include other postemployment benefit contributions and investment earnings. Deductions include other postemployment benefits and administrative expenses.

Total Plan Reserves

As of December 31, 2024 (Dollars in Thousands)

Valuation Reserves	
Pension Reserve	\$ 13,914,265
Employee Contribution Reserve	4,112,391
Employer Contribution Reserve	3,466,239
Annuity Reserve	3,134,538
Contra Account	(930,755)
Non-Valuation Reserves	
County Investment Account (POB Proceeds) Reserve	155,100
OCSD UAAL Deferred Reserve	17,594
Total Pension Fund Reserves (smoothed market actuarial value)	23,869,372
Actuarial Deferred Return/(Loss)	92,619
Net Position Restricted for Pension	23,961,991
Net Position Restricted for Other Postemployment Benefits	
Health Care Plan Reserves	588,615
Net Position Restricted for Employer	
Custodial Fund Reserve	 37,920
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$ 24,588,526

NOTE 6: Administrative Expenses - Pension

As permitted by Government Code (Code) Section 31580.2, the Board of Retirement adopts an annual budget, financed from the System's assets, covering the entire expenses for the administration of OCERS. The Code provides that administrative expenses incurred in any year are to be charged against the earnings of the pension trust fund and are not to exceed twenty-one hundredths of one percent (0.21%) of OCERS' actuarial accrued liabilities, excluding investment related costs and expenditures for computer software, hardware and related technology consulting services. Administrative expenses incurred in calendar year 2024 were within the limits established by the Code. The following schedule represents the excess of the maximum allowed over actual administrative expenses for the year ended December 31, 2024.

Administrative Expense Compared to Actuarial Accrued Liability

For the Year Ended December 31, 2024 (Dollars in Thousands)

_			
	Actuarial Accrued Liability (AAL) as of December 31, 2024	\$	27,920,705
	Maximum Allowed for Administrative Expense (AAL * 0.21%)		58,633
	Actual Administrative Expense ¹		29,263
	Excess of Allowed Over Actual Expense	<u>\$</u>	29,370
	Actual Administrative Expense for the year ended December 31, 2024 as a Percentage of Actuarial Accrued Liability as of December 31, 2024		0.10%
	¹ Administrative Expense Reconciliation		
	Administrative Expense per Statement of Changes in Fiduciary Net Position	\$	31,181
	Less: Administrative Expense Not Considered per CERL Section 31596.1		(1,918)
	Administrative Expense Allowable Under CERL Section 31580.2	<u>\$</u>	29,263

NOTE 7: Contingencies

At December 31, 2024, OCERS was involved in various litigation matters. In management's opinion, and after consultation with legal counsel, the outcome of these matters is not expected to have a material adverse effect on OCERS' financial position.

NOTE 8: Pension Disclosures

The net pension liability was measured as of December 31, 2024. The plan fiduciary net position was valued as of the measurement date while the total pension liability was determined based upon rolling forward the total pension liability from the actuarial valuation as of December 31, 2023. The components of the net pension liability as of December 31, 2024 are as follows:

Net Pension Liability

For the Year Ended December 31, 2024 (Dollars in Thousands)

Total Pension Liability	\$ 27,936,685
Less: Plan Fiduciary Net Position	 (23,961,991)
Net Pension Liability	\$ 3,974,694
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.77%

Actuarial Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include future salary increases and investment earnings, expected retirement age, life expectancy and other relevant factors. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. OCERS' independent actuary and Board of Retirement review the economic and demographic assumptions every three years and the actuarially determined contributions annually.

In preparing the actuarial valuation, the actuary has complied with the parameters set forth in GASB Statement No. 67, *Financial Reporting for Pension Plans — an Amendment of GASB Statement No. 25* (GASB 67), and employed generally accepted actuarial methods and assumptions to measure the total pension liability of employers. The actuary's calculations are based upon member data and financial information provided by the System. Projection of benefits for financial reporting purposes is based on all benefits estimated to be payable through the System to current active, retired and inactive employees as a result of their past service and their expected future service.

The total pension liability as of December 31, 2024 was determined by rolling forward the liability as determined in the actuarial valuation as of December 31, 2023. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2020 through December 31, 2022 and they are the same assumptions used in the December 31, 2024 funding valuation for OCERS. In particular, the following actuarial assumptions were applied in the measurement:

Inflation	2.50%
Salary Increases	General: 3.90% to 10.25% and Safety: 4.50% to 15.00%, vary by service, including inflation
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Investment Rate of Return	7.00%, net of pension plan investment expense, including inflation
Mortality Rates	Pub-2010 Amount Weighted Above-Median Mortality Table, projected generationally using two-dimensional MP-2021 scale, adjusted separately for healthy and disabled for both general and safety members.
Other Assumptions	Actuarial experience study during the period of January 1, 2020 through December 31, 2022

NOTE 8: Pension Disclosures (continued)

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments¹ was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses 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 and projected arithmetic real rates of return for each major asset class, after deducting inflation and beginning with December 31, 2023, after deducting any applicable investment management expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2024 actuarial valuation. This information will change every three years based on the actuarial experience study.

Long-Term Expected Real Rate of Return

For the Year Ended December 31, 2024

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ²
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	<u>1.50%</u>	8.96%
Total	<u>100.00 %</u>	6.55%

¹ The investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

² Arithmetic real rates are net of inflation

NOTE 8: Pension Disclosures (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2024. 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 that are intended to fund benefits for current plan members and their beneficiaries, as well as projected employer contributions that are intended to fund benefits for current plan members and their beneficiaries, as well as projected contributions from future plan members, are included. Projected contributions that are intended not included. Based on those assumptions, the plan 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, 2024.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of December 31, 2024, of participating employers calculated using the discount rate that is 1.00% lower (6.00%) or 1.00% of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate:

Sensitivity of Net Pension Liability to Changes in the Discount Rate As of December 31, 2024 (Dollars in Thousands)

084,538\$	₱69'₱ ८ 6' ᢄ \$	0ħI,677,7\$
1% Increase	Current Discount Rate	1% Decrease
(8.00%)	(7.00%)	(6.00%)

SECTION 2

FINANCIAL: REQUIRED SUPPLEMENTARY INFORMATION

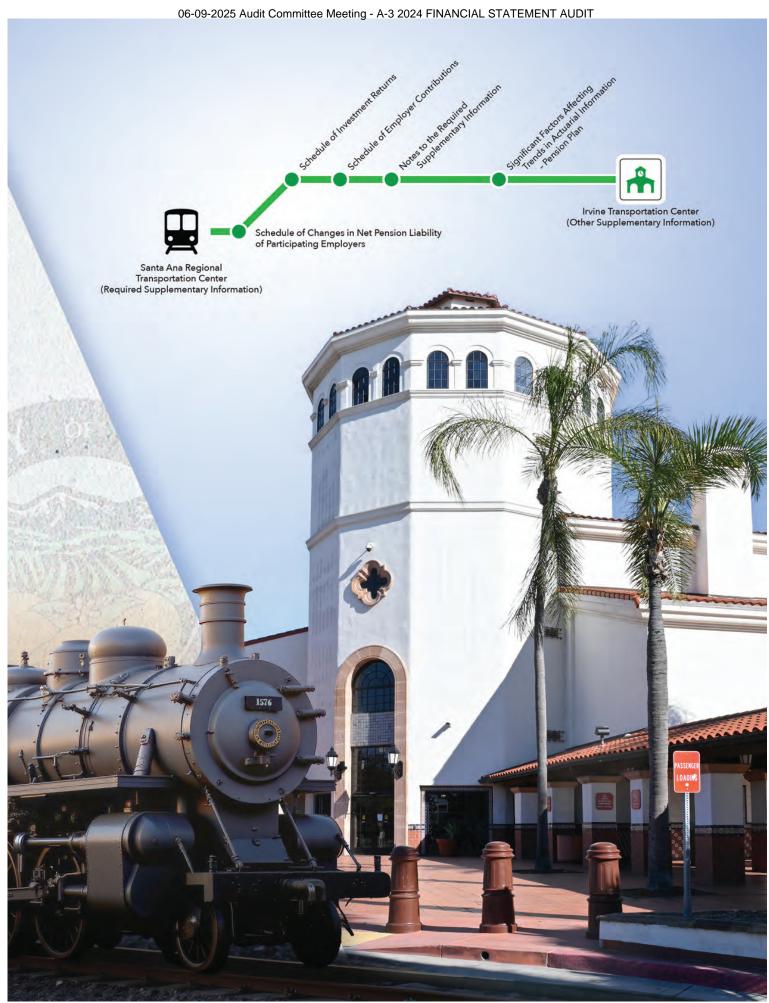
1985

Santa Ana Regional Transportation Center

- Where Heritage Meets Renewal

Opened in 1985, the Santa Ana Regional Transportation Center symbolizes a renewed commitment to connection and service in the heart of Orange County. Designed in the spirit of Mission Revival architecture, the station bridges past and present – much like OCERS itself, which expanded its reach during this period to support a growing and diversifying membership. As a major hub for rail and bus transit, the station reflects the same core values OCERS upholds: accessibility, community, investment, and long-term vision. Here, tradition and progress converge – charting a path for the future while honoring the foundations that brought us here.





SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

For the Years Ended December 31, 2015 through 2024 (Dollars in Thousands)

	2024	2023	2022	2021	2020
Total Pension Liability		•	!		!
Service Cost	\$ 564,606	\$ 536,400	\$ 526,769	\$ 510,863	\$ 512,255
Interest	1,859,623	1,750,651	1,675,053	1,609,891	1,535,954
Differences Between Expected and Actual Experience	153,725	326,785	46,500	(113,046)	162,336
Changes of Assumptions	-	165,526	-	-	18,967
Benefit Payments, Including Refunds of Employee Contributions	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)	(973,325)
Other					
Net Change in Total Pension Liability	1,292,544	1,563,114	1,108,607	961,970	1,256,187
Total Pension Liability - Beginning	26,644,141	25,081,027	23,972,420	23,010,450	21,754,263
Total Pension Liability - Ending (a)	<u>\$ 27,936,685</u>	<u>\$ 26,644,141</u>	<u>\$ 25,081,027</u>	<u>\$ 23,972,420</u>	<u>\$ 23,010,450</u>
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 846,363	\$ 749,776	\$ 719,691	\$ 698,791	\$ 659,807
Contributions - Employee	302,545	277,455	269,999	271,334	279,384
Net Investment Income/(Loss)	2,332,245	2,325,481	(2,058,590)	3,222,065	2,173,184
Benefit Payments, Including Refunds of Employee Contributions	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)	(973,325)
Administrative Expense	(31,181)	(29,056)	(23,546)	(21,473)	(20,428)
Net Change in Plan Fiduciary Net Position	2,164,562	2,107,408	(2,232,161)	3,124,979	2,118,622
Plan Fiduciary Net Position - Beginning	21,797,429	19,690,021	21,922,182	18,797,203	16,678,581
Plan Fiduciary Net Position - Ending (b)	23,961,991	21,797,429	19,690,021	21,922,182	18,797,203
Net Pension Liability (a) - (b) = (c)	\$ 3,974,694	<u>\$ 4,846,712</u>	<u>\$ 5,391,006</u>	\$ 2,050,238	<u>\$ 4,213,247</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	85.77%	81.81%	78.51%	91.45%	81.69%
Covered Payroll (d) ⁴	\$ 2,252,414	\$ 2,042,240	\$ 1,932,374	\$ 1,870,387	\$ 1,909,268
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	176.46%	237.32%	278.98%	109.62%	220.67%

¹ Orange County Public Law Library was separated out from the Orange County Sanitation District in Rate Group #3 and put into their own Rate Group (Rate Group #12) after the valuation as of December 31, 2015. There was an adjustment to the UAAL for Rate Group #3 that was originally included in the December 31, 2015 valuation. There was a credit of \$509 given to the Orange County Public Law Library to reflect that their future service enhancement did not increase the UAAL.

² Reduced by discount for prepaid contributions and transfers from County Investment Account.

³ Transfers from the Orange County Sanitation District Deferred UAAL Account which were required to offset a UAAL increase for assumption changes in 2017 and actuarial losses in 2018 and 2019 have been excluded from this amount.

⁴ Covered payroll represents payroll on which contributions to the pension plan are based.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

For the Years Ended December 31, 2015 through 2024 (Dollars in Thousands)

(continued)

	2019	2018	2017	2016	2015
Total Pension Liability	'	ļ			ļ
Service Cost	\$ 499,256	\$ 491,373	\$ 452,412	\$ 427,473	\$ 439,454
Interest	1,452,644	1,379,917	1,305,268	1,241,080	1,197,308
Differences Between Expected and Actual Experience	24,383	(118,124)	(66,964)	(323,566)	(205,463)
Changes of Assumptions	-	-	827,197	-	-
Benefit Payments, Including Refunds of Employee Contributions	(900,902)	(828,278)	(764,344)	(717,976)	(675,963)
Other				(509)1	
Net Change in Total Pension Liability	1,075,381	924,888	1,753,569	626,502	755,336
Total Pension Liability - Beginning	20,678,882	19,753,994	18,000,425	17,373,923	16,618,587
Total Pension Liability - Ending (a)	<u>\$ 21,754,263</u>	<u>\$ 20,678,882</u>	<u>\$ 19,753,994</u>	<u>\$ 18,000,425</u>	<u>\$ 17,373,923</u>
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 653,793 ³	\$ 580,9053	\$ 572,1043	\$ 567,196	\$ 571,298
Contributions - Employee	279,373	270,070	262,294	258,297	249,271
Net Investment Income/(Loss)	2,183,808	(324,628)	1,939,635	1,061,243	(10,873)
Benefit Payments, Including Refunds of Employee Contributions	(900,902)	(828,278)	(764,344)	(717,976)	(675,963)
Administrative Expense	(19,171)	(18,284)	(17,002)	(16,870)	(12,521)
Net Change in Plan Fiduciary Net Position	2,196,901	(320,215)	1,992,687	1,151,890	121,212
Plan Fiduciary Net Position - Beginning	14,481,680	14,801,895	12,809,208	11,657,318	11,536,106
Plan Fiduciary Net Position - Ending (b)	16,678,581	14,481,680	14,801,895	12,809,208	11,657,318
Net Pension Liability (a) - (b) = (c)	<u>\$ 5,075,682</u>	<u>\$ 6,197,202</u>	\$ 4,952,099	<u>\$ 5,191,217</u>	\$ 5,716,605
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	76.67%	70.03%	74.93%	71.16%	67.109
Covered Payroll (d) ⁴	\$ 1,783,054	\$ 1,718,798	\$ 1,678,322	\$ 1,602,675	\$ 1,521,036
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	284.66%	360.55%	295.06%	323.91%	375.84

SCHEDULE OF INVESTMENT RETURNS

For the Years Ended December 31, 2015 Through 2024

Year Ended December 31	Annual Money Weighted Rate of Return, Net of Investment Expense
2015	-0.51%
2016	8.71%
2017	14.74%
2018	-1.31%
2019	14.81%
2020	11.22%
2021	16.67%
2022	-7.88%
2023	11.44%
2024	9.98%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31, 2015 through 2024 (Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions ¹	Actual Contributions ^{1, 3}	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a % of Covered Payroll ^{1, 2}
2015	\$ 502,886	\$ 571,298	\$ (68,412)	\$ 1,521,036	37.56%
2016	521,447	567,196	(45,749)	1,602,675	35.40%
2017	536,726	572,104	(35,378)	1,678,322	34.09%
2018	556,728	580,905	(24,177)	1,718,798	33.80%
2019	583,057	653,793	(70,736)	1,783,054	36.67%
2020	638,215	659,807	(21,592)	1,909,268	34.56%
2021	684,142	698,791	(14,649)	1,870,387	37.36%
2022	707,318	719,691	(12,373)	1,932,374	37.24%
2023	736,016	749,776	(13,760)	2,042,240	36.71%
2024	830,734	846,363	(15,629)	2,252,414	37.58%

¹ Excludes employer pickup of member contributions, discount for prepaid contributions, transfers from County Investment Account (funded by pension obligation proceeds held by OCERS) and transfers from Orange County Sanitation District 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: (Dollars in Thousands)

	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	
2015	\$	27,301	\$	-	\$	-	2020	\$	24,731	\$	5,000	\$	-
2016		24,353		-		-	2021		31,520		15,077		-
2017		22,921		-		24,042	2022		37,039		14,962		-
2018		21,218		-		14,589	2023		21,205		10,000		-
2019		22,049		-		18,631	2024		5,319		4,962		-

 $^{^2\}overline{\text{Covered}}$ payroll represents payroll on which contributions to the pension plan are based.

³ Includes additional contributions made by employers towards the reduction of their UAAL.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Methods and Assumptions

The actuarial determined contribution rates in the schedule of employer contributions are calculated as of December 31. Rates are effective eighteen months after the valuation date for the fiscal year that begins July 1. The following actuarial methods and assumptions were used to calculate the actuarially determined contributions for the year ended December 31, 2024:

Valuation Date	Actuarially determined contribution rates for the first six months of calendar year 2024 or the second half of fiscal year 2023-2024 are calculated based on the December 31, 2021 valuation. Actuarially determined contribution rates for the last six months of calendar year 2024 or the first half of fiscal year 2024-2025 are calculated based on the December 31, 2022 valuation.			
Actuarial Cost Method	Entry Age Actuarial Cost Method			
Amortization Method	Level percent of payroll for total unfunded actuarial accrued liability			
Remaining Amortization Period	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.			

Actuarial Assumptions:					
December 31, 2021 Valuation					
Investment Rate of Return	7.00% net of pension plan administrative and investment expense, including inflation				
Inflation Rate	2.50%				
Real Across-the-Board Salary Increase	0.50%				
Projected Salary Increases	General: 4.00% to 11.00% and Safety: 4.60% to 15.00% , vary by service, including inflation				
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter				
Other Assumptions	Same as those used in the December 31, 2021 funding actuarial valuation				
December 31, 2022 Valuation					
Investment Rate of Return	7.00% net of pension plan administrative and investment expense, including inflation				
Inflation Rate	2.50%				
Real Across-the-Board Salary Increase	0.50%				
Projected Salary Increases	General: 4.00% to 11.00% and Safety: 4.60% to 15.00% , vary by service, including inflation				
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter				
Other Assumptions	Same as those used in the December 31, 2022 funding actuarial valuation				

SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION — PENSION PLAN

Changes in Benefit Terms

- Superior Court of California, County of Orange adopted Plan U (2.5% at 67 PEPRA) on a go forward basis for all existing employees in Plan T and any future PEPRA eligible employees with an effective date of July 1, 2023. This enhancement resulted in a slight decrease to the employer and employee normal cost rates for Plan T and a slight increase to the employer and employee normal cost for Plan U as reported for Rate Group #2 in the original 12/31/2021 actuarial valuation.
- New employees hired by the City of San Juan Capistrano on and after July 1, 2016 will be offered a choice in retirement plan formulas; the PEPRA Plan U (2.5% at 67 PEPRA General) or the alternate plan formula, Plan W (1.62% at 65 PEPRA General).
 - Orange County Public Law Library was moved from Rate Group #3 into its own rate group, Rate Group #12.

SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION — PENSION PLAN

(continued)

Changes in Assumptions

- Projected salary increases for general members of 4.00% to 11.00% changed to 3.90% to 10.25% and safety members changed from 4.60% to 15.00% to 4.50% to 15.00%.
 - Maintain Pub-2010 Benefit-Weighted mortality tables as a starting point ("base table"), projected generationally using mortality improvement scale MP-2021, with adjustments. For beneficiaries not currently in pay status, update to use the same table as General Healthy Retirees. Administrative tables still use static projection for member contribution rates.
- The inflation rate was reduced from 2.75% to 2.50% (retiree cost-of-living assumption maintained at 2.75%).
 - Projected salary increases for general members of 4.25% to 12.25% changed to 4.00% to 11.00% and safety members changed from 4.75% to 17.25% to 15.00%.
 - Mortality rate tables changed to Pub-2010 Amount Weighted Above-Median Mortality Table, projected generationally using two-dimensional MP-2019 scale, adjusted separately for healthy and disabled for both general and safety members.
 - The cost impact of assumption changes to employers is \$19 million.
- The assumed rate of return was decreased from 7.25% to 7.00%.
 - The inflation rate was decreased from 3.00% to 2.75%.
 - Projected salary increases for general members of 4.25% to 13.50% changed to 4.25% to 12.25% and safety members changed from 5.00% to 17.50% to 4.75% to 17.25%.
 - Mortality rate tables changed to a Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally using two-dimensional MP-2016 scale, adjusted separately for healthy and disabled for both general and safety members.
 - Impact due to assumption changes to be phased-in over three years.

SECTION 2

FINANCIAL: OTHER SUPPLEMENTARY INFORMATION

Irvine Transportation Center

- Rooted in Planning, Reaching Toward the Future

Opened in 1990, the Irvine Transportation Center reflects the city's reputation for intentional design, innovation, and balance. Positioned near major tech corridors and civic landmarks like the Great Park and Irvine Spectrum, the station serves as a gateway for a region built on foresight and infrastructure. Much like OCERS' approach to financial stewardship, Irvine's growth has been guided by transparency, structure, and long-term vision. This stop serves as a reminder that enduring systems are built through thoughtful planning and a commitment to progress.





SCHEDULE OF CONTRIBUTIONS

For the Year Ended December 31, 2024 (Dollars in Thousands)

	Employee	Employer
Pension Trust Fund Contributions		
County of Orange	\$ 225,585	\$ 660,302
Orange County Fire Authority	33,397	86,142 ¹
Orange County Superior Court of California	17,208	47,591
Orange County Transportation Authority	13,037	35,314
Orange County Sanitation District	9,374	9,541
Orange County Employees Retirement System	1,527	5,061
UCI Medical Center & Campus	-	2,936 ²
City of San Juan Capistrano	683	2,349
Transportation Corridor Agencies	888	985
Orange County Department of Education	-	3382
Orange County Cemetery District	201	274
Orange County Local Agency Formation Commission	54	220
Orange County In-Home Supportive Services Public Authority	185	224
Orange County Children & Families Commission	217	271
Orange County Public Law Library	178	133
Orange County Mosquito and Vector Control District	11	
Contributions Before Prepaid Discount	302,545	851,681
Prepaid Employer Contribution Discount		(5,318)
Total Pension Trust Fund Contributions	302,545	846,363
Health Care Fund - County Contributions	-	6,404
Health Care Fund - OCFA Contributions	-	30,588
Custodial Fund - OCTA Employer OPEB Contributions		17,669
Total Contributions	<u>\$ 302,545</u>	<u>\$ 901,024</u>

 $^{^{1}}$ Unfunded actuarial accrued liability payments were made for \$15.6 million by the Orange County Fire Authority.

² Unfunded actuarial liability payments have been made in accordance with a separate 20-year level dollar payment schedule to include liabilities for employee benefits related to past service credit.

SCHEDULE OF ADMINISTRATIVE EXPENSES

•For the Year Ended December 31, 2024 (Dollars in Thousands)

Pension Trust Fund Administrative Expenses	
Expenses Subject to the Statutory Limit	
Personnel Services	
Employee Salaries and Benefits	\$ 20,018
Board Members' Allowance	11
Total Personnel Services	20,029
Office Operating Expenses	
Depreciation/Amortization	2,519
Professional Services	2,552
General Office and Administrative Expenses	3,192
Rent/Leased Real Property	971
Total Office Operating Expenses	9,234
Total Expenses Subject to the Statutory Limit	29,263
Expenses Not Subject to the Statutory Limit	
Information Technology Professional Services	1,191
Information Security Professional Services	162
Finance Software Professional Services	3
Actuarial Fees	330
Equipment / Software	232
Total Expenses Not Subject to the Statutory Limit	1,918
Total Pension Trust Fund Administrative Expenses	31,181
Health Care Fund - County Administrative Expenses	24
Health Care Fund - OCFA Administrative Expenses	22
Custodial Fund - OCTA Administrative Expenses	23
Total Administrative Expenses	<u>\$ 31,250</u>

SCHEDULE OF INVESTMENT EXPENSES

For the Year Ended December 31, 2024 (Dollars in Thousands)

Investment Management Fees*		
Global Public Equity	\$	18,297
Income Strategies		18,838
Real Assets		44,040
Private Equity		45,184
Risk Mitigation		10,085
Unique Strategies		5,295
Short-Term Investments		111
Total Investment Management Fees		141,850
Other Fund Expenses ¹		38,232
Other Investment Expenses		
Consulting/Research Fees		2,361
Investment Department Expenses		4,326
Legal Services		429
Custodian Services		580
Investment Service Providers		44
Total Other Investment Expenses		7,740
Security Lending Activity		
Security Lending Fees		188
Rebate Fees		10,912
Total Security Lending Activity		11,100
Custodial Fund - OCTA Investment Fees and Expenses		3
Total Investment Expenses	<u>\$</u>	198,925
* Does not include undisclosed fees deducted at source	AND THE PASS BASED AND THE	10/10/00

^{*} Does not include undisclosed fees deducted at source.

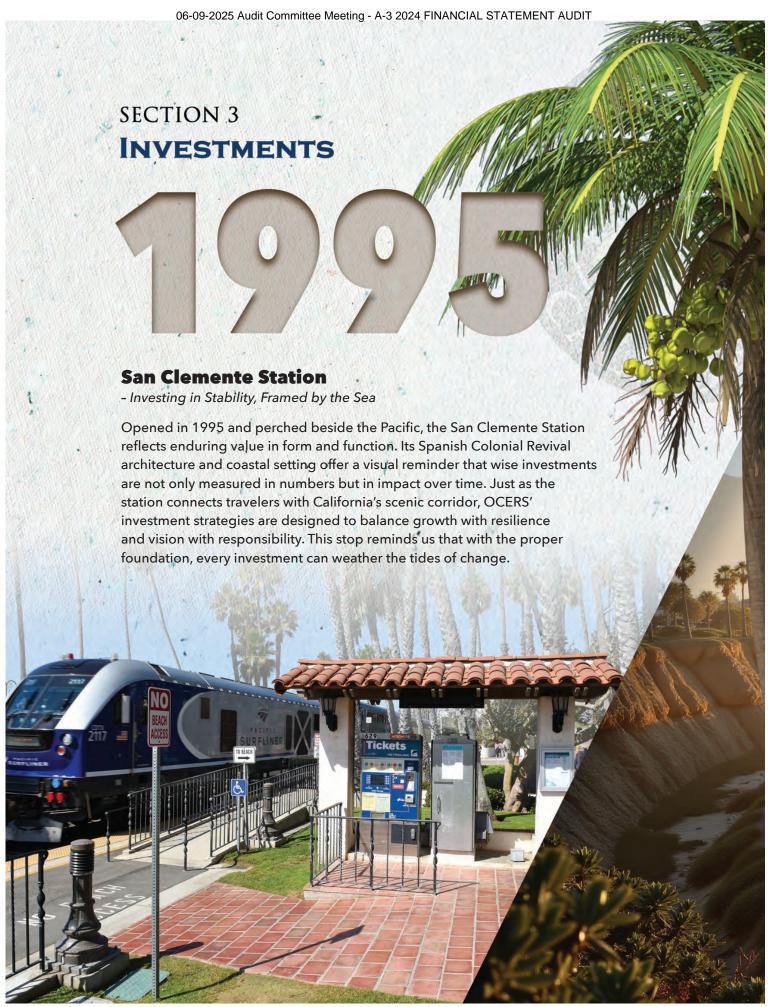
¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

SCHEDULE OF PAYMENTS FOR PROFESSIONAL SERVICES

•For the Year Ended December 31, 2024 (Dollars in Thousands)

Type of Services*	
Professional Expenses Subject to the Statutory Limit	
Medical/Disability Services	\$ 333
Information Technology Services	186
Legal Counsel	492
Other Consulting/Services	855
Operations Support Services	312
Audit Services	118
Other Legal Services	27
Human Resources Services	178
Finance Services	 51
Total Professional Expenses Subject to the Statutory Limit	 2,552
Professional Expenses Not Subject to the Statutory Limit	
Consulting/Research Fees	2,361
Information Technology Consultants	1,191
Custodian Services	580
Investment Legal Services	429
Actuarial Services	330
Information Security Consultants	162
Investment Service Providers	44
Finance Software Consultants	 3
Total Professional Expenses Not Subject to the Statutory Limit	 5,100
Total Payments for Professional Expenses	\$ 7,652

^{*} Detail for fees paid to investment professionals is presented in the Investment Section.





MEKETA

5796 Armada Drive Suite 110 Carlsbad, CA 92008 760.795.3450 Meketa.com

MEMORANDUM

TO: Board Members, Orange County Employees Retirement System

FROM: Stephen McCourt, Allan Emkin, Laura Wirick, Stephanie Sorg, Meketa Investment Group

DATE: March 11, 2025

RE: Investment Consultant's Statement for 2024 Annual Comprehensive Financial Report

This letter reviews the investment performance of the Orange County Employees Retirement System ("OCERS") portfolio for the fiscal year ending December 31, 2024.

OCERS' stated mission is to provide secure retirement and disability benefits with the highest standards of excellence. To this end, OCERS strives to align the portfolio's asset allocation, investments, and other related decisions with the goals of the overall System. This alignment is a fundamental part of the Investment Committee's regular meetings, where performance is examined (both on an overall portfolio basis and at the manager level), asset allocation is reviewed and modified to fit changes in expected return, strategic and tactical decisions are discussed, and the System's liabilities are reviewed. Meketa Investment Group, OCERS' general consultant, works to provide guidance to the Board (the System's fiduciary), and assists the Board with performance evaluation, asset allocation, manager selection, and other industry best practices.

State Street Bank and Trust Company, OCERS' custodian, independently prepared the performance data used in this report. Rates of return are represented using a time-weighted rate of return methodology based upon market values.

Calendar 2024 Year in Review

First Quarter

At the beginning of Calendar Year 2024, the global economy was characterized by moderating inflation and steady growth, as well as a feeling in many parts of the world that interest rate cuts would be forthcoming. Global growth was projected at 3.1% for 2024, slightly higher than previous forecasts, driven by anticipated resilience in the US and emerging markets, along with likely fiscal support in China. However, the actual growth during the year remained below the historical average primarily due to high central bank policy rates and low productivity growth outside the US.

At the start of the year, in most areas of the globe, inflation had declined closer to central bank target ranges. US inflation, as represented by the Consumer Price Index, stood at $3.4\%^2$, as of December 2023. It was projected to continue to decline by the end of the year due to tighter monetary policy and easing supply chain pressures. Inflation in Europe was at 2.9%, with the Euro area experiencing a slight increase from the previous months. In Japan, inflation stood at 2.6% a significant departure from its decades long struggles with deflation. Meanwhile, China faced much lower inflation, with the consumer price index declining to -0.8% over the trailing twelve months as of January 31, 2024, despite government stimulus measures.

However, as we moved forward in 2024, it became more apparent that the resilient economic data that was driving global equities higher was also pushing out the timing of the expected first US Federal reserve rate cut, leading to adjustments in bond prices and yields throughout the year. At that time, major central banks had largely paused interest rate hikes with expectations that many would eventually cut rates.

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(continued)



March 11, 2025

The uneven pace of falling inflation and economic growth across countries led to speculation that the pace of rate cuts could vary between central banks.

Inflation pressures had significantly eased in most countries from their pandemic peaks, but levels were still above most central bank targets with questions about how inflation would track going forward. Advanced economies saw more rapid disinflation compared to emerging markets. That said, in the US, headline inflation in March 2024 rose by more than expected (3.2% to 3.5%), while core inflation was unchanged (3.8%) despite a predicted decline to 3.7%.

Among equity asset classes, US markets (Russell 3000 Index) rose 10.0% in the first quarter of calendar 2024. The technology sector continued to perform well, with the energy sector gaining on geopolitical tensions. Non-US developed equity markets (MSCI EAFE) increased 5.8% in the quarter, helped by Japanese equities which hit multi-decade highs. A strengthening US dollar drove the weaker relative results for US investors with returns in local currency terms (MSCI EAFE Local) 4.2% higher (10.0% versus 5.8%) over the first quarter of calendar 2024.

During the first quarter of calendar 2024, emerging markets equities (MSCI Emerging Markets) had the weakest equity returns (+2.4%), led by China (MSCI China at -2.2%). Slowing economic growth, lingering issues in the property sector, and efforts by the US to discourage investments in China all weighed on results. The stronger dollar also hurt performance in emerging markets for US-based investors with returns in local currency terms (MSCI Emerging Markets Local) 2.1% higher (4.5%) during the same quarter.

Higher inflation and rising interest rates weighed on bonds with the broad US bond market (Bloomberg Aggregate) returning -0.8% for the first quarter of calendar 2024. High Yield Bonds (Barclays High Yield) remained positive, up 1.5% for the same quarter, as risk appetite remained strong and all-in yields attractive.

Second Quarter

The second quarter of calendar 2024 began with the notion of rates staying "higher for longer" given continued, resilient economic data. Stronger than expected inflation and employment data in the US weighed on both stocks and bonds in April. However, by May and June, sentiment changed as the Federal Reserve confirmed it was unlikely they would increase interest rates and economic data started largely coming in below expectations. Headline year-over-year inflation in the US fell 0.5% over the second quarter to 3.0% with several readings coming in below expectations. Core CPI also fell 0.5% in the quarter, finishing at 3.3%. Outside the US, inflation readings continued to decline in many developed markets, enough so that central banks in Canada, Sweden, Switzerland, and the EU all cut interest rates in the second quarter of calendar 2024.

Among equity asset classes, US markets (Russell 3000 Index) rose 3.2% in the second quarter of calendar 2024. Large capitalization technology companies again performed well driven by continued excitement over artificial intelligence. Enthusiasm surrounding artificial intelligence also benefited utilities, although to a lesser extent, with the market recognizing the massive computing power and energy needed to incorporate these technologies into many facets of everyday life. Non-US developed equity markets (MSCI EAFE) decreased 0.4% in the second quarter of calendar 2024. Strength in the US dollar drove the weaker relative results for US investors with returns in local currency terms (MSCI EAFE Local) 1.4% higher (+1.0% versus -0.4%). Emerging markets equities had the best returns in the second quarter of calendar 2024, with the MSCI Emerging Markets Index returning +5.0%, partially attributed to China (MSCI China) at +6.9%.

Page 2 of 7

(continued)



March 11, 2025

Rising interest rates weighed on bonds with income balancing capital losses. The broad US bond market (Bloomberg Aggregate) returned 0.1% for the second quarter of calendar 2024. High yield bonds (Barclays High Yield) remained positive, up 1.1% for the quarter.

Third Quarter

As the third quarter of 2024 began, markets were guided by the continued themes of inflation trends and economic growth projections across key regions. In the Eurozone, inflation had unexpectedly increased to 2.6% in July, from 2.5%³ in June, driven by rising energy costs, while Japan's inflation remained steady at 2.8%, prompting the Bank of Japan to raise the policy rate to 0.25% after decades of near-zero rates. China's central bank had implemented another round of interest rate cuts, aiming to support the economy and a modest inflation recovery to 0.5% in July. In the US, inflation continued to decline, with year-over-year headline inflation falling to 2.9% in July, although shelter costs remained a significant contributor to monthly inflation increases.

Global economic growth was projected to remain stable, with the International Monetary Fund forecasting a growth rate of around 3.2% for 2024, matching the 2023 estimate, and most major economies were expected to avoid a recession. However, key economic data in the US had weakened, leading markets to anticipate multiple rate cuts by the Federal Reserve in response to improving inflation data and signs of economic weakness. This divergence in monetary policy among central banks, with some cutting rates and others raising them, was likely to influence capital flows and currency movements in the coming months.

In the third quarter of 2024, the US equity markets, represented by the Russell 3000 Index, rose by 6.2%. This increase was driven by a broadening rally that included strong performance in value and small cap stocks, reversing the earlier trend of narrow leadership by large cap growth stocks. The technology sector continued to perform well, contributing to the overall gains in the US equity markets.

Non-US developed equity markets, as measured by the MSCI EAFE Index, increased by 7.3% in the third quarter, with Japanese equities hitting multi-decade highs, which significantly contributed to the overall performance. In a reversal of the first two quarters of the year, the weakening US dollar in the third quarter had a beneficial impact on returns for US investors, as the local currency version of the index (MSCI EAFE Local) returned just 0.8%. Emerging markets equities, represented by the MSCI Emerging Markets Index, posted a return of 8.7% in the third quarter, outperforming developed market stocks. Within emerging markets, China (MSCI China) saw a significant rally of 23.5% for the quarter, driven by a substantial policy stimulus package aimed at supporting equity prices and reducing bank reserve requirements.

The broad US bond market, represented by the Bloomberg Aggregate Index, returned 5.2% in the third quarter, benefiting from expectations of additional policy rate cuts as inflation pressures receded and the economy showed signs of possible slowing. High yield bonds, as measured by the Bloomberg High Yield Index, were up 5.3% due to strong risk appetite and attractive yields.

Fourth Quarter

At the start of the fourth quarter of 2024, the global economy was characterized by mixed outcomes influenced by various geopolitical and economic factors. The US election played a significant role, with markets reacting to the incoming Trump administration's proposed policies, which included tariffs, tax cuts and deportations, raising concerns about future inflationary pressures and economic stability. Despite these concerns, US equities experienced a post-election rally driven by optimism over potential policy benefits, such as deregulation.

Page 3 of 7

(continued)



March 11, 2025

Even with the market focused on economic impacts from the incoming US administration's policies, the Federal Reserve cut its policy rate by 0.25% in December, but its Summary of Economic Projections and hawkish comments provoked a repricing of future rate cuts and their timing. That said, unemployment remained low and economic growth showed resilience throughout the quarter. Internationally, non-US markets faced challenges, with economic growth slowing in Europe and China, partly due to trade tensions and a strong US dollar. Overall, the quarter highlighted significant divergence between US and international markets, driven by varying economic policies and geopolitical uncertainties.

In the fourth quarter of 2024, global equity and bond markets exhibited varied performance. US equity markets, represented by the Russell 3000 Index, rose by 2.6%, driven by a post-election rally and strong performance in the technology sector. Non-US developed equity markets, as measured by the MSCI EAFE, declined by 8.1%, impacted by a strong US dollar and concerns over trade wars and slowing growth in Europe. Emerging markets equities, tracked by the MSCI Emerging Markets, fell by 8.0%, with China (MSCI China) declining by 7.7% due to slowing economic growth, property sector issues, and discouragement of US investments.

In the fixed income market, the broad US bond market (Bloomberg Aggregate) returned -3.1% due to higher inflation and rising interest rates. Conversely, High yield bonds (Bloomberg High Yield) were up 0.2%, reflecting a continued strong risk appetite and attractive yields.

Overall, in 2024, global economies experienced varied growth and inflation trends. The US saw an annual GDP growth of 2.5%, driven by strong consumer spending. Inflation in the US moderated to 3.0% by December, and the Fed Funds rate declined from a range of 5.25-5.50% to start the year down to 4.25-4.50% by year end. The Eurozone's GDP grew by 0.9%4, with inflation stabilizing at 2.5% for the year. Japan's economy expanded by 0.1% in 2024, with an annual inflation rate of 3.6%, and was the only major economy to raise rates during the year. China's official government numbers showed it achieved its GDP growth target of 5.0%5, supported by strong exports and government stimulus, though inflation remained low at 0.1% for the full calendar year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was $4.1\%^6$ in December 2024, reflecting a slight increase from the previous year. The Eurozone's unemployment rate remained relatively stable, averaging around 6.5%. Japan's unemployment rate was low, at approximately $2.7\%^7$, supported by steady job creation. In China, the unemployment rate hovered around $5.2\%^8$, with government policies aimed at maintaining employment stability.

Calendar Year 2025 Outlook

In calendar year 2024, the US economy outperformed the rest of the developed world, with growth remaining strong, despite high interest rates. The Fed Funds rate ended the year above 4%, about 1% below where it started, while economic growth remained far from recessionary territory. This, combined with excitement over AI, led to strong results in equity markets, while fixed income markets finished in positive territory, with higher coupons that offset lower prices due to higher rates.

The year 2025 is poised to be a pivotal one, potentially marked by significant economic, political, and social developments. There are several areas that could guide markets, both positively and negatively. These include:

- ightarrow Trump Administration Policies
 - The market is focused on which of President Trump's campaign promises, such as tariffs, tax cuts, and immigration policy changes, will be implemented, especially given Republican control of both the House and Senate.

Page 4 of 7

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March 11, 2025

- President Trump's proposed tariffs on imports from countries like China, Mexico, Canada, and
 the European Union aim to protect US industries and generate federal revenue, but there is
 uncertainty about their scope and potential international retaliation. Higher tariffs could lead to
 domestic inflation by increasing the prices of imported goods, though the extent of this impact
 depends on the breadth, height, and duration of the tariffs, as well as potential mitigating actions
 by companies and countries⁹.
- President Trump also promised further tax cuts for corporations and individuals, but with the US debt-to-GDP ratio at its highest level since World War II, there are concerns about the impact on Treasury yields and investor appetite for US debt.¹⁰
- Stricter immigration policies could reduce the labor force, leading to wage inflation and potential
 negative effects on economic growth and investment, especially as the US population ages and
 the share of seniors increases¹¹.
- → Federal Reserve Policy Dynamics
 - The Federal Reserve faces a challenging year in 2025, dealing with inflation levels above its target and uncertainties related to the Trump administration's economic policies.¹²
 - The FOMC has raised its inflation outlook for 2025, reflecting persistent inflationary pressures in the US economy.¹²
 - Inflation has driven up borrowing costs, with the US government's annual interest expense surpassing one trillion dollars in 2024, doubling from \$574 billion in 2021.¹³
 - Despite better-than-expected economic growth and labor markets, the Fed may find it difficult to justify cutting interest rates in 2025 due to ongoing inflationary pressures.¹⁴
 - The Fed's messaging in 2024 fluctuated, leading to increased expectations for the Fed Funds Rate in 2025 and 2026, with the estimated year-end 2025 rate ranging between 3.1% and 4.4%, and fewer anticipated rate cuts than previously forecasted.¹⁴

→ US Equities

- In 2025, US equities are likely focused on concentration risk and elevated valuations, with a few select large-cap stocks, known as "The Magnificent 7," driving much of the market gain.
- The Magnificent 7 accounted for 53.9% of the S&P 500 returns in 2024 and over 57% over the
 past three years¹⁵, increasing their share of market capitalization from 27% in December 2021 to
 33.8% at the end of 2024.¹⁶ This concentration raises concerns about diversification, as any
 weakness in these stocks could disproportionately impact overall portfolio performance.
- Following President Trump's election, sectors linked to his economic policies, such as consumer discretionary, communication services, and consumer staples, have shown strong performance, potentially broadening market gains.
- Valuations remain elevated, with price-to-earnings ratios well above historic averages as of the
 end of 2024, reflecting optimism about earnings growth and economic resilience, but also
 increasing vulnerability to macroeconomic shocks and earnings disappointments.

Page 5 of

(continued)



March 11, 2025

- → China's Economic Struggles
 - Since the COVID pandemic, the Chinese economy has struggled, with the IMF cutting its 2024 growth estimate to 4.8% and 4.5% for 2025, while deflationary pressures persist and sovereign bond yields trade below Japanese bond yields.¹⁷
 - The Chinese real estate sector's troubles have significantly impacted local and provincial
 government revenues, prompting the Chinese Communist Party to adopt cautious policies,
 including cutting policy rates, expanding debt issuance for local governments, and supporting
 bank liquidity.
 - Discussions regarding a debt restructuring program for local governments are unfolding, estimated to involve approximately two trillion dollars in hidden debt, with the central government allocating larger debt issuance allowances to preserve solvency and protect local banks and investment funds.¹⁸
 - Geopolitical tensions have led to a 29.1% decline in foreign direct investment into China year-over-year, and potential additional tariffs on Chinese products could further reduce annual growth by at least 70 basis points.¹⁹
 - In response to economic pressures, China has allowed the yuan to depreciate by nearly 4% against the US dollar between September and November, making exports cheaper but risking capital outflows, higher import prices, and increased foreign debt servicing costs, leading to continued downward revisions of economic forecasts.¹⁹

OCERS 2024 Performance

OCERS' portfolio returned 10.0% in 2024, compared to the Policy Index's trailing 12-month return of 9.8%. The portfolio return ranked in the top 24% of the Public Defined Benefit > \$1 Billion peer universe. Global Public Equity had the strongest absolute performance of all asset classes, returning 16.9%, while the Risk Mitigation asset class had the weakest 2024 performance of -1.6%. The functional role of the Risk Mitigation asset class is to provide diversification properties that are difficult to achieve in traditional asset classes and act as protection for the portfolio during equity drawdowns.

Over the trailing three- and five-year periods, the OCERS portfolio returned 4.1% and 8.0% on average annually. For the trailing three years, OCERS' performance ranked in the 14th percentile compared to peers, and over the trailing five years, ranked in the 17th percentile.

If you have any questions, please contact us at (760) 795-3450.

LBW/SBS/lv

Page 6 of 7

(continued)

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March 11, 2025

Return, inflation and treasury rate data from Bloomberg unless otherwise of Isource: Internhaltliposn.a/I/ wMwown.eitmafr.yorFqu/nedn/Puebcloin-co.amti-tcp.eisa/f.wiibia/g.vy/ssues/2024/01/30/wordes-25ource: FRED. Data is as December 2023.
3 Source: Bloomberg.
4 Source: Burostat.
5 Source: National Bureau of Statistics of China.
6 Source: FRED and BLS. Data is as of December 31, 2024.
7 Ministry of Internablow/offiniaergs. and Communications via
8 National Bureau of Statistics of China via Bloomberg.
9 Source: Breau of Economic Analysis national accounts data as of December 5 Source: FRED as of December 2024. Includes Congressional Budget Office 5 Forecast 1 Source: FRED as of December 2024. Between 2007 and November 2024 the number of employed source: FRED as of December 2024. FOMC Summary of Economic Projections (SEP), re Rate and Personal Consumption Expenditure (PCE) (unadjusted). These projections of Expenditure: FRED as of December 2024.
4 Source: FRED as of December 18, 2024. FOMC Summary of Economic Projections (SEP), re Rate and Personal Consumption Expenditure (PCE) (unadjusted). These projections re 18 Source: FRED as of December 2024.
4 Source: FRED as of December 2024.
5 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for o 18 Source: Fact Set as of December 2024.
5 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for o 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for o 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for o 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for 0 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for 0 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for 0 18 Source: Fact Set as of December 2024. The top 10 stocks in the S&P 500 account for 0 18 Source: Fact Set as 0 for 0 18 Source: Fact Set as 0 for 0 18 Source: Fact Set as 0 for 0 18 Source

Page 7 of

84

SECTION 3: INVESTMENTS

INVESTMENT RETURNS

The table below details the annualized rates of return for the different asset categories over various time periods ended December 31, 2024. The returns for each asset class represent the composite returns of all the manager portfolios within the asset class. All returns are net of fees, which is a change from the reporting in prior years when only indirect or at source fees were deducted from the returns being presented. The method of computation of investment returns is a time-weighted approximation.

	1 Year	3 Year	5 Year
Global Public Equity (%)	16.92	5.39	10.44
MSCI ACWI IMI (%)	16.37	4.90	9.67
Private Equity (%)	7.31	3.41	14.04
Cambridge Private Equity Lagged (%)	9.03	6.38	15.30
Income Strategies (%)	4.69	0.92	2.47
Income Strategies Benchmark (1) (%)	3.29	N/A	N/A
Real Asset (%)	2.00	6.43	6.18
Real Asset Custom Index (2) (%)	3.41	3.60	5.03
Risk Mitigation (%)	-1.56	2.24	2.82
Risk Mitigation Custom Index (3) (%)	1.39	0.81	2.13
Unique Strategies (%)	8.70	4.05	N/A
Short Term Investments (%)	6.24	4.44	2.75
Cash Overlay (%)	3.41	-3.69	2.22
91-day Treasury Bill (%)	5.25	3.89	2.46
Total Fund (%)	9.96	4.14	7.95
Composite Policy Benchmark (4) (%)	9.81	3.86	7.70

- Income Strategies Benchmark = 60% Bloomberg U.S. Aggregate + 11% Bloomberg U.S. TIPS Index + 17% Credit Suisse Leveraged Loan Index + 12% Credit Suisse Western European Leveraged Loan Index.
- Real Assets Custom Index = 45% NCREIF ODCE Index + 36% Cambridge Private Equity Energy Lagged + 13% Cambridge Infrastructure Index + 6% NCREIF Farmland Index through 6/30/2020, 58% NCREIF ODCE Index + 17% Cambridge Private Equity Energy Lagged + 25% Cambridge Infrastructure Index through 06/30/2023, 54% NCREIF ODCE Index + 16% Cambridge Private Equity Energy Lagged + 30% Cambridge Infrastructure Index thereafter.
- Risk Mitigation Custom Index = 50% HFRI Macro: Systematic Diversified CTA + 50% Bloomberg Long Term U.S. Treasury Index through 9/30/2019, 33.33% Bloomberg Long Term U.S. Treasury Index + 33.33% HFRI Macro: Systematic Diversified CTA + 33.33% SG Trend Index through 12/31/2019, 25% Bloomberg Long Term U.S. Treasury Index + 25% HFRX Macro: Systematic Diversified CTA + 25% SG Trend Index + 25% SG Multi Alternative Risk Premia through 6/30/2020, 25% Bloomberg Long Term U.S. Treasury Index + 25% HFRI Macro Total Index + 25% SG Trend Index + 25% SG Multi Alternative Risk Premia through 3/31/2022, 33.33% Bloomberg Long Term U.S. Treasury Index + 16.67% HFRI Macro Total Index + 33.33% SG Trend Index + 16.67% SG Multi Alternative Risk Premia thereafter.
- Policy Benchmark = 45% MSCI ACWI IMI Index + 15% Cambridge Private Equity 1-Quarter Lag Index + 17% Income Strategies Benchmark ¹ + 13% Real Assets Custom Index ² + 10% Risk Mitigation Custom Index ³

N/A - Represents new investment category and custom index; data not available.

STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES

General

The primary goal of the Orange County Employees Retirement System's investment program is to provide Plan participants with retirement benefits as required by the County Employees Retirement Law of 1937. This goal is accomplished through Employers' and Plan participants' contributions and the implementation of a carefully planned and monitored long-term investment program. The Board of Retirement (with the participation of the Investment Committee, staff, and advisors) has exclusive control of all investments of the Plan and is responsible for the establishment of investment objectives, strategies, and policies.

The Board of Retirement is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board. The Investment Committee has adopted an Investment Policy Statement that provides a framework for managing of OCERS' investments. This purpose of the Investment Policy Statement is to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the system's assets.

Investment Objectives

OCERS' goal is to meet the promised retirement benefits due to its members. OCERS invests the assets of the system solely for the benefit of plan participants and beneficiaries while minimizing employer contributions and investment and administration costs. The long-term performance objective for the portfolio is to exceed the actuarially assumed rate of return net of fees and expenses, with a secondary objective of exceeding the return on an appropriate designated benchmark over a complete economic cycle and relevant longer periods, also net of fees and expenses.

Strategic Asset Allocation Policy and Maintenance

A pension fund's strategic asset allocation policy, implemented in a consistent and timely manner, is generally recognized to have the most impact on a fund's investment performance. The asset allocation policy determines a fund's optimal long-term asset class mix (target allocation). This policy is expected to achieve a specific set of investment goals, such as risk and return objectives. The policy also establishes ranges around the targeted levels which assets levels are permitted to fluctuate. Fluctuations outside the permitted range act as triggers for reallocating assets to ensure adherence to targeted weights.

Program Administration and Manager Structure

For each major asset class, the System shall diversify assets by employing managers with demonstrated skill in their particular areas of expertise. The System will retain managers who utilize varied investment approaches and allocate assets in a manner that is consistent with the overall investment plan. For example, the sum of all domestic equity managers should exhibit characteristics that are similar, but not necessarily identical, to the overall equity market. When asset fluctuation causes the asset class to exhibit characteristics that are dissimilar from the plan, staff shall direct cash flows to or from the various managers so that actual characteristics are consistent with the plan.

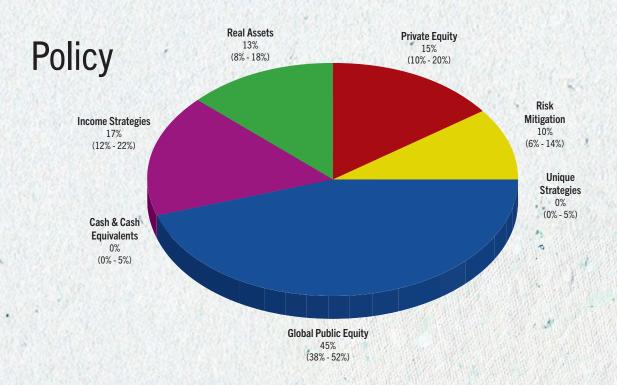
Use of Proxies

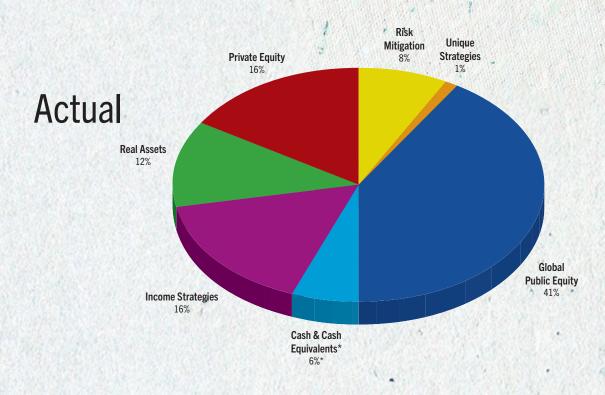
OCERS utilizes the services of Institutional Shareholder Services (ISS) to vote public equity proxies on OCERS' behalf. ISS is solely responsible for voting all proxies for securities, consistent with the ISS Benchmark Policy, as approved by the Investment Committee. If the ISS Benchmark Policy does not contain recommended voting guidelines for the subject of the proxy vote, ISS will contact OCERS for guidance prior to casting the vote to ensure proxy votes are in accordance with OCERS' guidelines to protect and enhance returns on behalf of plan participants.

86

ASSET DIVERSIFICATION

December 31, 2024

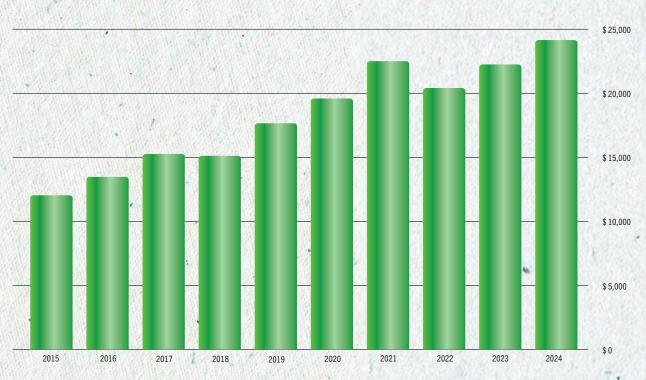




^{*} For financial reporting purposes, the Short-Term Investment Fund (STIF) is reported in the financial statements as a cash equivalent. OCERS investment policy includes the STIF in the Global Public Equity allocation.

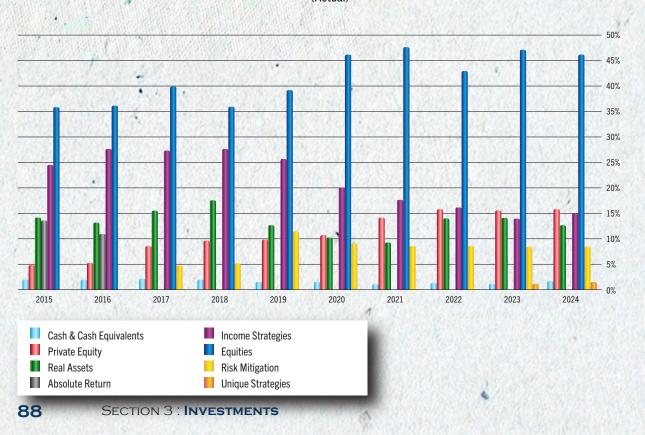
GROWTH OF SYSTEM NET INVESTMENTS AT FAIR VALUE

For the Ten Years Ended December 31, 2024 (in Millions of Dollars)



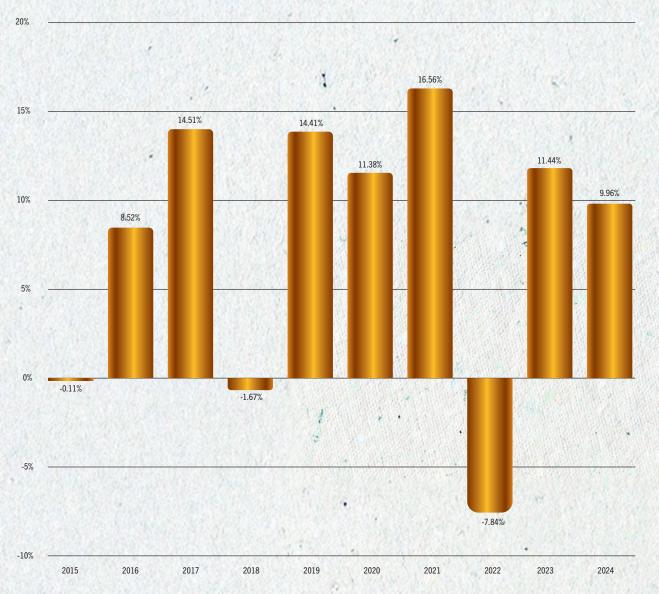
HISTORICAL ASSET ALLOCATION

December 2015 - December 2024 (Actual)



HISTORY OF PERFORMANCE - NET

 December 2015 - December 2024 (Actual)



As of 2016, all History of Performance rates of returns have been recalculated from the prior years reporting to report net of all fees. In prior years, the rates of returns in the above schedule included indirect or at source fees, but excluded other direct fees.

SCHEDULE OF LARGEST EQUITY HOLDINGS

(by Fair Value) 1, 2

As of December 31, 2024 (Amounts in Thousands)

Common Stock	Shares	Fair Value
SAFRAN SA	52	\$ 11,439
SAP SE	44	10,792
TOTALENERGIES SE	189	10,464
CURTISS WRIGHT CORP	26	9,268
NATWEST GROUP PLC	1691	8,515
LONDON STOCK EXCHANGE GROUP	57	8,051
ASTRAZENECA PLC	61	7,964
CRINETICS PHARMACEUTICALS IN	154	7,895
ASML HOLDING NV	11	7,857
ASTERA LABS INC	59	7,821

SCHEDULE OF LARGEST FIXED INCOME HOLDINGS

(by Fair Value) 1

As of December 31, 2024 (Amounts in Thousands)

Asset	CPN/ Maturity	Fair Value
FNMA TBA 30 YR 5.5	5.5%/02-15-2055	\$ 37,371
US TREASURY N/B	1.4%/12-31-2028	26,310
FNMA TBA 30 YR 4.5	4.5%/02-15-2055	21,811
US TREASURY N/B	1.4%/11-15-2031	21,593
FNMA TBA 30 YR 5	5.0%/01-15-2055	21,231
US TREASURY N/B	3.5%/02-15-2033	21,145
SWPC0MWQ7 CDS USD R F 1.00000	1.0%/12-20-2029	18,402
FED HM LN PC POOL SD8244	4.0%/09-01-2052	17,922
US TREASURY N/B	1.3%/05-15-2050	17,916
FNMA TBA 30 YR 4	4.0%/02-13-2055	17,736

¹ A complete list of portfolio holdings is available for review at the OCERS' office.

90

SECTION 3: INVESTMENTS

² The holding schedules pertain to holdings of individual securities; they do not reflect OCERS' investments in commingled funds.

SCHEDULE OF COMMISSIONS

•For the Year Ended December 31, 2024 (Amounts in Thousands)

Broker Name	Number of Shares Traded	Commission per Share (in cents)	Total Commission
BNP Paribas Securities	8,841	0.23	\$ 20
BofA Securities, Inc.	1,219	0.66	8
BTIG, LLC	529	2.27	12
Citigroup Global Markets, Inc.	2,035	0.84	17
Cowen and Company LLC	1,587	1.58	25
Credit Lyonnais Securities	943	0.74	7
Goldman Sachs	16,782	0.35	59
Instinet	8,536	0.47	40
J.P. Morgan Securities	11,678	0.39	45
Jefferies	3,788	1.08	41
Liquidnet	1,295	1.78	23
Merrill Lynch	14,987	0.27	41
Morgan Stanley & Company, Inc.	18,823	0.24	45
Penserra Securities	5,688	1.02	58
Piper Jaffray & Co.	775	3.23	25
RBC	759	1.98	15
Baird	1,535	1.43	22
Stifel Nicolaus	4,859	1.28	62
UBS	8,294	0.36	30
Virtu	1,528	1.57	24
Other*	9,439	1.88	<u> 177</u>
Total	123,920	0.64	<u>\$ 796</u>

^{*} Other includes 113 additional firms that comprise approximately 22% of total commissions and approximately 8% of the total number of shares traded. The average commission per share is 1.88 cents.

COMMISSION RECAPTURE PROGRAM

OCERS implemented a direct brokerage program where investment managers can trade with specific brokerage firms for the purpose of reducing trading commissions. The brokerage firms utilized for these services are Abel Noser, Capital Institutional Services, Cowen Execution Services Limited, and State Street Bank.

SCHEDULE OF INVESTMENT EXPENSES AND INVESTMENT SUMMARY

For the Year Ended December 31, 2024 (Dollars in Thousands)

	Assets Under Management at		
Type of Investment Expenses	Fair Value	Percentage	Fees
Investment Management Fees*			
Investments at Fair Value:			
Global Public Equity	\$ 10,145,710	41%	\$ 18,297
Income Strategies	3,828,089	16%	18,838
Real Assets	3,053,551	12%	44,040
Private Equity	4,079,878	16%	45,184
Risk Mitigation	1,875,533	8%	10,085
Unique Strategies	203,787	1%	<u>5,295</u>
Total Investments at Fair Value	23,186,548		141,739
Short-Term Investments	28,909	6%	111
Total Investment Management Fees	<u>\$ 23,215,457</u>	<u>100%</u>	141,850
Other Fund Expenses ¹			38,232
Other Investment Expenses			
Consulting/Research Fees			2,361
Investment Department Expenses			4,326
Legal Services			429
Custodian Services			580
Investment Service Providers			44
Total Other Investment Expenses			7,740
Securities Lending Activity			
Securities Lending Fees			188
Rebate Fees			10,912
Total Securities Lending Activity			11,100
Custodial Fund - OCTA Investment Fees and Expenses			3
Total Investment Expenses			<u>\$ 198,925</u>

^{*} Does not include undisclosed fees deducted at source.

¹ These costs include, but are not limited to, foreign income tax and other indirect flow-through investment expenses such as organizational expenses in limited partnership structures.

LIST OF INVESTMENT MANAGERS

As of December 31, 2024

Cash Overlay

Parametric

Income Strategies

Ares Management

Bayview Asset Management, LLC BlackRock Institutional Trust Company

CBC Group

Dodge & Cox

Longfellow Investment Management Co., LLC Pacific Investment Management Company

Schroders

Alcentra

Arcmont Asset Management Beach Point Capital Management

Blue Owl Capital

Crayhill

Cross Ocean Partners

CarVal Investors

Hayfin Capital Management

Loomis, Sayles & Company, L.P.

Monroe Capital

NXT Capital

OCP Asia

Pathlight Capital

Silver Rock Financial

Strategic Value Partners

Wellington Trust Company, NA

Global Public Equity

Acadian Asset Management

AQR Capital Management, LLC

Artisan Partners

Driehaus Capital Management

BlackRock Institutional Trust Company

Capital Group

City of London

Fidelity Institutional Asset Management

GQG Partners

Harris Associates

Parametric

Systematic Financial Management

William Blair & Co.

Private Equity

Abbott Capital

Accel-KKR

Adams Street Partners, LLC.

Advent International Corporation

Alcentra

Altaris Partners

Private Equity (continued)

Altor Fund Manager AB

American Industrial Partners

Archimed Group

Battery Ventures

CBC Group

Cinven

Clearlake Capital Partners

DBL Partners

EQT Partners

FSN Capital

General Catalyst

Genstar Capital

GGV Capital

Greenoaks Capital Partners

H.I.G. Capital

HarbourVest Partners, LLC

Harvest Partners

HealthQuest Capital Management

Hellman & Friedman Capital Partners

Hg

Insight Partners

Investindustrial

Mayfield

Mesirow Financial

Monroe Capital

NFA

Nordic Capital

Oak HC/FT

One Rock Capital Partners

OCP Asia

Orchid Asia Group

PAI Partners

Pantheon Ventures

Park Square Capital

Spark Capital

Stellex Capital Partners

Stone Point Capital

Thoma Bravo, LLC

TPG

Vista Equity Partners

Vitruvian Partners

WestCap

Real Assets

AEW Capital Management

Almanac Realty Investors Argo Infrastructure Partners

Asana Partners

BlackRock Institutional Trust Company

Blackstone

Brigade

Real Assets (continued)

Cerberus Institutional Real Estate GP

Clarion Partners

Cortland

DigitalBridge

EnCap

EnerVest, Ltd

EQT Partners

Global Infrastructure Partners

Grain Management

I Squared Capital

Jamestown

Kayne Anderson Capital Advisors

LBA Logistics

LS Power

Manulife Investment Management

Morgan Stanley

Oaktree Capital Management

Principal Financial Group

Quantum Energy Partners

Stonepeak Infrastructure Partners

TPG Real Estate

True North Management Group

Warwick Group

Waterton Associates

Westbrook Partners

Risk Mitigation

Alpha Simplex Group, LLC

Alpstone Capital

AQR Capital Management, LLC

Brevan Howard - DG Partners

BlackRock Institutional Trust Company Graham Capital Management, L.P.

Pacific Investment Management Company

Systematica Investments

Two Sigma Investments

Unique Strategies

Blackstone

Capital Constellation

Collective Global Management

TCG Crossover Management

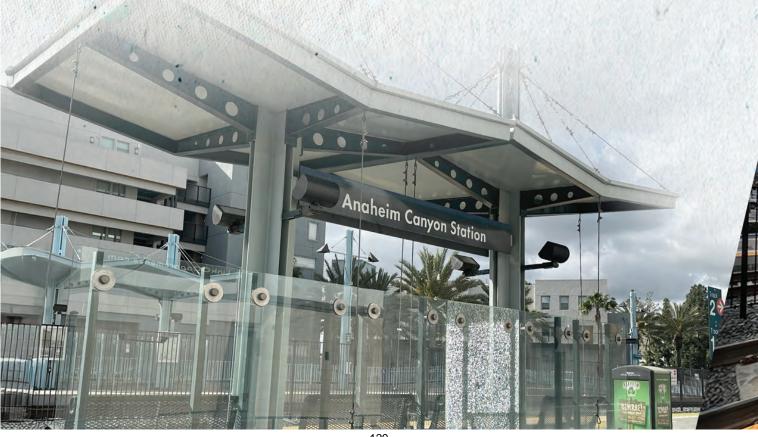
Waterfront Capital Partners

SECTION 4 ACTUARIAL

Anaheim Canyon Station

- Where Planning Shapes the Future

Opened in 1996, Anaheim Canyon Station serves as a symbol of long-term vision and calculated growth. Positioned near industrial corridors and framed by efficiency, it mirrors the intent behind actuarial analysis: to prepare, protect, and plan. Just as OCERS relies on actuarial discipline to ensure stability for generations, this stop reminds us that foresight is the foundation of resilience.







180 Howard Street Suite 1100 San Francisco, CA 94105-6147 T 415.263.8200 segalco.com

May 5, 2025

Board of Retirement Orange County Employees Retirement System 2223 Wellington Avenue Santa Ana, CA 92701-3101

Re: Orange County Employees Retirement System (OCERS) Certification for Pension Plan as of December 31, 2023

Dear Members of the Board and Retirement System:

Segal prepared the December 31, 2023 annual actuarial valuation of the Orange County Employees Retirement System (OCERS or System). We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices and OCERS' funding policy that was last reviewed and adopted by the Board in 2014 (reaffirmed in 2018 and revised with some non-substantive changes in 2022) and modified in 2024 to indicate that the Board may exercise discretion in determining whether to delay or change contribution rates immediately when there is a plan amendment. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice (ASOPs). A discussion of the assumptions and methods used in the separate December 31, 2024 actuarial valuation for financial reporting purposes under Governmental Accounting Standards Board (GASB) Statement No. 67 is presented at the end of this letter.

December 31, 2023 actuarial valuation for funding purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2023. The actuarial calculations presented in the valuation report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for statutory retirement benefits.

The December 31, 2023 actuarial valuation is based on the plan of benefits verified by OCERS and on participant and financial data provided by OCERS. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report.

We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer

(Continued)

Board of Retirement Orange County Employees Retirement System May 5, 2025 Page 2

contribution rates take into account fair value by recognizing the differences between the actual and expected return on fair value over a five-year period. The development of the actuarial value as of December 31, 2023 is provided in the *Development of actuarial and valuation value of assets*.

One funding objective of the Plan is to establish contribution rates, which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the entry age cost method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any unfunded actuarial accrued liability (UAAL). One of the funding objectives of the System is to reduce that UAAL to zero over a declining period. Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized 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 five years. The progress being made toward the realization of the funding objectives through December 31, 2023 is illustrated in the *Schedule of funding progress*.

Segal prepared all of the supporting schedules in the actuarial section of the System's Annual Comprehensive Financial Report (ACFR) based on the results of the December 31, 2023 actuarial valuation for funding purposes. A listing of the supporting schedules related to the statutory retirement plan benefits that Segal prepared for inclusion in the actuarial section of the System's ACFR is provided below. OCERS' staff prepared the remaining trend data schedules in the statistical section.

Actuarial section (based on December 31, 2023 actuarial valuation for funding purposes)

- 1. Schedule of funding progress
- 2. History of employer contribution rates
- 3. Summary of active membership
- 4. Summary of retired membership
- 5. Development of actuarial and valuation value of assets
- Schedule of funded liabilities by type
- 7. Actuarial methods and assumptions
- 8. Summary of major plan provisions
- 9. Experience analysis

→ Segal

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(Continued)

Board of Retirement Orange County Employees Retirement System May 5, 2025 Page 3

The valuation assumptions used in this valuation were included in the Actuarial Section. The results of this valuation were prepared using the actuarial assumptions and methods developed in the triennial actuarial experience study as of December 31, 2022. All of the assumptions recommended in the study were adopted by the Board.* Actuarial valuations are performed on an annual basis and the experience analysis is performed every three years. The next experience analysis is due to be performed as of December 31, 2025 and any changes in assumptions will be reflected in the December 31, 2026 valuation.

In the December 31, 2023 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 81.5% to 82.6%. The aggregate employer rate (average of the County and all special districts rates combined) has changed from 38.30% of payroll to 38.09% of payroll. The aggregate member's rate has changed from 11.84% of payroll to 11.74% of payroll.

In the December 31, 2023 valuation, the actuarial value of assets excluded \$500.0 million in unrecognized investment losses, which represented 2.3% of the fair value of assets. If these deferred investment losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 82.6% to 80.8% and the aggregate employer contribution rate, expressed as a percent of payroll would increase from 38.1% to 39.8%.

To the best of our knowledge, the December 31, 2023 funding valuation report is complete and accurate and, in our opinion, presents the Plan's current funding information.

December 31, 2024 GASB Statement 67 actuarial valuation for financial reporting purposes

Segal prepared the December 31, 2024 GASB Statement 67 actuarial valuation for financial reporting purposes. The valuation was performed in order to comply with GASB Statement 67 and we certify that the assumptions and methods used for financial reporting purposes meet the parameters set by ASOPs and our understanding of generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by GASB. The GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes.

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. The Net Pension Liabilities (NPLs) measured as of December 31, 2024 and December 31, 2023 have been determined by rolling forward the Total Pension Liabilities (TPLs) for the statutory Retirement Plan benefits as of December 31, 2023 and December 31, 2022, respectively. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

* The Board decided to defer the change in the allocation of normal cost associated with providing COLA benefits for legacy Safety members with 30 or more years of service until after OCERS has the opportunity to fully vet the impact of the change.

X Segal

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Board of Retirement Orange County Employees Retirement System May 5, 2025 Page 4

Note number 8 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the ACFR was prepared by the System based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2024 prepared by Segal.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

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

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

Molly Calcagno, ASA, EA, MAAA Senior Actuary

JY/elf Attachments

Disclaimer

This document has been prepared for the exclusive use and benefit of OCERS, based upon information provided by OCERS or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This letter should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

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SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

Valuation Date	Actuarial Accrued Liability	Valuation Value of Assets	Unfunded Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability	Projected Covered Payroll	Ratio of Unfunded Actuarial Accrued Liability to Projected Covered Payroll
12/31/14	\$ 16,413,124	\$ 11,449,911	\$ 4,963,213	69.76%	\$ 1,648,160	301.14%
12/31/15	17,050,357	12,228,009	4,822,348	71.72%	1,633,112	295.29%
12/31/16	17,933,461	13,102,978	4,830,483	73.06%	1,759,831	274.49%
12/31/17	19,635,427	14,197,125	5,438,302	72.30%	1,811,877	300.15%
12/31/18	20,703,349	14,994,420	5,708,929	72.43%	1,875,370	304.42%
12/31/19	21,916,730	16,036,869	5,879,861	73.17%	1,952,534	301.14%
12/31/20	22,904,975	17,525,117	5,379,858	76.51%	1,962,869	274.08%
12/31/21	24,016,073	19,488,761	4,527,312	81.15%	2,052,706	220.55%
12/31/22	25,386,669	20,691,659	4,695,010	81.51%	2,124,678	220.98%
12/31/23	26,788,041	22,135,285	4,652,756	82.63%	2,277,976	204.25%

Notes:

- The December 31, 2023 valuation included the following change:
 - **Assumption Changes**: Changes in mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2022 triennial experience study increased the UAAL by \$145 million.
 - Method Changes: Refinements included an improvement in reflecting the timing of decrements in calculating the total normal cost rate for each plan, and using the individual (instead of the aggregate) version of the entry age actuarial cost method to determine the normal cost of the COLA benefits.
- The December 31, 2022 valuation included the following benefit change:
 - O.C. Superior Court adopted Plan U for CalPEPRA member service earned effective July 1, 2023.
- There were no assumption or plan changes in the December 31, 2021 valuation.
- The December 31, 2020 valuation included the following changes:

Assumption Changes:

Changes in inflation, mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2019 triennial experience study increased the UAAL by \$24 million.

100

SCHEDULE OF FUNDING PROGRESS

(continued)

Method Change:

A refinement to the Entry Age actuarial cost method was made. Before the refinement, Entry Age was calculated as the age of the member as of the valuation date minus years of employment, including non-OCERS reciprocal employers. After the refinement, only years of employment with OCERS employers are used.

Other Change:

The actual COLA granted by OCERS for the upcoming April 1st was reflected in the valuation.

- There were no assumption or plan changes in the December 31, 2019 valuation.
- There were no assumptions or plan changes in the December 31, 2018 valuation.
- The December 31, 2017 valuation included the following assumptions changes:
 Changes in investment return, inflation, mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2016 triennial experience study increased the UAAL by \$854 million.
- The December 31, 2016 valuation included the following change:

 O.C. Law Library was separated from O.C. Sanitation District in Rate Group #3 and put into their own Rate Group (Rate Group #12) after the valuation as of December 31, 2015.
- The December 31, 2015 valuation included the following benefit changes:
 City of San Juan Capistrano adopted an optional 1.62% of final average salary at age 65 for members hired on or after July 1, 2016.

Effective January 1, 2015, new OCTA members were placed in CalPEPRA Plan U (2.50% of final average salary at age 67).

The December 31, 2014 valuation included the following changes:

Assumption Changes:

Changes in inflation, mortality, disability, termination, retirement, salary scale, and additional cashout assumptions in the December 31, 2013 triennial experience study decreased the UAAL by \$122 million.

Method Change:

The cashout assumptions are now used in developing basic member contribution rates for employees in the legacy plans (impact is only on Normal Cost).

SCHEDULE OF FUNDING PROGRESS

(continued)

The assets exclude amounts in the County Investment Account and prepaid employer contributions. For years ending December 31, 2016, December 31, 2017, December 31, 2019, December 31, 2020, December 31, 2021, December 31, 2022 and December 31, 2023 the assets also exclude amounts in the O.C. Sanitation District UAAL Deferred Account.

	Amount Excluded from Assets							
Valuation Date	County Investment Account	Prepaid Employer Contributions	O.C. Sanitation District UAAL Deferred Account					
12/31/14	\$ 109,103,000	\$ 207,829,000	\$ -					
12/31/15	108,789,000	227,166,000	-					
12/31/16	117,723,000	222,524,000	34,067,000					
12/31/17	134,417,000	244,552,000	14,871,000					
12/31/18	131,890,000	246,133,000	-					
12/31/19	150,416,000	259,285,000	12,057,000					
12/31/20	160,378,000	293,948,000	13,433,000					
12/31/21	167,745,000	304,504,000	15,643,000					
12/31/22	140,992,000	320,009,000	14,398,000					
12/31/23	146,110,000	38,502,000	16,025,000					

For informational purposes only, we have also developed the funded ratio determined using the historical fair value of assets after adjustment for amounts in the County Investment Account, prepaid employer contributions, amounts in the O.C. Sanitation District UAAL Deferred Account, unclaimed member reserve and Medicare Medical Insurance Reserve.

Valuation Date	Funded Ratio based on Net Fair Value of Assets
12/31/14	69.63%
12/31/15	67.73%
12/31/16	70.58%
12/31/17	74.62%
12/31/18	69.31%
12/31/19	75.36%
12/31/20	80.74%
12/31/21	90.52%
12/31/22	76.95%
12/31/23	80.76%

Employer Contribution Rate (% of pay)

Valuation Date	(Non-	General (Non-OCTA, Non-OCSD)		General (1.62% @ 65, Non-OCTA)		9 65, General General General		General (OCTA)		neral % @ 55, CSD)		
12/31/14 With 3-Year Phase-In	NC UAAL ¹ Total	9.67% 8.62 18.29% N/A	NC UAAL Total	5.49% 21.72 27.21% N/A	NC UAAL Total	13.22% 21.72 34.94% N/A	NC UAAL Total	10.54% 21.72 32.26% N/A	NC UAAL Total	10.78% 14.40 25.18 % N/A	NC UAAL ² Total	12.40% 6.26 18.66 % N/A
12/31/15 With 3-Year Phase-In	NC UAAL ³ Total	9.58% 9.22 18.80% N/A	NC UAAL Total	5.46% 22.45 27.91 % N/A	NC UAAL Total	13.19% 22.45 35.64 % N/A	NC UAAL Total	11.40% 22.45 33.85% N/A	NC UAAL Total	10.70% 15.52 26.22% N/A	NC UAAL ⁴ Total	12.33% 1.42 13.75% N/A
12/31/16	NC	9.51%	NC	5.53%	NC	13.19%	NC	10.35%	NC	10.76%	NC	12.28%
	UAAL ⁶	7.25	UAAL	21.72	UAAL ⁷	21.72	UAAL	21.72	UAAL	14.76	UAAL	0.00
	Total	16.76 %	Total	27.25 %	Total	34.91 %	Total	32.07 %	Total	25.52 %	Total	12.28 %
12/31/17 With 3-Year Phase-In	NC UAAL ⁹ Total	10.73% 9.58 20.31% 18.62%	NC UAAL Total	6.21% 25.05 31.26 % 28.88 %	NC UAAL ¹⁰ Total	14.39% 25.05 39.44 % 37.06 %	NC UAAL Total	11.51% 25.05 36.56 % 34.18 %	NC UAAL Total	12.10% 18.26 30.36 % 28.04 %	NC UAAL Total	13.30% 0.00 13.30% N/A
12/31/18 With 3-Year Phase-In	NC UAAL ¹¹ Total	10.73% 9.40 20.13% 19.28 %	NC UAAL Total	6.23% 26.24 32.47 % 31.28 %	NC UAAL ¹² Total	14.36% 26.24 40.60 % 39.41 %	NC UAAL Total	12.13% 26.24 38.37 % 37.18 %	NC UAAL Total	12.03% 19.76 31.79 % 30.63 %	NC UAAL ¹³ Total	13.24% 0.86 14.10% N/A
12/31/19	NC	10.68%	NC	6.10%	NC	14.34%	NC	12.61%	NC	11.97%	NC	13.22%
	UAAL ¹⁵	5.16	UAAL	27.38	UAAL ¹⁶	27.38	UAAL	27.38	UAAL	19.54	UAAL	0.00
	Total	15.84 %	Total	33.48 %	Total	41.72 %	Total	39.99 %	Total	31.51 %	Total	13.22 %
12/31/20	NC	10.38%	NC	6.26%	NC	14.69%	NC	16.45%	NC	12.59%	NC	13.46%
	UAAL ¹⁵	5.03	UAAL	28.97	UAAL ¹⁷	28.97	<u>UAAL</u>	28.97	UAAL	19.12	UAAL	0.00
	Total	15.41 %	Total	35.23 %	Total	43.66 %	Total	45.42 %	Total	31.71 %	Total	13.46 %
12/31/21	NC	10.42%	NC	6.22%	NC	14.67%	NC	16.61%	NC	12.54%	NC	13.47%
	UAAL ¹⁵	3.33	UAAL	26.14	UAAL ¹⁸	26.14	UAAL	26.14	UAAL	16.37	UAAL	0.00
	Total	13.75 %	Total	32.36 %	Total	40.81 %	Total	42.75 %	Total	28.91 %	Total	13.47 %
12/31/22	NC	10.26%	NC	6.17%	NC	14.57%	NC	15.97%	NC	12.32%	NC	13.36%
	<u>UAAL¹⁵</u>	3.61	UAAL	27.14	UAAL ²⁰	27.14	<u>UAAL</u>	27.14	UAAL	18.11	UAAL	0.00
	Total	13.87 %	Total	33.31 %	Total	41.71 %	Total	43.11 %	Total	30.43 %	Total	13.36 %
12/31/23	NC	10.39%	NC	6.54%	NC	15.29%	NC	16.79%	NC	12.60%	NC	14.05%
	UAAL ¹⁵	2.93	UAAL	26.78	UAAL ²¹	26.78	UAAL	26.78	UAAL	18.31	UAAL	0.00
	Total	13.32 %	Total	33.32 %	Total	42.07 %	Total	43.57 %	Total	30.91 %	Total	14.05 %

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	(1.64	General (1.64% @ 57, OCSD)		General Gene		General (2.0% @ 55, TCA)		(2.0% @ 55,		eneral % @ 55, Library)		
12/31/14 With 3-Year Phase-In	NC UAAL ² Total	10.30% 6.26 16.56 % N/A	NC UAAL Total	13.59% 12.78 26.37% N/A	NC UAAL Total	11.79% 0.00 11.79% N/A	NC UAAL Total	13.53% 20.28 33.81% N/A	NC UAAL Total	12.47% 20.28 32.75 % N/A	NC UAAL Total	12.40% 20.21 32.61 % N/A
12/31/15 With 3-Year Phase-In	NC UAAL ⁴ Total	10.30% 1.42 11.72% N/A	NC UAAL Total	13.44% 13.79 27.23 % N/A	NC UAAL Total	11.33% 0.00 11.33% N/A	NC UAAL Total	13.44% 20.53 33.97% N/A	NC UAAL Total	12.72% 20.53 33.25 % N/A	NC UAAL ⁵ Total	12.33% 22.08 34.41% N/A
12/31/16	NC	10.21%	NC	13.30%	NC	11.09%	NC	13.61%	NC	12.64%	NC	13.32%
	UAAL	0.00	UAAL	11.46	UAAL	0.00	UAAL	18.35	UAAL	18.35	UAAL ⁸	9.69
	Total	10.21 %	Total	24.76 %	Total	11.09 %	Total	31.96 %	Total	30.99 %	Total	23.01 %
12/31/17 With 3-Year Phase-In	NC UAAL Total	11.25% 0.00 11.25% N/A	NC UAAL Total	14.51% 12.74 27.25 % 26.00 %	NC UAAL Total	11.98% 1.44 13.42% 12.46%	NC UAAL Total	14.72% 17.62 32.34% 30.46%	NC UAAL Total	13.46% 17.62 31.08 % 29.20 %	NC UAAL Total	14.11% 0.00 14.11% N/A
12/31/18 With 3-Year Phase-In	NC UAAL 13 Total	11.11% 0.86 11.97% N/A	NC UAAL 14 Total	14.51% 15.29 29.80 % 29.17 %	NC UAAL Total	12.05% 0.22 12.27% 12.05%	NC UAAL Total	14.71% 15.90 30.61 % 29.67 %	NC UAAL Total	13.50% 15.90 29.40 % 28.46 %	NC UAAL Total	14.28% 1.77 16.05% N/A
12/31/19	NC	11.23%	NC	14.23%	NC	11.62%	NC	14.75%	NC	13.68%	NC	14.20%
	UAAL	0.00	UAAL	0.39	UAAL	3.01	UAAL	14.06	UAAL	14.06	UAAL	0.19
	Total	11.23 %	Total	14.62 %	Total	14.63 %	Total	28.81 %	Total	27.74 %	Total	14.39 %
12/31/20	NC	13.25%	NC	14.95%	NC	12.83%	NC	15.22%	NC	16.83%	NC	13.88%
	UAAL	0.00	UAAL	0.00	UAAL	2.85	UAAL	11.49	UAAL	11.49	UAAL	0.00
	Total	13.25 %	Total	14.95 %	Total	15.68 %	Total	26.71 %	Total	28.32 %	Total	13.88 %
12/31/21	NC	13.09%	NC	14.89%	NC	12.71%	NC	15.25%	NC	16.98%	NC	13.79%
	UAAL	0.00	UAAL	0.00	UAAL	1.02	UAAL	9.37	UAAL	9.37	UAAL	0.00
	Total	13.09 %	Total	14.89 %	Total	13.73 %	Total	24.62 %	Total	26.35 %	Total	13.79 %
12/31/22	NC	12.81%	NC	13.95%	NC	12.67%	NC	14.99%	NC	17.22%	NC	13.49%
	UAAL	0.00	UAAL	0.00	UAAL	2.45	UAAL	10.50	UAAL	10.50	UAAL	0.00
	Total	12.81 %	Total	13.95 %	Total	15.12 %	Total	25.49 %	Total	27.72 %	Total	13.49 %
12/31/23	NC	13.09%	NC	16.17%	NC	12.88%	NC	15.56%	NC	17.88%	NC	14.54%
	UAAL	0.00	UAAL	0.00	UAAL	1.57	UAAL	10.51	UAAL	10.51	UAAL	0.00
	Total	13.09 %	Total	16.17 %	Total	14.45 %	Total	26.07 %	Total	28.39 %	Total	14.54 %

104 SECTION 4: ACTUARIAL

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	Safety Law Enforcement (3% @ 50)		Enfo	Safety Law Enforcement (3% @ 55)		Safety Fire Authority (3% @ 50)		afety Authority & @ 55)	Safety Probation		
12/31/14 With 3-Year Phase-In	NC UAAL Total	25.79% 37.46 63.25 % 58.92 %	NC UAAL Total	23.55% 37.46 61.01% 56.88 %	NC UAAL Total	27.05% 24.42 51.47 % 48.60 %	NC UAAL Total	22.38% 24.42 46.80% 43.93 %	NC UAAL Total	22.17% 25.01 47.18 % 42.84 %	
12/31/15 With 3-Year Phase-In	NC UAAL Total	25.56% 39.16 64.72 % 62.55 %	NC UAAL Total	23.24% 39.16 62.40 % 60.34 %	NC UAAL Total	26.87% 23.81 50.68 % 49.24 %	NC UAAL Total	22.10% 23.81 45.91 % 44.47 %	NC UAAL Total	21.92% 25.32 47.24 % 45.07 %	
12/31/16	NC	25.63%	NC	23.00%	NC	26.84%	NC	21.86%	NC	21.87%	
	UAAL	38.19	UAAL	38.19	UAAL	22.27	UAAL	22.27	UAAL	26.06	
	Total	63.82 %	Total	61.19 %	Total	49.11 %	Total	44.13 %	Total	47.93 %	
12/31/17 With 3-Year Phase-In	NC UAAL Total	26.69% 41.07 67.76 % 64.05 %	NC UAAL Total	23.69% 41.07 64.76 % 61.05 %	NC UAAL Total	27.24% 23.09 50.33 % 48.04 %	NC UAAL Total	21.97% 23.09 45.06 % 42.77 %	NC UAAL Total	23.71% 33.00 56.71% 52.45 %	
12/31/18 With 3-Year Phase-In	NC UAAL Total	26.64% 42.56 69.20 % 67.35 %	NC UAAL Total	23.48% 42.56 66.04% 64.19%	NC UAAL Total	26.97% 24.99 51.96 % 50.81 %	NC UAAL Total	21.83% 24.99 46.82 % 45.67 %	NC UAAL Total	23.45% 34.41 57.86 % 55.73 %	
12/31/19	NC	26.57%	NC	23.58%	NC	27.48%	NC	25.77%	NC	23.25%	
	<u>UAAL</u>	43.65	UAAL	43.65	UAAL	23.79	UAAL	23.79	UAAL	36.92	
	Total	70.22 %	Total	67.23 %	Total	51.27 %	Total	49.56 %	Total	60.17 %	
12/31/20	NC	26.66%	NC	24.23%	NC	27.31%	NC	27.25%	NC	23.39%	
	UAAL	39.73	UAAL	39.73	UAAL	16.36	UAAL	16.36	UAAL	34.06	
	Total	66.39 %	Total	63.96 %	Total	43.67 %	Total	43.61 %	Total	57.45 %	
12/31/21	NC	26.62%	NC	24.74%	NC	27.09%	NC	26.65%	NC	23.16%	
	UAAL	35.53	UAAL	35.53	UAAL	12.35	UAAL	12.35	UAAL	30.55	
	Total	62.15 %	Total	60.27 %	Total	39.44 %	Total	39.00 %	Total	53.71 %	
12/31/22	NC	26.26%	NC	24.38%	NC	25.93%	NC	26.48%	NC	22.65%	
	UAAL	37.86	UAAL	37.86	UAAL	12.96	UAAL	12.96	UAAL	36.48	
	Total	64.12 %	Total	62.24 %	Total	38.89 %	Total	39.44 %	Total	59.13 %	
12/31/23	NC	26.65%	NC	23.84%	NC	25.38%	NC	26.38%	NC	23.81%	
	UAAL	36.26	UAAL	36.26	UAAL	12.62	UAAL	12.62	UAAL	37.76	
	Total	62.91 %	Total	60.10 %	Total	38.00 %	Total	39.00 %	Total	61.57 %	

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	Rate 0 2.5%	PEPRA Group #1 6 @ 67	Rate (1.62 (P	PEPRA Group #2 !% @ 65 lan T)	Rate G 2.5%	EPRA roup #2 5 @ 67	Rate 1.62	PEPRA Group #2 2% @ 67 Ian W)	Rate 0 2.5%	PEPRA Group #3 % @ 67	Rate 2.5	PEPRA Group #5 % @ 67
12/31/14 With 3-Year Phase-In	NC UAAL ¹ Total	8.87% 8.62 17.49% N/A	NC UAAL Total	6.61% 21.72 28.33 % N/A	NC UAAL Total	8.33% 21.72 30.05% N/A		N/A	NC UAAL ² Total	9.00% 6.26 15.26 % N/A	NC UAAL Total	10.04% 14.40 24.44 % N/A
12/31/15	NC	8.92%	NC	6.56%	NC	8.35%	NC	6.68%	NC	9.25%	NC	10.12%
	UAAL ³	9.22	UAAL	22.45	UAAL	22.45	UAAL	22.45	UAAL ⁴	1.42	UAAL	15.52
	Total	18.14%	Total	29.01 %	Total	30.80 %	Total	29.13 %	Total	10.67 %	Total	25.64 %
With 3-Year Phase-In 12/31/16	NC UAAL ⁶ Total	N/A 8.63% 7.25 15.88 %	NC UAAL Total	6.58% 21.72 28.30 %	NC UAAL ⁷ Total	N/A 8.28% 21.72 30.00 %	NC UAAL Total	N/A 6.68% 21.72 28.40%	NC UAAL Total	9.27% 0.00 9.27%	NC UAAL Total	N/A 10.25% 14.76 25.01%
12/31/17 With 3-Year Phase-In	NC UAAL ⁹ Total	9.93% 9.58 19.51 % 17.82 %	NC UAAL Total	7.11% 25.05 32.16 % 29.78 %	NC UAAL ¹⁰ Total	8.78% 25.05 33.83 % 31.45 %	NC UAAL Total	8.56% 25.05 33.61 % 31.23 %	NC UAAL Total	10.37% 0.00 10.37% N/A	NC UAAL Total	11.32% 18.26 29.58 % 27.26 %
12/31/18 With 3-Year Phase-In	NC UAAL ¹¹ Total	9.93% 9.40 19.33 % 18.48 %	NC UAAL Total	7.12% 26.24 33.36 % 32.17 %	NC UAAL ¹² Total	8.78% 26.24 35.02 % 33.83 %	NC UAAL Total	8.73% 26.24 34.97 % 33.78 %	NC UAAL ¹³ Total	10.02% 0.86 10.88%	NC UAAL Total	11.32% 19.76 31.08 % 29.92 %
12/31/19	NC	10.05%	NC	7.14%	NC	8.81%	NC	8.54%	NC	9.88%	NC	11.59%
	UAAL ¹⁵	5.16	UAAL	27.38	UAAL ¹⁶	27.38	UAAL	27.38	UAAL	0.00	UAAL	19.54
	Total	15.21 %	Total	34.52 %	Total	36.19 %	Total	35.92 %	Total	9.88 %	Total	31.13 %
12/31/20	NC	9.89%	NC	7.06%	NC	8.37%	NC	8.43%	NC	9.86%	NC	11.73%
	UAAL ¹⁵	5.03	UAAL	28.97	UAAL ¹⁷	28.97	<u>UAAL</u>	28.97	UAAL	0.00	UAAL	19.12
	Total	14.92 %	Total	36.03 %	Total	37.34 %	Total	37.40 %	Total	9.86 %	Total	30.85 %
12/31/21	NC	10.08%	NC	7.09%	NC	9.17%	NC	8.95%	NC	9.82%	NC	11.99%
	UAAL ¹⁵	3.33	UAAL ¹⁹	26.14	UAAL ^{18, 19}	26.14	UAAL	26.14	UAAL	0.00	UAAL	16.37
	Total	13.41 %	Total	33.23 %	Total	35.31 %	Total	35.09 %	Total	9.82 %	Total	28.36 %
12/31/22	NC	10.03%	NC	7.29%	NC	9.24%	NC	7.82%	NC	9.97%	NC	11.89%
	UAAL ¹⁵	3.61	UAAL	27.14	UAAL ²⁰	27.14	UAAL	27.14	UAAL	0.00	UAAL	18.11
	Total	13.64 %	Total	34.43 %	Total	36.38 %	Total	34.96 %	Total	9.97 %	Total	30.00 %
12/31/23	NC	10.25%	NC	7.34%	NC	9.15%	NC	7.88%	NC	9.95%	NC	11.95%
	UAAL ¹⁵	2.93	UAAL	26.78	UAAL ²¹	26.78	UAAL	26.78	UAAL	0.00	UAAL	18.31
	Total	13.18 %	Total	34.12 %	Total	35.93 %	Total	34.66 %	Total	9.95 %	Total	30.26 %

¹ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 5.67% as of December 31, 2014.
² This is the UAAL rate for O.C. Sanitation District for FY 16–17 before reflecting the additional UAAL contributions made during calendar year 2015.
³ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 5.57% as of December 31, 2015.

106

SECTION 4: ACTUARIAL

⁴ This is the UAAL rate for O.C. Sanitation District for FY 17–18 before reflecting the additional UAAL contributions made during calendar year 2016.

⁵ This is the UAAL rate for Law Library for FY 17–18 before reflecting the additional UAAL contributions made during calendar year 2016.

⁶ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 4.18% as of December 31, 2016.

⁷ This is the UAAL rate for O.C. Children and Families Commission for FY 18–19 before reflecting the additional UAAL contributions made during calendar year 2017.

⁸ This is the UAAL rate for Law Library for FY 18-19 before reflecting the additional UAAL contributions made during calendar year 2017.

⁹ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I., Department of Education and Cypress Recreation and Parks) is 6.09% (or 4.61% after the three-year phase-in) as of December 31, 2017.

¹⁰The net UAAL contribution rate for O.C. Children and Families Commission is 3.13% (or 1.04% after the three-year phase-in) as of December 31, 2017.

¹¹ The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I., Department of Education and Cypress Recreation and Parks) is 5.80% (or 5.06% after the three-year phase-in) as of December 31, 2018.

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	CalPEPRA Rate Group #9 2.5% @ 67		Group Rate Group 9 #10		CalPEPRA Rate Group #11 2.5% @ 67		CalPEPRA Rate Group #12 2.5% @ 67		CalPEPRA Rate Group #6 2.7% @ 57		CalPEPRA Rate Group #7 2.7% @ 57		CalPEPRA Rate Group #8 2.7% @ 57	
12/31/14 With 3-Year Phase-In	NC UAAL Total	9.85% 12.78 22.63 % N/A	NC UAAL Total	9.63% 20.28 29.91 % N/A	NC UAAL Total	11.81% 0.00 11.81% N/A	NC UAAL Total	9.00% 20.21 29.21 % N/A	NC UAAL Total	15.25% 25.01 40.26 % 36.02 %	NC UAAL Total	20.10% 37.46 57.56 % 54.01 %	NC UAAL Total	15.71% 24.42 40.13% 38.08 %
12/31/15 With 3-Year Phase-In	NC UAAL Total	10.57% 13.79 24.36% N/A	NC UAAL Total	8.81% 20.53 29.34% N/A	NC UAAL Total	12.23% 0.00 12.23% N/A	NC UAAL ⁵ Total	9.25% 22.08 31.33%	NC UAAL Total	15.00% 25.32 40.32 % 38.20 %	NC UAAL Total	20.04% 39.16 59.20% 57.42 %	NC UAAL Total	15.30% 23.81 39.11% 38.09%
12/31/16	NC	10.40%	NC	8.99%	NC	9.98%	NC	7.59%	NC	15.24%	NC	19.39%	NC	14.84%
	UAAL	11.46	UAAL	18.35	UAAL	0.00	UAAL ⁸	9.69	UAAL	26.06	UAAL	38.19	UAAL	22.27
	Total	21.86 %	Total	27.34 %	Total	9.98 %	Total	17.28 %	Total	41.30 %	Total	57.58 %	Total	37.11 %
12/31/17 With 3-Year Phase-In	NC UAAL Total	11.02% 12.74 23.76% 22.51%	NC UAAL Total	10.41% 17.62 28.03 % 26.15 %	NC UAAL Total	12.03% 1.44 13.47% 12.51%	NC UAAL Total	9.36% 0.00 9.36% N/A	NC UAAL Total	16.63% 33.00 49.63 % 45.37 %	NC UAAL Total	19.29% 41.07 60.36 % 56.65 %	NC UAAL Total	15.44% 23.09 38.53 % 36.24 %
12/31/18 With 3-Year Phase-In	NC UAAL ¹⁴ Total	11.13% 15.29 26.42 % 25.79 %	NC UAAL Total	10.16% 15.90 26.06 % 25.12 %	NC UAAL Total	12.33% 0.22 12.55 % 12.33 %	NC UAAL Total	10.32% 1.77 12.09 % N/A	NC UAAL Total	16.76% 34.41 51.17 % 49.04 %	NC UAAL Total	19.04% 42.56 61.60 % 59.75 %	NC UAAL Total	15.27% 24.99 40.26 % 39.11 %
12/31/19	NC	11.14%	NC	10.05%	NC	12.25%	NC	10.37%	NC	16.82%	NC	18.46%	NC	15.66%
	UAAL	0.39	UAAL	14.06	UAAL	3.01	UAAL	0.19	UAAL	36.92	UAAL	43.65	UAAL	23.79
	Total	11.53 %	Total	24.11 %	Total	15.26 %	Total	10.56 %	Total	53.74 %	Total	62.11 %	Total	39.45 %
12/31/20	NC	10.98%	NC	9.82%	NC	11.80%	NC	10.51%	NC	16.26%	NC	17.73%	NC	15.11%
	UAAL	0.00	UAAL	11.49	UAAL	2.85	UAAL	0.00	UAAL	34.06	UAAL	39.73	UAAL	16.36
	Total	10.98 %	Total	21.31 %	Total	14.65 %	Total	10.51 %	Total	50.32 %	Total	57.46 %	Total	31.47 %
12/31/21	NC	11.18%	NC	9.87%	NC	11.97%	NC	10.48%	NC	16.11%	NC	17.76%	NC	15.29%
	UAAL	0.00	UAAL	9.37	UAAL	1.02	UAAL	0.00	UAAL	30.55	UAAL	35.53	UAAL	12.35
	Total	11.18 %	Total	19.24 %	Total	12.99 %	Total	10.48 %	Total	46.66 %	Total	53.29 %	Total	27.64 %
12/31/22	NC	10.79%	NC	9.98%	NC	12.04%	NC	10.48%	NC	16.11%	NC	18.07%	NC	15.89%
	UAAL	0.00	UAAL	10.50	UAAL	2.45	UAAL	0.00	UAAL	36.48	UAAL	37.86	UAAL	12.96
	Total	10.79 %	Total	20.48 %	Total	14.49 %	Total	10.48 %	Total	52.59 %	Total	55.93 %	Total	28.85 %
12/31/23	NC	11.32%	NC	10.10%	NC	12.26%	NC	10.67%	NC	16.05%	NC	17.74%	NC	15.85%
	UAAL	0.00	UAAL	10.51	UAAL	1.57	UAAL	0.00	UAAL	37.76	UAAL	36.26	UAAL	12.62
	Total	11.32 %	Total	20.61 %	Total	13.83 %	Total	10.67 %	Total	53.81 %	Total	54.00 %	Total	28.47 %

¹² The net UAAL contribution rate for O.C. Children and Families Commission is 4.30% (or 3.26% after the three-year phase-in) as of December 31, 2018.

¹³ This is the UAAL rate for O.C. Sanitation District for FY 20–21 before reflecting the additional UAAL contributions made during calendar year 2019.

¹⁴ This is the UAAL rate for Transportation Corridor Agency for FY 20–21 before reflecting the additional UAAL contributions made during calendar year 2019.

¹⁵ This is the net UAAL contribution rate for County and IHSS Public Authority without reflecting the UAAL contributions required for Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education.

¹⁶ The net UAAL contribution rate for O.C. Children and Families Commission is 5.36% as of December 31, 2019.

¹⁷ The net UAAL contribution rate for O.C. Children and Families Commission is 5.98% as of December 31, 2020.

¹⁸ The net UAAL contribution rate for O.C. Children and Families Commission is 3.50% as of December 31, 2021.

¹⁹ After reflecting implementation of Plan U by Superior Court for their PEPRA members.

²⁰ The net UAAL contribution rate for O.C. Children and Families Commission is 4.79% as of December 31, 2022.

²¹ The net UAAL contribution rate for O.C. Children and Families Commission is 5.46% as of December 31, 2023.

SUMMARY OF ACTIVE MEMBERSHIP

Valuation Date	Number	Annual Salary	Annual Average Salary	Increase in Average Salary (%)
12/31/14 General Safety Total	17,705 3,754 21,459	\$ 1,267,582,000	\$ 71,595 101,379 \$ 76,805	2.37 2.66 2.29
12/31/15 General Safety Total	17,839 3,686 21,525	\$ 1,254,521,000	\$ 70,325 102,710 \$ 75,870	-1.77 1.31 - 1.22
12/31/16 General Safety Total	18,072 3,674 21,746	\$ 1,353,363,000	\$ 74,887 110,634 \$ 80,927	6.49 7.71 6.67
12/31/17 General Safety Total	17,941 3,780 21,721	\$ 1,385,356,000 426,523,000 \$ 1,811,879,000	\$ 77,217 112,837 \$ 83,416	3.11 1.99 3.08
12/31/18 General Safety Total	18,150 3,779 21,929	\$ 1,432,041,000	\$ 78,900 117,314 \$ 85,520	2.18 3.97 2.5 2
12/31/19 General Safety Total	18,356 3,901 22,257	\$ 1,481,966,000 470,568,000 \$ 1,952,534,000	\$ 80,735 120,628 \$ 87,727	2.33 2.82 2.58
12/31/20 General Safety Total	17,733 3,826 21,559	\$ 1,479,418,000 483,451,000 1,962,869,000	\$ 83,427 126,359 \$ 91,046	3.33 4.75 3.78
12/31/21 General Safety Total	18,128 3,883 22,011	\$ 1,548,180,000 504,526,000 2,052,706,000	\$ 85,403 129,932 \$ 93,258	2.37 2.83 2.43
12/31/22 General Safety Total	18,184 3,877 22,061	\$ 1,611,755,000 512,924,000 \$ 2,124,679,000	\$ 88,636 132,299 \$ 96,309	3.79 1.82 3.27
12/31/23 General Safety Total	18,805 3,977 22,782	\$ 1,736,974,000	\$ 92,368 136,033 \$ 99,990	4.21 2.82 3.82

Excludes Deferred and Pending members.

SUMMARY OF RETIRED MEMBERSHIP

			d to Rolls	Removed	l from Rolls				
Plan Year Ending	At Beginning of Year	Number	Annual Allowance (in 000's)	Number	Annual Allowance (in 000's)	At End of Year	Annual Allowance (in 000's)	% Increase in Annual Allowance	Average Monthly Allowance
2014	14,505	995	\$ 52,838	(331)	\$ (9,812)	15,169	\$ 628,892	7.34	\$ 3,455
2015	15,169	1,053	58,679	(412)	(12,077)	15,810	675,494	7.41	3,560
2016	15,810	989	51,759	(430)	(12,895)	16,369	714,358	5.75	3,637
2017	16,369	1,039	62,374	(461)	(15,155)	16,947	761,577	6.61	3,745
2018	16,947	1,155	82,438	(428)	(14,191)	17,674	829,824	8.96	3,913
2019	17,674	1,207	86,521	(461)	(15,215)	18,420	901,130	8.59	4,077
2020	18,420	1,449	104,439	(450)	(14,896)	19,419	990,673	9.94	4,251
2021	19,419	953	71,304	(546)	(20,271)	19,826	1,041,706	5.15	4,379
2022	19,826	1,381	111,237	(529)	(20,806)	20,678	1,132,137	8.68	4,563
2023	20,678	1,210	104,436	(605)	(26,794)	21,283	1,209,779	6.86	4,737

Note: Annual allowances exclude RMBR and STAR COLA.

DEVELOPMENT OF ACTUARIAL AND VALUATION VALUE OF ASSETS

As of December 31, 2023

Plan Year Ending	Total Actual Fair Value Return (net)	Expected Fair Value Return (net)	Investment Gain/ (Loss)	Deferred Factor	Deferred Return
2019	\$ 2,123,258,000	\$ 1,004,779,000	\$ 1,118,479,000	0.0	\$ -
2020	1,982,757,000	1,155,523,000	827,234,000	0.2	165,447,000
2021	3,273,348,000	1,293,495,000	1,979,853,000	0.4	791,941,000
2022	(2,106,139,000)	1,518,273,000	(3,624,412,000)	0.6	(2,174,647,000)
2023	2,258,475,000	1,361,890,000	896,585,000	0.8	717,268,000
(1) T	Total Deferred Return				\$ (499,991,000)
	Net Fair Value of Assets (Excludes \$ n Prepaid Employer Contributions a			(test)	\$ 21,635,294,000
	n Prepaid Employer Contributions a	na \$16,025,000 in 0.6. Sanitati	ON DISTRICT CHARL DETERTED ACCO	urit)	
(3) A	Actuarial Value of Assets (2) – (1)				\$ 22,135,285,000 ¹
(4) · N	Non-valuation Reserves				37
	(a) Unclaimed member depos	iit			\$
	(b) Medicare medical insuran	ce reserve			<u></u>
	(c) Subtotal				\$
(5) V	Valuation Value of Assets (3) – (4)(c				\$ 22,135,285,000
(6)	Deferred Return Recognized in Each	of the Next 4 Years			
((a) Amount recognized on 12/31/20	24			\$ 15,852,000
((b) Amount recognized on 12/31/20	25			(149,595,000)
((c) Amount recognized on 12/31/20	26			(545,565,000)
((d) Amount recognized on 12/31/20	27	1.		179,317,000
((e) Subtotal (may not total exactly di	ue to rounding)			\$ (499,991,000)

 $^{^1\,}$ Ratio of Actuarial Value of Assets to Net Fair Value of Assets is 102.3% ((3) \div (2)).

SCHEDULE OF FUNDED LIABILITIES BY TYPE

(Dollars in Thousands)

					Portion Covered	n of Accrued by Valuation	Liability Assets (%)
Valuation Date	(1) Active Member Contributions	(2) Liability for Inactive Participants	(3) Liability for Active Members (Employer Financed Portion)	Valuation Value of Assets	(1)	(2)	(3)
12/31/14	\$ 2,298,744	\$ 9,017,874	\$ 5,096,506	\$ 11,449,911	100	100	2.62
12/31/15	2,488,757	9,696,776	4,864,824	12,228,009	100	100	0.87
12/31/16	2,654,599	10,109,528	5,169,334	13,102,978	100	100	6.56
12/31/17	2,815,839	11,121,965	5,697,623	14,197,125	100	100	4.55
12/31/18	2,980,108	12,018,354	5,704,887	14,994,420	100	99.97	0.00
12/31/19	3,116,707	13,131,453	5,668,570	16,036,869	100	98.39	0.00
12/31/20	3,167,835	14,109,921	5,627,219	17,525,117	100	100	4.40
12/31/21	3,364,884	14,921,449	5,729,740	19,488,761	100	100	20.99
12/31/22	3,387,061	16,421,755	5,577,853	20,691,659	100	100	15.83
12/31/23	3,479,433	17,528,353	5,780,255	22,135,285	100	100	19.51

Economic 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 members for all tiers. These assumptions were adopted by the Board.

Net Investment Return: 7.00%; net of investment expenses and administrative expenses.

Member Contribution

Crediting Rate: 5.00%, compounded semi-annually.

Inflation Rate: Increase of 2.50% per year.

Cost of Living Adjustments: Retiree COLA increases of 2.75% per year subject to a 3.0% maximum change per year. The actual

COLA granted by OCERS on April 1, 2024 has been reflected in the December 31, 2023 valuation.

Payroll Growth: Inflation of 2.50% per year plus "across the board" real salary increases of 0.50% per year.

Increase in Section 7522.10

Compensation Limit:

Increase of 2.50% per year from the valuation date.

Inflation at 2.50% per year plus "across the board" real salary increases of 0.50% per year, plus the

following merit and promotion increases:

Annual Rate of Compensation Increase (%)

Inflation: 2.50% per year, plus "across the board" real salary increases of 0.50% per year, plus the following 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 & 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.

(continued)

Demographic Assumptions

Post-Retirement Mortality Rates:

Healthy:

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

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

Disabled:

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

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

All Beneficiaries:

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

For Beneficiaries in pay status: Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Employee Contribution Rates:

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

For Safety Members: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates 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.

Pre-Retirement Mortality Rates:

For 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.

For 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.

(continued)

Termination Rates Before Retirement

Mortality Rates

	Rate (%) ¹ Mortality				
	General		Sa	fety	
Age	Male	Female	Male	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.

Disability Incidence Rates

	Rate (%) Disability			
Age	General All Other ²	General OCTA ³	Safety - Law & Fire ⁴	Safety - Probation ⁵
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

¹ Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

114 SECTION 4: ACTUARIAL

² 75% of General All Other disabilities are assumed to be service connected disabilities. The other 25% are assumed to be non-service connected.

³ 85% of General OCTA disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

⁴ 100% of Safety Law Enforcement and Fire disabilities are assumed to be service connected disabilities.

⁵ 85% of Safety Probation disabilities are assumed to be service connected disabilities. The other 15% are assumed to be non-service connected.

(continued)

Termination Rates Before Retirement

(continued)

Termination Rates

	Rate (%) Termination				
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 & over	0.50	0.75	0.15	0.20	

Election for Withdrawal of Contributions Rates

	Rate (%) Election for Withdrawal of Contributions				
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 & over	15.00	15.00	12.50	15.00	

(continued)

*Retirement Rates

		Rate Retire	(%) ¹ ement	
	General		General Non-Enhanced ²	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 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

 $^{^{\}rm 1}$ The retirement rates only apply to members that are eligible to retire at the age shown.

 $^{^2}$ These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

(continued)

Retirement Rates

(continued)

			Rate Retire	: (%) ¹ ement		
	Saf Law (31	Safety Law (31664.1)		fety 1664.1)	Safety Probation (31664.1)	
Age	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 30 Years of Service	Less than 30 Years of Service	Greater than 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

 $^{^{\}rm 1}\text{The}$ retirement rates only apply to members that are eligible to retire at the age shown.

(continued)

*Retirement Rates

(continued)

		Rate (%) ¹ Retirement	
Age	General SJC (31676.12)	Safety Law (31664.2)	Safety Probation (31664.1)
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

¹The retirement rates only apply to members that are eligible to retire at the age shown.

(continued)

Retirement Rates

(continued)

	Rate (%) ¹ Retirement					
Age	CalPEPRA 2.5% @ 67 General Formula	CalPEPRA 2.5% @ 57 Safety Formula Probation	CalPEPRA 2.5% @ 57 Safety Formula Law	CalPEPRA 2.5% @ 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		

¹The retirement rates only apply to members that are eligible to retire at the age shown.

(continued)

Retirement Age and Benefit for Deferred ' Vested Members: For current and future deferred vested members, we make the following retirement age assumptions:

General Age: 58Safety Age: 54

For current and future deferred vested members with reciprocity, we make the following retirement age assumptions:

General Age: 60Safety Age: 54

Future 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 increases are assumed per annum 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 cash out 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 three or more years of service, we used an average salary. For those members without salary information that have less than three 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.

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 three years younger than the member and female members are assumed to have a male spouse who is two years older than the member.

	Rate (%)		
Years of Service	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 cash out assumptions are the same for service and disability retirements.

120

SECTION 4: ACTUARIAL

(continued)

Actuarial Value of Assets: Fair value of assets less unrecognized returns in each of the last five years. Unrecognized return

is equal to the difference between the actual and the expected return on a fair value basis, and is

recognized over a five-year period.

Valuation Value of Assets: The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation

reserves.

Actuarial Cost Method: 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 Actuarial Accrued Liability 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.

Amortization Policy: 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.

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

THE RESERVED AND ADDRESS.			
Mam	horchi	n Llin	ibility:
MICH	nerziii	D EIIY	IDIIII V

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

Non-CalPEPRA General Plans:

2.5% @ 55 Plans (Orange County Sanitation District¹ and Law Library²)

Plan G General members hired before September 21, 1979.

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

¹ Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010 are in Plan B.

² Improvement is prospective only for service after June 23, 2005.

2.7% @ 55 Plans (City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members,

Orange County Superior Court, Orange County Local Agency Formation Commission³, Orange County Employees Retirement System⁴, Children and Family Commission⁵ and Orange County Fire

Authority)

Plan J General members hired before September 21, 1979.

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

³ Improvement is prospective only for service after June 23, 2005.

⁴ Improvement for management employees is prospective only for service after June 30, 2005.

⁵ Improvement is prospective only for service after December 22, 2005.

2.0% @ 55 Plans (Transportation Corridor Agency, Cemetery District⁶ and General OCFA employees effective

July 1, 2011)

Plan M General members hired before September 21, 1979.

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

⁶ Improvement is prospective only for service after December 7, 2007.

1.62% @ 65 Plans (Orange County Employees, Orange County Superior Court, Orange County Local Agency Formation

Commission and Orange County Managers Unit)

Plan O County OCEA members and Superior Court members rehired on or after May 7, 2010, LAFCO

members rehired on or after July 1, 2010 and County Managers unit members rehired on or after

August 17, 2010 and not electing to rejoin Plan I.

Plan P County OCEA members and Superior Court members hired on or after May 7, 2010, LAFCO

members hired on or after July 1, 2010 and County Managers unit members hired on or after

August 17, 2010 and not electing Plan J.

2.0% @ 57 Plan (City of San Juan Capistrano)

Plan S General members hired on or after July 1, 2012.

All Other General Employers:

Plan A General members hired before September 21, 1979.

Plan B General members hired on or after September 21, 1979 and Sanitation District members within

Supervisors and Professional unit hired on or after October 1, 2010.

122

SECTION 4: ACTUARIAL

(continued)

Membership Eligibility: (continued)

Non-CalPEPRA Safety Plans:

3% @ 50 Plans (Law Enforcement, Fire Authority and Probation)

Plan E Safety members hired before September 21, 1979.

Plan F Safety members hired on or after September 21, 1979 and before April 9, 2010 for Law

Enforcement, before July 1, 2011 for Safety employees of OCFA Executive Management, and

before July 1, 2012 for other OCFA Safety employees.

3% @ 55 Plans (Law Enforcement and Fire Authority)

Plan Q Safety Law Enforcement members rehired on or after April 9, 2010, Safety employees of OCFA

Executive Management rehired on or after July 1, 2011, and other OCFA Safety employees

rehired on or after July 1, 2012 and previously in Plan E.

Plan R Safety Law Enforcement members hired on or after April 9, 2010, Safety employees of OCFA

Executive Management hired on or after July 1, 2011, and other OCFA Safety employees hired

on or after July 1, 2012.

CalPEPRA General Plans:

1.62% @ 65 Plan (Orange County Employees except County Attorneys, Orange County Employees Retirement

System except Management Employees, Children and Family Commission, Local Agency Formation

Commission, and Orange County Superior Court) 1

Plan T General members with membership dates on or after January 1, 2013.

2.5% @ 67 Plan (All Other General Employers, Orange County Attorneys, Orange County Superior Court¹, Orange

County Employees Retirement System Management Employees)

Plan U General Non-Orange County Transportation Authority members with membership dates on or

after January 1, 2013 and Orange County Transportation Authority members with membership

dates on or after January 1, 2015.

1.62% @ 65 Plan (City of San Juan Capistrano)

Plan W General members with membership dates on or after January 1, 2016 and not electing Plan U.

CalPEPRA Safety Plans:

2.7% @ 57 Plan (Law Enforcement, Fire Authority and Probation Members)

Plan V Safety members with membership dates on or after January 1, 2013.

Orange County Superior Court adopted Plan U (2.5% at 67 Plan) on a go forward basis for all existing employees in Plan T (1.62% at 65 Plan) and any future PEPRA eligible employees with an effective date of July 1, 2023.

(continued)

Final Compensation for Benefit Determination:

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

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

Plan T Highest consecutive thirty-six months of pensionable compensation. (§7522.32 and §7522.34)

(FAS3)

Plans U, V and W Highest consecutive thirty-six months of pensionable compensation. (§7522.10(c), §7522.32

and §7522.34) (FAS3)

Service: Years of service. (Yrs) are generally based on a member's employment during a period of time for

which deductions are made from their compensation.

Service Retirement Eligibility:

S, T, and W

Plans A, B, G, H, I, J, M, N, O, P, Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of

age. (§31672)

All part-time employees over age 55 with 10 years of employment may retire with 5 years of

service:

Plan U , Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service. (§31672.3)

Plans E, F, Q and R Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of

age. (§31663.25)

All part-time employees over age 55 with 10 years of employment may retire with 5 years of

service.

Plan V Age 50 with 5 years of service (§7522.20(d)) or age 70 regardless of service. (§31672.3)

(continued)

Benefit Formula: General Plans

General Plans	Retirement Age	Benefit Formula
2.5% @ 55		
Plan G (§31676.18)	50	(2.00% x FAS1 x Yrs)
Tier 1	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	$(2.62\% \text{ x FAS1 x Yrs})^1$
	65 or later	$(2.62\% \text{ x FAS1 x Yrs})^1$
Plan H (§31676.18)	50	(2.00% x FAS3 x Yrs)
Tier 2	55	(2.50% x FAS3 x Yrs)
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65 or later	(2.50% x FAS3 x Yrs)

¹ Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

2.7% @ 55		
Plan I (§31676.19)	50	(2.00% x FAS1 x Yrs)
Tier 1	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65 or later	(2.70% x FAS1 x Yrs)
Plan J (§31676.19)	50	(2.00% x FAS3 x Yrs)
Tier 2	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65 or later	(2.70% x FAS3 x Yrs)
2.0% @ 55		
Plan M (§31676.16)	50	(1.43% x FAS1 x Yrs)
Tier 1	55	(2.00% x FAS1 x Yrs)
	60	$(2.34\% \text{ x FAS1 x Yrs})^2$
	62	$(2.62\% \text{ x FAS1 x Yrs})^2$
	65 or later	$(2.62\% \text{ x FAS1 x Yrs})^2$
Plan N (§31676.16)	50	(1.43% x FAS3 x Yrs)
Tier 2	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65 or later	(2.43% x FAS3 x Yrs) ³

¹ Reflects benefit factors from Plan A as they provide a better benefit than those under 2.5% @ 55.

 $^{^2}$ Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.

³ Reflects benefit factors from Plan B as they provide a better benefit than those under 2.0% @ 55.

(continued)

Benefit Formula: General Plans (continued)

General Plans	Retirement Age	Benefit Formula					
1.62% @ 65	·						
Plan 0 (§31676.01)	50	(0.79% x FAS1 x Yrs)					
Tier 1	55	(0.99% x FAS1 x Yrs)					
	60	(1.28% x FAS1 x Yrs)					
	62	(1.39% x FAS1 x Yrs)					
	65 or later	(1.62% x FAS1 x Yrs)					
Plan P, Plan T and Plan W (§31676.01)	50	(0.79% x FAS3 x Yrs)					
Tier 2	55	(0.99% x FAS3 x Yrs)					
	60	(1.28% x FAS3 x Yrs)					
	62	(1.39% x FAS3 x Yrs)					
	65 or later	(1.62% x FAS3 x Yrs)					
2.0% @ 57							
Plan S (§31676.12)	50	(1.34% x FAS3 x Yrs)					
Tier 2	55	(1.77% x FAS3 x Yrs)					
	60	(2.34% x FAS3 x Yrs)					
	62	(2.62% x FAS3 x Yrs)					
	65 or later	(2.62% x FAS3 x Yrs)					
Plan A (§31676.12)	50	(1.34% x FAS1 x Yrs)					
Tier 1	55	(1.77% x FAS1 x Yrs)					
	60	(2.34% x FAS1 x Yrs)					
	62	(2.62% x FAS1 x Yrs)					
	65 or later	(2.62% x FAS1 x Yrs)					
1.67% @ 57.5							
Plan B (§31676.1)	50	(1.18% x FAS3 x Yrs)					
Tier 2	55	(1.49% x FAS3 x Yrs)					
	60	(1.92% x FAS3 x Yrs)					
	62	(2.09% x FAS3 x Yrs)					
	65 or later	(2.43% x FAS3 x Yrs)					
2.5% @ 67							
Plan U (§7522.20(a))	52	(1.00% x FAS3 x Yrs)					
	55	(1.30% x FAS3 x Yrs)					
	60	(1.80% x FAS3 x Yrs)					
	62	(2.00% x FAS3 x Yrs)					
	65	(2.30% x FAS3 x Yrs)					
	67 or later	(2.50% x FAS3 x Yrs)					

(continued)

Benefit Formula: Safety Plans

Safety Plans	Retirement Age	Benefit Formula
3% @ 50		
Plan E (§31664.1)	50	(3.00% x FAS1 x Yrs)
Tier 1	55	(3.00% x FAS1 x Yrs)
	60 or later	(3.00% x FAS1 x Yrs)
Plan F (§31664.1)	50	(3.00% x FAS3 x Yrs)
Tier 2	55	(3.00% x FAS3 x Yrs)
	60 or later	(3.00% x FAS3 x Yrs)
3% @ 55		
Plan Q (§31664.2)	50	(2.29% x FAS1 x Yrs)
Tier 1	55	(3.00% x FAS1 x Yrs)
	60 or later	(3.00% x FAS1 x Yrs)
Plan R (§31664.2)	50	(2.29% x FAS3 x Yrs)
Tier 2	55	(3.00% x FAS3 x Yrs)
	60 or later	(3.00% x FAS3 x Yrs)
2.7% @ 57		
Plan V (§7522.25(d))	50	(2.00% x FAS3 x Yrs)
	55	(2.50% x FAS3 x Yrs)
	57 or later	(2.70% x FAS3 x Yrs)

(continued)

Maximum Benefit:

Plans A, B, E, F, G, H, I, J, M, N, O, P, Q, R, S, T and W

100% of Highest Average Compensation. (§31676.01, §31676.1, §31676.12, §31676.16,

§31676.18, §31676.19, §31664.1, §31664.2)

Plans U and V

None

Ordinary Disability:

General Plans:

Plans A, B, G, H, I, J, M, N, O, P, S, T, U and W

Eligibility

Five years of service. (§31720)

Benefit Formula

Plans A, G, I, M, and O:

1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

Plans B, H, J, N, P, S, T, U and W:

1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727)

Safety Plans:

Plans E, F, Q, R and V

Eligibility

Five years of service. (§31720)

Benefit Formula

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

Compensation (§31727.2)

For all members, 100% of the service retirement benefit will be paid, if greater.

Line-of-Duty Disability:

All Members:

Eligibility

No age or service requirements. (§31720)

Benefit Formula

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

Pre-Retirement Death:

All Members:

Eligibility

None

Benefit

Refund of member contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the

of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the amount of \$1,000 is payable upon death of a member (with 10 years of service) to his/her

eligible beneficiary. (§31790)

Death in line of duty

50% of Final Compensation or 100% of Service Retirement benefit, if greater, payable to

spouse or minor-children. (§31787)

Or

Vested Members:

Eligibility Five years of service.

Benefit 60% of the greater of Service or Ordinary Disability Retirement benefit payable to eligible

surviving spouse (§31765.1, §31781.1), in lieu of §31781.

128

SECTION 4: ACTUARIAL

(continued)

Death After Retirement:

All Members:

Retirement

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

Line-of-Duty Disability

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

eligible beneficiary. (§31790)

Withdrawal Benefits:

Less than Five Years of

Service

Refund of accumulated member contributions with interest or earned benefit at age 70 (§31628). Effective January 1, 2003, a member may also elect to leave their contributions on deposit in the retirement fund. (§31629.5)

Five or More Years of Service

Refund of accumulated employee contributions with interest. If contributions left on deposit, a member is entitled to earned benefits commencing at any time after eligible to retire. (§31700)

Post-Retirement

Cost-of-Living Benefits:

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

Supplemental Benefit:

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

Member Contributions:

Non-CalPEPRA General Plans:

Plan A

Basic Provide for an average annuity at age 60 equal to 1/200 of FAS1. (§31621.5)

Cost-of-Living

Provide for 50% of future Cost-of-Living costs.

Plan B

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

Provide for 50% of future Cost-of-Living costs. Cost-of-Living

Plans G, H, I and J

Basic Provide for an average annuity at age 55 equal to 1/100 of FAS3 (FAS1 for Plans G and I).

(§31621.8)

Cost-of-Living

Plans M, N, O and P

Provide for 50% of future Cost-of-Living costs.

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3 (FAS1 for Plans M and

0). (§31621)

Provide for 50% of future Cost-of-Living costs. Cost-of-Living

Plan S

Basic

Provide for an average annuity at age 60 equal to 1/100 of FAS3. (§31621.2) Basic

Provide for 50% of future Cost-of-Living costs. Cost-of-Living

OCERS – ANNUAL COMPREHENSIVE FINANCIAL REPORT 2024

129

(continued)

Member Contributions: (continued)

Non-CalPEPRA Safety Plans:

Plans E and Q

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

Cost-of-Living Provide for 50% of future Cost-of-Living costs.

Plans F and R

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

Cost-of-Living Provide for 50% of future Cost-of-Living costs.

CalPEPRA Plans: .

Plans T, U, V and W 50% of total Normal Cost rate.

Other Information: Non-CalPEPRA Safety members with 30 or more years of benefit service are exempt from paying

member contributions. The same applies for General members hired on or before March 7, 1973.

Note: The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation.

EXPERIENCE ANALYSIS

(2014 - 2023) (Dollars in Thousands)

Gains & Losses in Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)

	Gains (or Losses) Per Year													
Type of Activity		2014		2015		2016		2017		2018				
Retirements	\$	-	\$	(62,070)	\$	-	\$	-	\$	-				
Pay Increases		125,746		282,696		(204,603)		66,399		71,908				
COLA Increases		153,484		119,367		186,039		95,796		(24,279)				
Investment Income		9,570		(229,138)		(113,103)		24,401		(255,908)				
Other		(4,476)		10,056	_	(4,119)	_	5,316	_	(143,172)				
Gain (or Loss) During Year From Experience	\$	284,324	\$	120,911	\$	(135,786)	\$	191,912	\$	(351,451)				
Nonrecurring Items:														
Method and Procedure Changes		-		-		92,587*		-		-				
Plan Amendments and Assumption Changes		122,171		<u>-</u>	_		_	(853,538)						
Composite Gain (or Loss) During Year	\$	406,495	\$	120,911	\$	(43,199)	\$	(661,626)	\$	(351,451)				

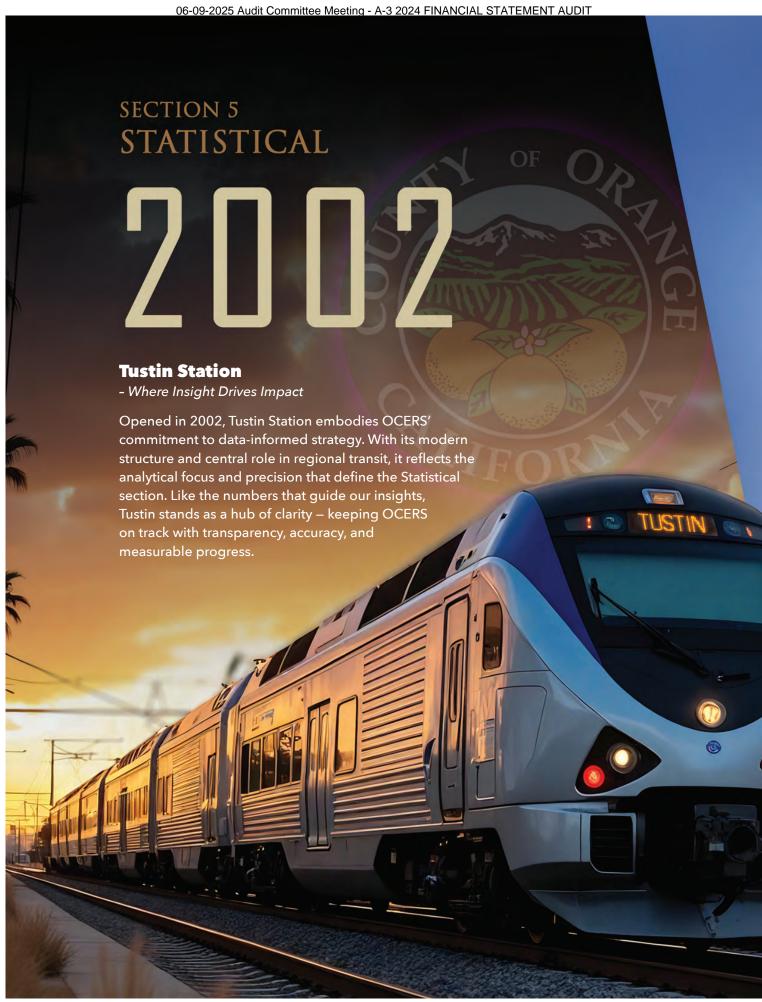
Gains & Losses in Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)

				Ga	ains (o	r Losses) Pe	r Year			
Type of Activity		2019		2020		2021		2022		2023
Retirements	\$	-	\$	-	\$	-	\$	-	\$	-
Pay Increases		52,716		62,291		87,162		(27,467)		(84,355)
COLA Increases		(131,220)		123,844 ¹		(148,830)		(261,281)		(14,660)
Investment Income		(50,514)		370,675		767,019		(59,849)		158,556
Other	_	(161,090)		(193,593)	_	(10,716)	_	(2,978)	_	(83,899)
Gain (or Loss) During Year From Experience	\$	(290,108)	\$	363,217	\$	694,635	\$	(351,575)	\$	(24,358)
Nonrecurring Items:										
Method and Procedure Changes		-		37,783 ²		-		-		-
Plan Amendments and Assumption Changes	_	<u>-</u>	_	(24,273)	_	<u>-</u>	_	<u>-</u>	_	(144,967)
Composite Gain (or Loss) During Year	\$	(290,108)	\$	376,727	\$	694,635	\$	(351,575)	\$	(169,325)

¹ Beginning with the December 31, 2020 valuation, the COLA for the upcoming April 1 is reflected in the valuation.

² Effect of reallocating present value benefits between NC and AAL.

^{*} Includes leap year salary adjustment, revised benefit and eligibility service credits from pension administration system and automatic continuance benefit for child beneficiary.





STATISTICAL SECTION REVIEW

The Statistical Section of the Annual Comprehensive Financial Report provides additional information in order to promote a more comprehensive understanding of the financial statements, note disclosures and supplemental information.

The Governmental Accounting Standards Board (GASB) established five categories of information to be provided in the Statistical Section: Financial Trends, Revenues, Expenses, Demographic and Economic, and Operating Information.

This section provides multi-year trend information to facilitate an understanding of how OCERS as an organization has changed over time.

Information of financial trends, revenues and expenses for the last ten years is presented in the Schedules of Changes in Fiduciary Net Position, Schedule and Graph of Fiduciary Revenue by Source, and Schedule and Graph of Expenses by Type.

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND

2015 – 2024 (Dollars in Thousands)

Years Ended December 31		2015		2016	2017	2018		2019	2020	2021	2022		2023	2024
Additions														
Employer Contributions	\$	571,298	\$	567,196 \$	572,104	580,905	\$	653,793	659,807	\$ 698,791	\$ 719,69	1 \$	749,776	\$ 846,363
Employee Contributions		249,271		258,297	262,294	270,070		279,373	279,384	271,334	269,99	9	277,455	302,545
Investment Income/(Loss)		(11,903)	1	,060,040	1,938,025	(326,145)	2	2,182,666	2,172,339	3,221,132	(2,059,36	4)	2,324,556	2,331,477
Net Securities Lending	_	1,030		1,203	1,610	1,517		1,142	845	933	77	4 _	925	768
Total Additions	\$	809,696	<u>\$ 1</u>	<u>,886,736</u> \$	2,774,033	526,347	\$ 3	3,116,974	3,112,375	\$ 4,192,190	\$(1,068,90	0)\$	3,352,712	\$ 3,481,153
Deductions														
Benefits	\$	675,963	\$	717,976 \$	764,344	828,278	\$	900,902	973,325	\$ 1,045,738	\$ 1,139,71	5 \$	1,216,248	\$ 1,285,410
Administrative Expenses		12,521		16,870	17,002	18,284		19,171	20,428	21,473	23,54	6 _	29,056	31,181
Total Deductions	\$	688,484	\$	734,846 \$	781,346	846,562	\$	920,073	993,753	\$ 1,067,211	\$ 1,163,26	1 \$	1,245,304	\$ 1,316,591
Changes in Fiduciary Net Position	<u>\$</u>	121,212	<u>\$ 1</u>	<u>1,151,890</u> <u>\$</u>	1,992,687	(320,215)	\$ 2	2,196,901	2,118,622	\$ 3,124,979	\$ (2,232,16	<u>1) \$</u>	2,107,408	\$ 2,164,562

134 SECTION 5: STATISTICAL

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION HEALTH CARE FUND - COUNTY

2015 – 2024 (Dollars in Thousands)

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Additions										
Employer Contributions	\$ 36,557	\$ 42,411	\$ 59,864	\$ 52,520	\$ 54,788	\$ 41,559	\$ 41,049	\$ 41,889	\$ -	\$ 6,404
Investment Income/(Loss)	(698)	16,902	34,087	(5,888)	43,523	40,706	66,688	(38,483)	48,959	44,133
Net Securities Lending	18	21	32	31	25	19	21	18	20	16
Total Additions	\$ 35,877	\$ 59,334	\$ 93,983	\$ 46,663	\$ 98,336	\$ 82,284	\$107,758	\$ 3,424	\$ 48,979	\$ 50,553
Deductions										
Benefits	\$ 30,107	\$ 30,818	\$ 32,042	\$ 33,290	\$ 35,012	\$ 36,784	\$ 37,262	\$ 37,013	\$ 36,837	\$ 35,885
Administrative Expenses	22	22	22	20	20	22	23	23	24	24
Total Deductions	\$ 30,129	\$ 30,840	\$ 32,064	\$ 33,310	\$ 35,032	\$ 36,806	\$ 37,285	\$ 37,036	\$ 36,861	\$ 35,909
Changes in Fiduciary Net Position	\$ 5,748	\$ 28,494	<u>\$ 61,919</u>	<u>\$ 13,353</u>	\$ 63,304	<u>\$ 45,478</u>	<u>\$ 70,473</u>	\$ (33,612)	<u>\$ 12,118</u>	<u>\$ 14,644</u>

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - HEALTH CARE FUND - OCFA

2015 – 2024 (Dollars in Thousands)

Years Ended December 31	2	015	20	016	2	2017	2	2018	2	019		2020	1	2021	2	2022		2023	2	2024
Additions																				
Employer Contributions	\$	2,624	\$	2,414	\$	2,380	\$	4,536	\$	2,111	\$	1,976	\$	16,773	\$	2,932	\$	26,245	\$	30,588
Investment Income/(Loss)		(99)		2,845		5,113		(725)		5,288		4,140		6,746		(4,705)		7,305		8,920
Net Securities Lending		3		3	_	4		4		3	_	2	_	2		2	_	4		3
Total Additions	\$	2,528	\$	5,262	\$	7,497	\$	3,815	\$	7,402	\$	6,118	\$	23,521	\$	(1,771)	\$	33,554	\$	39,511
Deductions																				
Benefits	\$	3,448	\$	3,867	\$	3,978	\$	5,077	\$	5,018	\$	5,539	\$	5,999	\$	6,658	\$	7,157	\$	7,735
Administrative Expenses		22		22		27		30	_	21		22		24		22		23		22
Total Deductions	\$	3,470	\$	3,889	\$	4,005	\$	5,107	\$	5,039	\$	5,561	\$	6,023	\$	6,680	\$	7,180	\$	7,757
Changes in Fiduciary Net Position	<u>\$</u>	(942)	\$	1,373	\$	3,492	<u>\$</u>	(1,292)	<u>\$</u>	2,363	<u>\$</u>	557	<u>\$</u>	17,498	<u>\$</u>	(8,451)	<u>\$</u>	26,374	<u>\$</u>	31,754

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND - OCTA

2015 – 2024 (Dollars in Thousands)

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Additions					•	•				
Employer OPEB Contributions	N/A	N/A	N/A	N/A	\$ 613	\$ 613	\$ 605	\$ 655	\$ 794	\$ 17,669
Investment Income/(Loss)	N/A	N/A	N/A	N/A	3,250	2,350	2,715	(3,402)	3,003	2,564
Total Additions	<u>\$ -</u>	<u>\$ -</u>	<u> </u>	<u>\$ -</u>	\$ 3,863	\$ 2,963	\$ 3,320	\$(2,747)	\$ 3,797	\$ 20,233
Deductions										
Employer OPEB Payments	N/A	N/A	N/A	N/A	\$ 1,318	\$ 1,383	\$ 1,419	\$ 1,466	\$ 1,531	\$ 1,754
Administrative Expenses	N/A	N/A	N/A	N/A	20	22	23	23	23	23
Total Deductions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 1,338	<u>\$ 1,405</u>	<u>\$ 1,442</u>	<u>\$ 1,489</u>	<u>\$ 1,554</u>	<u>\$ 1,777</u>
Changes in Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,525</u>	<u>\$ 1,558</u>	<u>\$ 1,878</u>	<u>\$ (4,236)</u>	<u>\$ 2,243</u>	<u>\$ 18,456</u>

N/A: Detailed information not available. This is a 10-year schedule. Information in this schedule is not available prior to 2019 due to the implementation of GASB 84. Additional years will be added to this schedule in future fiscal years until 10 years of data is presented.

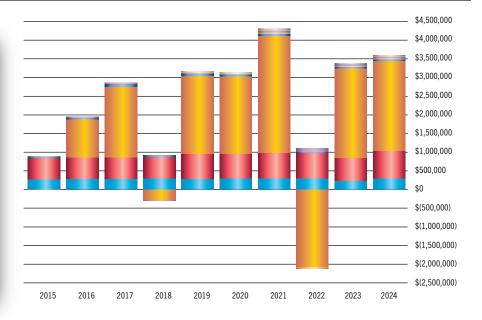
136

SCHEDULE AND GRAPH OF FIDUCIARY REVENUES BY SOURCE

2015 – 2024 (Dollars in Thousands)

Years Ended	Ì_				l _			ĺ _		İ _							
December 31		2015	2016	2017	1	2018	2019	2	2020	2	021	202	22	202	23	2	2024
Pension Trust Fund																	
Employee Contributions	\$	249,271	\$ 258,297	\$ 262,294	\$	270,070	\$ 279,373	\$:	279,384	\$	271,334	\$ 269	9,999	\$ 277	7,455	\$	302,545
Employer Contributions		571,298	567,196	572,104		580,905	653,793		659,807		698,791	719	9,691	749	9,776		846,363
Investment Income/(Loss) ¹		(10,873)	1,061,243	1,939,635		(324,628)	2,183,808	2,	173,184	3,	222,065	(2,058	3,590)	2,325	5,481	2	,332,245
Health Care Fund -	Cou	nty															
Employer Contributions		36,557	42,411	59,864		52,520	54,788		41,559		41,049	41	1,889		-		6,404
Investment Income/(Loss) ¹		(680)	16,923	34,119		(5,857)	43,548		40,725		66,709	(38	3,465)	48	3,979		44,149
Health Care Fund -	OCF	Ά															
Employer Contributions		2,624	2,414	2,380		4,536	2,111		1,976		16,773	2	2,932	26	5,245		30,588
Investment Income/(Loss) ¹		(96)	2,848	5,117		(721)	5,291		4,142		6,748	(4	1,703)	7	7,309		8,923
Custodial Fund - 00	CTA																
Employer OPEB Contributions		N/A	N/A	N/A		N/A	613		613		605		655		794		17,669
Investment Income/(Loss) ¹		N/A	N/A	N/A		N/A	3,250		2,350		2,715	(3	3,402)	3	3,003		2,564
Total	\$	848,101	\$ 1,951,332	\$ 2,875,513	\$	576,825	\$ 3,226,575	\$ 3,	203,740	\$ 4,	326,789	\$ (1,06	9,994)		9,042	\$ 3	3,591,450





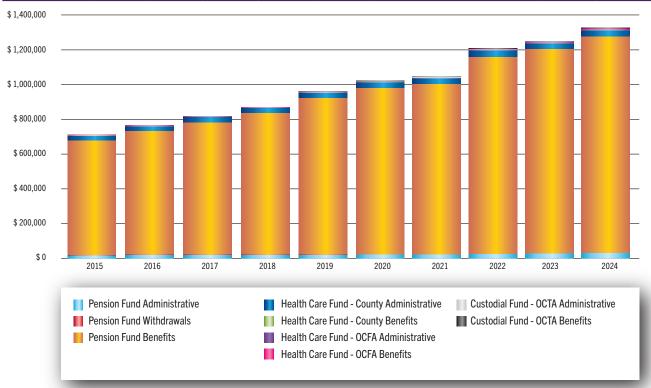
N/A: Detailed information not available.

¹ Investment Income/(Loss) includes net appreciation/(depreciation) less investment manager fees, security lending fees and commission recapture.

SCHEDULE AND GRAPH OF EXPENSES BY TYPE

2015 – 2024 (Dollars in Thousands)

Years Ended December 31	2	015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pension Trust Fur	nd										
Administrative	\$	12,521 \$	16,870	\$ 17,002	\$ 18,284	\$ 19,171	\$ 20,428	\$ 21,473	\$ 23,546	\$ 29,056	\$ 31,181
Withdrawals											
Separation		10,764	9,411	9,294	10,681	9,458	6,883	8,323	12,810	8,497	10,483
Death		1,093	4,232	4,572	3,252	3,791	4,664	6,126	9,429	6,254	7,717
Benefits	(664,106	704,333	750,478	814,345	887,653	961,778	1,031,289	1,117,476	1,201,497	1,267,210
Health Care Fund	- Co	unty									
Administrative		22	22	22	20	20	22	23	23	24	24
Benefits		30,107	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885
Health Care Fund	- OC	FA									
Administrative		22	22	27	30	21	22	24	22	23	22
Benefits		3,448	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735
Custodial Fund - (OCTA										
Administrative		N/A	N/A	N/A	N/A	20	22	23	23	23	23
Benefits		N/A	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754
Total	\$	722,083	769,575	\$ 817,415	\$ 884,979	\$ 961,482	<u>\$ 1,037,525</u>	<u>\$ 1,111,961</u>	<u>\$ 1,208,466</u>	\$ 1,290,899	\$ 1,362,034

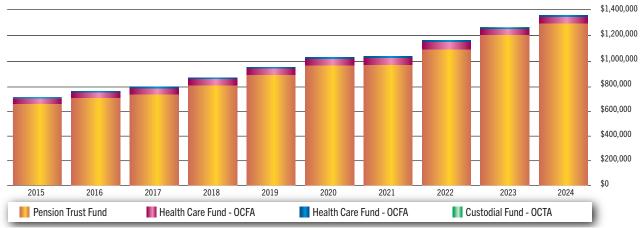


N/A: Detailed information not available.

SCHEDULE AND GRAPH OF BENEFIT EXPENSES BY TYPE

2015 – 2024 (Dollars in Thousands)

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pension Trust Fund	•		•				•	•	•	
Participant Benefits										
Service Retiree Payroll										
General	\$ 446,534	\$ 475,838	\$ 502,396	\$ 545,028	\$ 593,394	\$ 644,351	\$ 691,732	\$ 743,783	\$ 795,885	\$ 855,440
Safety	158,247	167,723	180,747	199,029	218,482	238,671	252,733	280,824	300,286	303,608
Service Retiree Payroll	604,781	643,561	683,143	744,057	811,876	883,022	944,465	1,024,607	1,096,171	1,159,048
Disability Retiree Payroll										
General	25,298	25,891	29,462	29,177	31,474	30,831	31,980	33,119	32,859	33,321
Safety	33,503	34,497	37,179	40,541	43,653	46,993	53,789	58,192	71,277	73,248
Disability Retiree Payroll	58,801	60,388	66,641	69,718	75,127	77,824	85,769	91,311	104,136	106,569
Total Participant Benefits										
General	471,832	501,729	531,858	574,205	624,868	675,182	723,712	776,902	828,744	888,760
Safety	191,750	202,220	217,926	239,570	262,135	285,664	306,522	339,016	371,563	376,857
Total Participant Benefits	663,582	703,949	749,784	813,775	887,003	960,846	1,030,234	1,115,918	1,200,307	1,265,617
Membership Withdrawals and Refun	ds									
General Membership	N/A	12,778	13,063	12,288	12,536	10,693	12,897	18,311	13,451	15,264
Safety Membership	N/A	865	803	1,645	713	854	1,552	3,928	1,300	2,936
Total Withdrawals and Refunds	11,857	13,643	13,866	13,933	13,249	11,547	14,449	22,239	14,751	18,200
Death Benefits										
Total Death Benefits	524	384	694	570	650	932	1,055	1,558	1,190	1,593
Total Pension Trust Fund	675,963	717,976	764,344	828,278	900,902	973,325	1,045,738	1,139,715	1,216,248	1,285,410
Health Care Fund - County										
Health Care	30,107	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885
Health Care Fund - OCFA										
Health Care	3,448	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735
Custodial Fund - OCTA										
Employer OPEB Payments	N/A	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754
Total	<u>\$ 709,518</u>	\$ 752,661	\$ 800,364	\$ 866,645	\$ 942,250	<u>\$1,017,031</u>	\$1,090,418	<u>\$1,184,852</u>	<u>\$1,261,773</u>	<u>\$1,330,784</u>

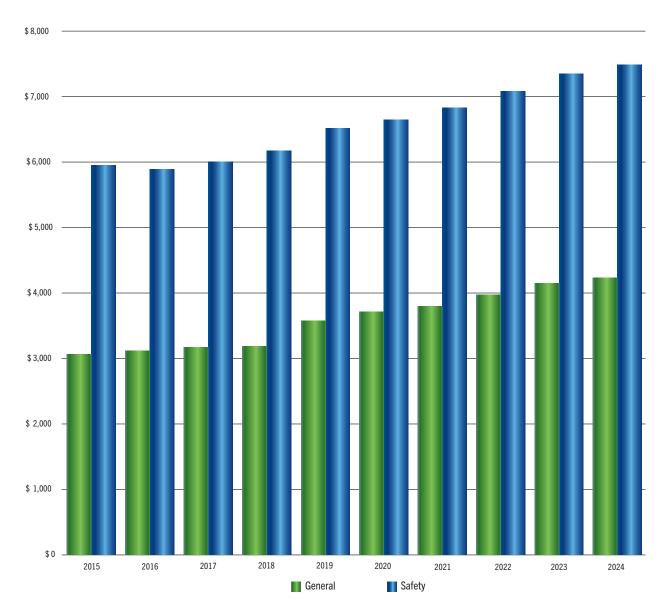


N/A: Detailed information not available.

SCHEDULE AND GRAPH OF AVERAGE MONTHLY PENSION CHECK

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	\$ 3,103	\$ 3,142	\$ 3,244	\$ 3,372	\$ 3,520	\$ 3,686	\$ 3,791	\$ 3,944	\$ 4,093	\$ 4,237
Safety	\$ 5,974	\$ 5,917	\$ 6,017	\$ 6,245	\$ 6,499	\$ 6,680	\$ 6,825	\$ 7,048	\$ 7,277	\$ 7,470



SCHEDULE OF AVERAGE PENSION BENEFIT PAYMENTS BY YEARS OF SERVICE

Years of Service									
0-5	5-10	10-15	15-20	20-25	25_30	30 & Over			
0-3	J-10	10-13	13-20	20-23	23-30	30 & 0VCI			
\$ 582	\$ 1263	\$ 1 755	\$ 2.850	\$ 3,895	\$ 5,679	\$ 7,235			
•						\$ 8,352			
						182			
\$ 427	\$ 1,244	\$ 2,135	\$ 2,886	\$ 4,272	\$ 5,549	\$ 6,782			
\$ 8,298						\$ 7,762			
24	56	121	120	113	195	163			
\$ 541	\$ 1,215	\$ 2,073	\$ 3,062	\$ 4,513	\$ 5,851	\$ 7,069			
\$ 7,952	\$ 6,800	\$ 6,844	\$ 6,810	\$ 7,743	\$ 7,975	\$ 7,931			
21	47	122	147	112	190	153			
\$ 554	\$ 1,190	\$ 1,943	\$ 2,879	\$ 4,681	\$ 6,074	\$ 7,439			
\$10,584	\$ 7,287	\$ 6,904	\$ 6,859	\$ 8,134	\$ 8,246	\$ 8,561			
23	62	125	144	127	205	208			
\$ 367	\$ 1,424	\$ 2,332	\$ 3,073	\$ 4,831	\$ 6,475	\$ 7,324			
\$ 7,568	\$ 8,243	\$ 7,509	\$ 6,985	\$ 8,088	\$ 8,591	\$ 8,249			
31	54	121	150	135	249	191			
•						\$ 6,825			
						\$ 7,917			
29	59	128	166	237	281	288			
						\$ 7,219			
						\$ 8,377			
27	53	87	102	142	112	128			
A 044	A 1 5 4 5	A 0 001	A 0 700	A.F. 000	A 7 401	40077			
•						\$ 8,077			
						\$ 9,238			
33	91	11/	127	226	210	224			
¢ 401	¢ 1 501	¢ 2 01E	¢ 2 027	¢ E 000	¢ 7 40c	¢ 7 200			
						\$ 7,399			
						\$ 8,439			
29	00	01	114	100	101	210			
\$ 601	¢ 1 327	\$ 2 567	\$ 3.465	\$ 5 402	\$ 7 1/6	\$ 7,233			
						\$ 7,233 \$ 8,340			
						φ 6,340 144			
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SCHEDULE OF PENSION BENEFIT RECIPIENTS BY TYPE OF BENEFIT

December 31, 2024

Monthly Benefit	Normal Retirement for Age and Service	Survivor Payment - Normal Retirement	Service- Connected Disability Retirement	Nonservice- Connected Disability Retirement	Survivor Payment - Disability Retirement	DRO (Domestic Relations Order Payees)	Active Deaths	Total
\$1-500	519	112	1	2	11	79	8	732
\$501-1,000	921	226	-	8	21	131	41	1,348
\$1,001-1,500	1,042	211	2	35	34	112	79	1,515
\$1,501-2,000	1,108	169	24	54	23	99	68	1,545
\$2,001-2,500	1,078	147	90	47	19	88	28	1,497
\$2,501-3,000	1,122	132	201	14	33	50	25	1,577
\$3,001-3,500	1,081	124	192	17	34	43	10	1,501
\$3,501-4,000	1,045	103	120	16	32	47	6	1,369
\$4,001-4,500	927	75	88	3	19	20	3	1,135
\$4,501-5,000	850	54	79	7	26	17	6	1,039
\$5,001-5,500	771	60	110	1	19	10	5	976
\$5,501-6,000	780	48	70	2	12	6	5	923
\$6,001-6,500	718	44	54	-	10	7	2	835
\$6,501-7,000	579	29	45	2	8	3	2	668
Over \$7,000	4,562	111	358	3	36	4	6	5,080
Total	<u>17,103</u>	<u>1,645</u>	<u>1,434</u>	<u>211</u>	<u>337</u>	<u>716</u>	<u>294</u>	<u>21,740</u>

Definition of Terms

Eligible Spouse: A member's spouse is considered eligible if the member has been legally married for at least one year at the time of retirement and remains married throughout the member's retirement. Eligible Spouse also includes Qualified Domestic Partner registered in accordance with applicable Family Law provisions.

Eligible Child: An eligible child is an unmarried child under the age of 18, or under the age of 22 if a full-time student. This includes adopted children. Eligible Child can also include a stepchild living or domiciled with the member at the time of the member's death for purposes of an active member Nonservice-connected or Service-connected death benefit only.

Source: OCERS' Pension Administration System Solution

177

SCHEDULE OF PENSION BENEFIT RECIPIENTS BY OPTION SELECTED

December 31, 2024

Monthly Benefit	UM	OP1	0P2	OP3	0P4	DB	UMC	02C	03C	04C	SCDC	NSCDC	LSRC	AN	Total
\$1-500	482	1	23	3	3	78	105	7	7	4	-	7	1	11	732
\$501-1,000	873	1	50	1	4	131	228	13	4	2	2	24	15	-	1,348
\$1,001-1,500	1,023	1	50	1	4	112	232	16	-	2	6	54	14	-	1,515
\$1,501-2,000	1,140	1	37	3	5	99	185	9	5	-	-	56	5	-	1,545
\$2,001-2,500	1,165	1	38	6	5	88	154	14	2	1	-	20	3	-	1,497
\$2,501-3,000	1,303	1	23	-	10	50	157	15	1	-	1	14	2	-	1,577
\$3,001-3,500	1,262	-	20	2	6	43	154	5	-	-	1	6	2	-	1,501
\$3,501-4,000	1,149	1	24	2	5	47	130	5	1	1	1	3	-	-	1,369
\$4,001-4,500	991	-	12	2	13	20	80	13	-	2	-	-	2	-	1,135
\$4,501-5,000	909	-	12	1	14	17	76	8	-	-	1	-	1	-	1,039
\$5,001-5,500	854	-	20	-	8	10	78	5	-	-	-	1	-	-	976
\$5,501-6,000	825	-	14	1	12	6	56	6	-	-	2	1	-	-	923
\$6,001-6,500	745	-	18	3	6	7	46	8	1	-	-	1	-	-	835
\$6,501-7,000	612	-	7	-	7	3	36	3	-	-	-	-	-	-	668
Over \$7,000 _	4,796	4	59	2	62	4	132	18			1	1	1		_5,080
Total =	18,129	<u>11</u>	407	27	164	715	1,849	145	21	12	<u>15</u>	188	<u>46</u>	11	21,740

Definition of Options:

UM: Unmodified -- Maximum retirement allowance

OP1: Option 1 -- Reduced retirement allowance, at death of retiree beneficiary receives remaining balance on account

OP2: Option 2 -- Reduced retirement allowance

OP3: Option 3 -- Reduced retirement allowance

OP4: Option 4 -- Reduced retirement allowance

DB: DRO benefit -- Benefit as provided in Domestic Relations Order

UMC: Unmodified continuance -- Beneficiary receives 60% of maximum retirement allowance

02C: Option 2 continuance -- Beneficiary receives same monthly allowance

03C: Option 3 continuance -- Beneficiary receives 50% of monthly allowance

04C: Option 4 continuance -- Multiple beneficiaries receive allowance as previously approved

SCDC: SCD continuance -- Service Connected Disability

NSCDC: NSCD continuance -- Non Service Connected Disability

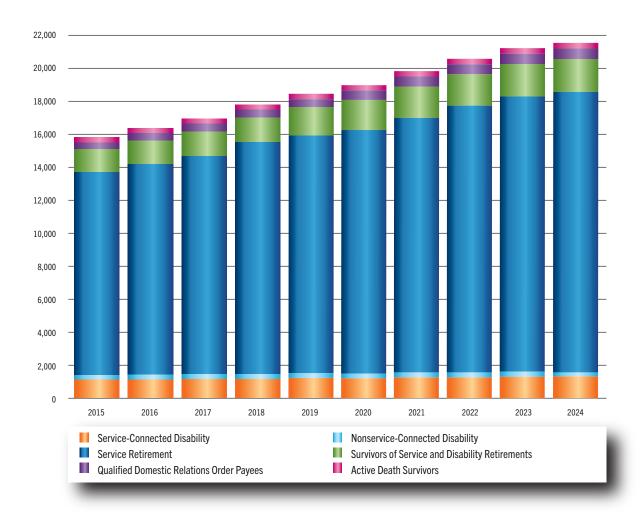
LSRC: Lump sum and reduced continuance

AN: Annuity

SCHEDULE AND GRAPH OF PENSION BENEFIT RECIPIENTS

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Service-Connected Disability	1,131	1,161	1,185	1,232	1,261	1,289	1,333	1,364	1,412	1,434
Nonservice-Connected Disability	271	257	261	250	244	236	228	224	216	211
Service Retirement	12,278	12,768	13,240	13,827	14,448	15,339	15,607	16,311	16,754	17,103
Survivors of Service and Disability Retirements	1,423	1,448	1,496	1,559	1,631	1,678	1,744	1,820	1,911	1,982
Qualified Domestic Relations Order Payees	399	426	455	495	530	573	616	662	693	716
Active Death Survivors	308	309	310	311	306	304	298	297	297	294
Total	15,810	16,369	16,947	17,674	18,420	<u>19,419</u>	19,826	20,678	21,283	<u>21,740</u>



SCHEDULE OF AVERAGE RETIREMENT AGE

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	59.37	59.44	60.79	61.30	61.14	61.02	60.49	60.70	60.77	60.03
Safety	53.51	53.58	55.09	55.15	54.53	54.15	53.63	55.33	54.21	53.39

SCHEDULE OF AVERAGE YEARS OF SERVICE AT RETIREMENT

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	18.22	19.56	21.41	22.08	21.95	23.18	20.87	21.99	23.40	21.72
Safety	24.18	22.81	23.92	24.60	24.36	23.87	22.16	21.82	21.93	19.88

SCHEDULE OF BENEFICIARIES RECEIVING A PENSION

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General	1,498	1,514	1,540	1,593	1,652	1,685	1,728	1,780	1,854	1,906
Safety	233	243	266	277	285	297	314	337	354	<u>370</u>
Total	1,731	1,757	1,806	1,870	1,937	1,982	2,042	<u>2,117</u>	2,208	2,276

SCHEDULE OF ACTIVE AND DEFERRED MEMBERS

2015 - 2024

Years Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General										
Active	17,838	18,072	17,941	18,150	18,356	17,733	18,128	18,184	18,805	19,291
Deferred	4,668	4,940	5,341	5,547	6,004	6,280	6,680	7,323	8,014	8,804
Safety										
Active	3,687	3,674	3,780	3,779	3,901	3,826	3,883	3,877	3,977	4,077
Deferred	424	430	462	479	516	538_	558	571	565	573
Total	26,617	<u>27,116</u>	27,524	27,955	28,777	28,377	29,249	29,955	<u>31,361</u>	32,745

SCHEDULE OF PARTICIPATING EMPLOYERS PENSION PLAN

2015 - 2024

	Years Ended December 31	Total	Orange County	ОСТА	OC Superior Court	OC Fire Authority	OC Sanitation District	City of San Juan Capistrano	Trans- portation Corridor Agencies	All Other Employers
2015	Number of Covered Employees	21,525	16,574	1,409	1,462	1,224	572	75	63	146
	Percentage to Total System	100%	77.00%	6.55%	6.79%	5.69%	2.66%	0.35%	0.29%	0.68%
2016	Number of Covered Employees	21,746	16,756	1,372	1,486	1,263	578	80	68	143
	Percentage to Total System	100%	77.05%	6.31%	6.83%	5.81%	2.66%	0.37%	0.31%	0.66%
2017	Number of Covered Employees	21,721	16,778	1,313	1,455	1,288	592	81	64	150
	Percentage to Total System	100%	77.24%	6.04%	6.70%	5.93%	2.73%	0.37%	0.29%	0.69%
2018	Number of Covered Employees	21,929	17,048	1,279	1,419	1,262	616	78	62	165
	Percentage to Total System	100%	77.75%	5.83%	6.47%	5.75%	2.81%	0.36%	0.28%	0.75%
2019	Number of Covered Employees	22,257	17,160	1,350	1,419	1,416	608	76	61	167
	Percentage to Total System	100%	77.10%	6.07%	6.38%	6.36%	2.73%	0.34%	0.27%	0.75%
2020	Number of Covered Employees	21,559	16,474	1,322	1,399	1,457	618	67	54	168
	Percentage to Total System	100%	76.42%	6.13%	6.48%	6.76%	2.87%	0.31%	0.25%	0.78%
2021	Number of Covered Employees	22,011	16,899	1,315	1,384	1,508	620	51	61	173
	Percentage to Total System	100%	76.78%	5.97%	6.28%	6.85%	2.82%	0.23%	0.28%	0.79%
2022	Number of Covered Employees	22,061	16,915	1,279	1,437	1,528	605	55	55	187
	Percentage to Total System	100%	76.68%	5.80%	6.50%	6.93%	2.74%	0.25%	0.25%	0.85%
2023	Number of Covered Employees	22,782	17,581	1,264	1,459	1,560	608	55	59	196
	Percentage to Total System	100%	77.17%	5.55%	6.40%	6.85%	2.67%	0.24%	0.26%	0.86%
2024	Number of Covered Employees	23,368	17,990	1,373	1,492	1,563	625	54	62	209
	Percentage to Total System	100%	76.99%	5.88%	6.38%	6.69%	2.67%	0.23%	0.27%	0.89%

 $Source: OCERS'\ Pension\ Administration\ System\ Solution$

146 SECTION 5 : STATISTICAL

HISTORY OF ACTUARIAL ASSUMPTION RATES

For the Period January 1945 - December 2024

The table shown below is a comprehensive history of the change in interest rate assumption and the salary assumption rates corresponding to the Orange County Employees Retirement System since the inception of the System. These rates are adopted by the Retirement Board and used by the consulting actuary in the creation of the actuarial valuation of the System.

Specifically, the interest rate assumption estimates the rate at which the funds of the System's investment portfolio will realize earnings over many years into the future. The salary assumption rate estimates the relative increases in the salary of a member from the date of the valuation to the estimated date of separation of the member from active service.

Effective Date	Interest Rate	Salary Assumption Rate
1/1/45	2.50%	0.00%
7/1/62	3.50%	0.00%
12/31/65	4.00%	0.00%
7/1/69	4.50%	0.00%
6/30/70	5.00%	0.00%
8/31/73	5.75%	0.00%
7/1/75	6.00%	0.00%
7/1/81	7.25%	5.00%
7/1/89	7.50%	5.50%
7/1/91	8.00%	6.00%
7/1/96	8.00%	3.50%
7/1/00	8.00%	5.50%
7/1/03	7.50%	4.50%
12/31/04	7.75%	3.50%1
12/31/07	7.75%	3.50% ²
12/31/11	7.75%	3.50% ³
12/31/12	7.25%	3.25%4
12/31/14	7.25%	3.25%4
12/31/17	7.00%	3.25%4
12/31/20	7.00%	3.00%4

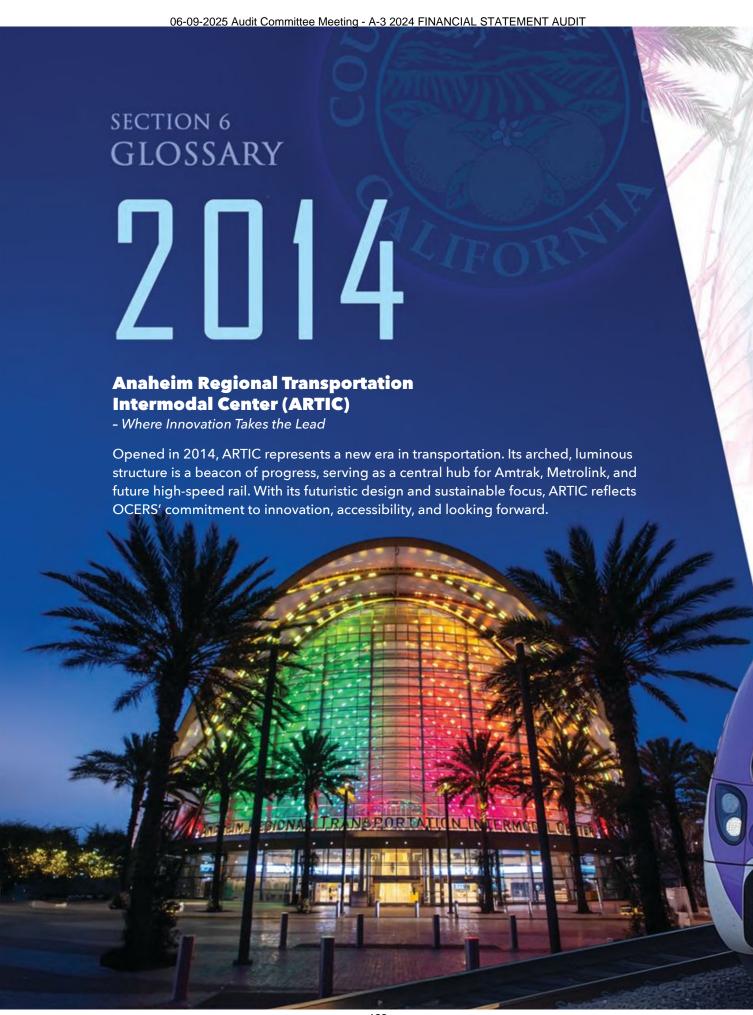
¹ Inflation per year plus merit and promotion increases ranging from 0.6% to 0.7%

Source: The Segal Company

 $^{^2}$ Inflation per year plus merit and promotion increases ranging from 1% to 10%

 $^{^3}$ Inflation per year plus 0.25% across-the-board real salary increases plus merit and promotion increases ranging from 1% to 14%

 $^{^4}$ Inflation per year plus 0.50% across-the-board real salary increase





GLOSSARY OF TERMS

Accrual Basis

The recording of the financial effects on a government of transactions and other events and circumstances that have financial consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

Accumulated Plan Benefits

Benefits attributable under the provisions of a pension plan to employees for services rendered to the benefit information date.

Actuarial Accrued Liability

The actuarial accrued liability, as determined by a particular cost method, equals the total present value of benefits that is attributable to past service credit.

Actuarial Assumptions

Assumptions used in the actuarial valuation process as to the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement; changes in compensation and national pension benefits; rates of investments earnings and asset appreciation or depreciation: procedures used to determine the actuarial value of assets; characteristics of future entrants for open group actuarial cost methods and other relevant items.

Actuarial 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.

Actuarial Gain (Loss)

A measure of the difference between actuarial and expected experience based upon a set of actuarial assumptions. Examples include higher than expected salaries increases (loss) and a higher return on fund assets than anticipated (gain).

Actuarial Present Value

The discounted value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

Amortization

- 1. The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period.
- 2. The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

Annual Comprehensive Financial Report (Annual Report)

The Annual Report is the official annual report of a governmental entity. It includes the basic financial statements and their related notes prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, required supplementary information, extensive introductory material and a detailed statistical section.

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.

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:

- 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's 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.

SECTION 6 : GLOSSARY OF TERMS

GLOSSARY OF TERMS

(Continued)

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 the level basis over the earnings or services of the individual between entry age and assumed exit age(s).

Generally Accepted Accounting Principles (GAAP)

Generally Accepted Accounting Principles (GAAP) are a collection of commonly followed accounting rules and standards for financial reporting. The purpose of GAAP is to ensure transparency and consistency for financial reporting.

Independent Auditor's Report

In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the basic financial statements in conformity with generally accepted accounting principles (GAAP).

Money-weighted Rate of Return

A method of calculating period-by-period returns on pension plan investments that adjusts for the changing amounts actually invested. For purposes of GASB Statement No. 67, money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense.

Net Pension Liability

The liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit pension plan.

Normal Cost

The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.

Pension Contribution

The amount paid into a pension plan by an employer (and/or employee), pursuant to the terms of the plan, state law, actuarial calculations or some other basis for determinations.

Pension Trust Fund

A fund used to account for public employee retirement benefits. Pension trust funds use the accrual basis of accounting and have a capital maintenance focus.

Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB Statement No. 67.

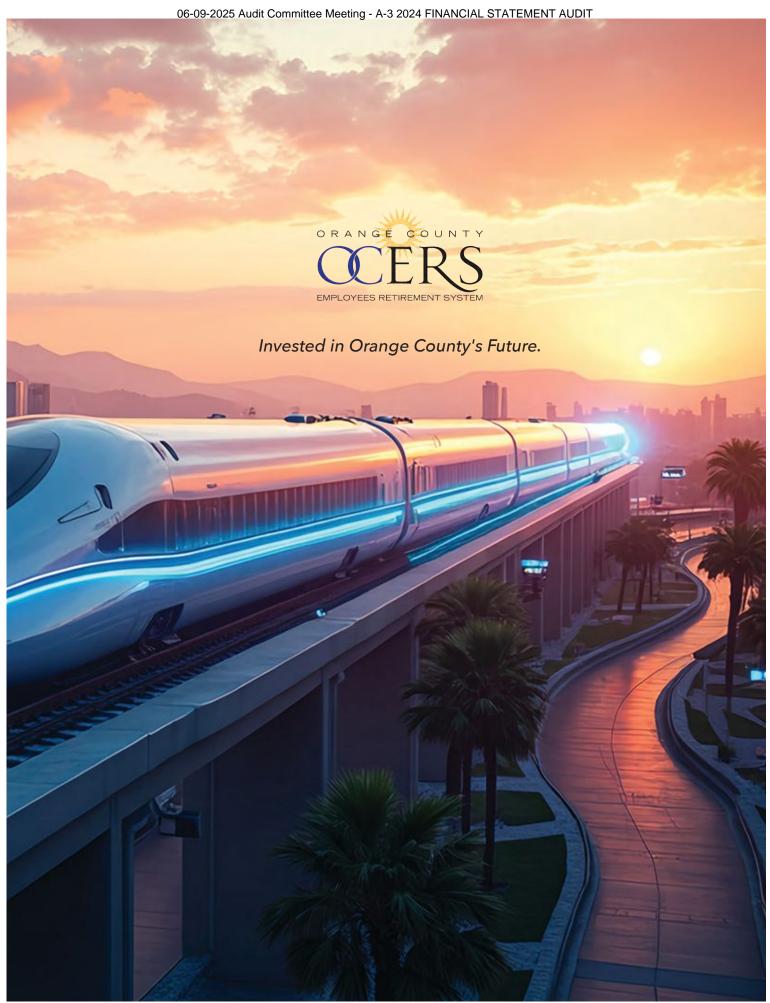
Unfunded Actuarial Accrued Liability (UAAL)

The excess of the actuarial accrued liability over the actuarial value of assets represents the unfunded actuarial accrued liability.

UAAL Amortization Payment

The UAAL amortization payment is the portion of pension contributions, which is designed to pay off (amortize) the UAAL in a systematic fashion. Equivalently, it is a series of periodic payments required to pay off a debt.





Orange County Employees Retirement System
P.O. Box 1229 Santa Ana, CA 92702
714.558.6200
www.ocers.org

Orange County Employees Retirement System (OCERS)

Governmental Accounting Standards Board Statement No. 67 Actuarial Valuation as of December 31, 2024

This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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May 15, 2025

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) Actuarial Valuation as of December 31, 2024 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, 2023 for the data and OCERS' Actuarial Valuation and Review as of December 31, 2024 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 15, 2025 Page 3

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

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

Andy Yeung, ASA, MAAA, FCA, EA

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Table of Contents

Section 1: Actuarial Valuation Summary	5
Purpose and basis	
General observations on a GASB 67 actuarial valuation	
Highlights of the valuation	6
Summary of key valuation results	7
Important information about actuarial valuations	9
Section 2: GASB 67 Information	11
General information about the pension plan	11
Exhibit 1: Net Pension Liability	15
Exhibit 2: Discount rate	17
Exhibit 3: Schedule of changes in Net Pension Liability	20
Exhibit 4: Schedule of employer contributions	21
Appendix A: Projection of Plan Fiduciary Net Position	25
Appendix B: Definition of Terms	27

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, 2024. 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, 2023, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2024, provided by the staff of OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2024 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2024 funding 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.
- 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.



Highlights of the valuation

- 1. The reporting date for the Plan is December 31, 2024 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, 2023 while the Plan FNP was valued as of the measurement date.
- 2. The NPL decreased from \$4,846.7 million as of December 31, 2023 to \$3,974.7 million as of December 31, 2024 primarily due to a return on the market value of assets of 10.7%¹ during calendar year 2024 that was more than the assumption of 7.00% used in the December 31, 2023 valuation (a gain of about \$812 million). Changes in these values during the last two calendar 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 as of December 31, 2024 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2024. 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 \$23,961,991,000 as of December 31, 2024 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2024. This differs from the \$23,789,296,000 market value of assets used in our December 31, 2024 funding valuation because the market value of assets in the funding valuation excludes \$155,101,000 in the County Investment Account and \$17,594,000 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, 2024, 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. We have continued to adjust the liabilities in our actuarial funding valuation to reflect the modification in the benefit amounts as provided in the membership data as of December 31, 2024. However, as the TPL in this valuation has been rolled forward using the membership data as of December 31, 2023, any modification in the benefit amounts reported in the membership data as of December 31, 2024 will not be reflected in the TPL until the next valuation.

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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 \$2,280,223,000 during 2024 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 \$2,332,245,000.

Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2024	December 31, 2023
Disclosure elements		
Service cost ¹	\$564,605,045	\$536,399,540
Total Pension Liability	27,936,684,748	26,644,141,574
Plan Fiduciary Net Position	23,961,991,000	21,797,429,000
Net Pension Liability	3,974,693,748	4,846,712,574
Schedule of contributions		
Actuarially determined contributions	\$830,734,000	\$736,016,000
Actual contributions ²	846,363,000	749,776,000
Contribution deficiency / (excess) ³	(15,629,000)	(13,760,000)
Demographic data ⁴		
Number of retired members and beneficiaries	21,740	21,283
Number of inactive members ⁵	9,377	8,579
Number of active members	23,368	22,782
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 10.25% Safety: 4.50% to 15.00%	General: 3.90% to 10.25% Safety: 4.50% 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, 2024 and December 31, 2023 measurement dates are based on the valuations as of December 31, 2023 and December 31, 2022, respectively. The 2024 service cost has been calculated using the assumptions shown in the December 31, 2023 column and the 2023 service cost has been calculated using the assumptions in the December 31, 2022 valuation. Please refer to the note on the next page for the assumptions used for the 2023 service cost.

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 Data shown as of the December 31, 2023 measurement date is used in the measurement of the TPL as of December 31, 2024.

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.

Note to footnote 1 from prior page

The 2023 service cost has been calculated using the following assumptions as of December 31, 2022:

 Investment rate of return 7.00% 2.50% Inflation rate • "Across-the-board" salary increase 0.50%

· Projected salary increases General: 4.00% to 11.00%

Safety: 4.60% to 15.00%

- Projected salary increases include inflation at 2.50% plus across-the-board salary increase of 0.50% plus merit and promotion increases that vary by service

· Cost-of-living adjustments 2.75% of retirement income



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 the staff of 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 applicable). 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. The blended discount rate used for calculating TPL 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.
	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
	1



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.

199



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.

200

Plan membership

At December 31, 2024, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	21,740
Inactive members ¹	9,377
Active members	23,368
Total	54,485

Note: Data as of December 31, 2024 is not used in the measurement of the TPL as of December 31, 2024.

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 retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least

Segal 12

¹ Includes members who chose to leave their contributions on deposit even though they have less than five years of service. Orange County Employees Retirement System - GASB 67 Actuarial Valuation as of December 31, 2024

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 onesixtieth 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 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 2024 or the second half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 37.82% of compensation. The average employer contribution rate for the last six months of calendar year 2024 or the first half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 38.71% 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 2024 or the second half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 12.08% of compensation. The average member contribution rate for the last six months of calendar year 2024 or the first half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 12.08%² of compensation.

Segal 14

These employer contribution rates may be higher or lower than the composite rate for 2024 as shown on page 21 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.

Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2024	December 31, 2023
Components of the Net Pension Liability		
Total Pension Liability	\$27,936,684,748	\$26,644,141,574
Plan Fiduciary Net Position	(23,961,991,000)	(21,797,429,000)
Net Pension Liability	\$3,974,693,748	\$4,846,712,574
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	85.77%	81.81%

The NPL for the Plan in this valuation was measured as of December 31, 2024. 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, 2023.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2024 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2024.

Actuarial assumptions

The TPL as of December 31, 2024 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2024. The actuarial assumptions used in that valuation were based on the results of an experience study for the period January 1, 2020 through December 31, 2022 and they are the same assumptions used starting with the December 31, 2023 funding valuation for OCERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

★ Segal 15

¹ 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.

Assumption Type	Assumption
Investment rate of return ¹	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 10.25% 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, 2024 Actuarial Valuation and Review.

Note that the investment return assumption of 7.00% was developed net of both investment and administrative expenses for funding purposes in the January 1, 2020 through December 31, 2022 Actuarial Experience Study. However, for financial reporting, the same investment return assumption has been used and is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation component of the investment return assumption when used for financial reporting purposes.



Exhibit 2: Discount rate

Determination of discount rate and investment rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with the December 31, 2023 measurement date, 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, subtracting expected investment management expenses¹ and further adjusted by 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 and applicable investment management expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of December 31, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

¹ Investment management expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses, and excludes investment manager fees.

Orange County Employees Retirement System – GASB 67 Actuarial Valuation as of December 31, 2024

Topic Segal 17

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹
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%

Orange County Employees Retirement System - GASB 67 Actuarial Valuation as of December 31, 2024



¹ Arithmetic real rates of return are net of inflation.

Discount rate

The discount rate used to measure the TPL was 7.00% as of December 31, 2024.

The projection of cash flows used to determine the discount rate assumes 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 December 31, 2024.

Discount rate sensitivity

The following presents the NPL of OCERS as of December 31, 2024 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.

Line Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability (Asset)	\$7,779,139,697	\$3,974,693,748	\$863,479,574



¹ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Orange County Employees Retirement System - GASB 67 Actuarial Valuation as of December 31, 2024

Exhibit 3: Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2024	December 31, 2023
Total Pension Liability		
Service cost	\$564,605,045	\$536,399,540
Interest	1,859,622,913	1,750,651,189
Change of benefit terms	0	0
Differences between expected and actual experience	153,725,216	326,785,307
Changes of assumptions or other inputs	0	165,526,367
Benefit payments, including refunds of member contributions	(1,285,410,000)	(1,216,248,000)
Transfer of members among Rate Groups	0	0
Other	0	0
Net change in Total Pension Liability	\$1,292,543,174	\$1,563,114,403
Total Pension Liability — beginning	\$26,644,141,574	25,081,027,171
Total Pension Liability — ending	\$27,936,684,748	\$26,644,141,574
Plan Fiduciary Net Position		
Contributions — employer ¹	\$846,363,000	\$749,776,000
Contributions — member	302,545,000	277,455,000
Net investment income	2,332,245,000	2,325,481,000
Benefit payments, including refunds of member contributions	(1,285,410,000)	(1,216,248,000)
Transfer of members among Rate Groups	0	0
Administrative expense	(31,181,000)	(29,056,000)
Other	0	0
Net change in Plan Fiduciary Net Position	\$2,164,562,000	\$2,107,408,000
Plan Fiduciary Net Position — beginning	21,797,429,000	19,690,021,000
Plan Fiduciary Net Position — ending	\$23,961,991,000	\$21,797,429,000
Net Pension Liability — ending	\$3,974,693,748	\$4,846,712,574
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.77%	81.81%
Covered payroll ²	\$2,252,414,000	\$2,042,240,000
Net Pension Liability as percentage of covered payroll	176.46%	237.32%

Segal 20

Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.
 Covered payroll represents payroll on which contributions to the pension plan are based.

Exhibit 4: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions ¹	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll ¹
2015	\$502,886,000	\$571,298,000 ³	\$(68,412,000)	\$1,521,036,000	37.56%
2016	521,447,000	567,196,0004	(45,749,000)	1,602,675,000	35.40%
2017	536,726,000	572,104,0005	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000	$580,905,000^6$	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000 ⁷	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,0008	(21,592,000)	1,909,268,000	34.56%
2021	684,142,000 ⁹	$698,791,000^{9,10}$	(14,649,000)	1,870,387,000	37.36%
2022	707,318,000	719,691,00011	(12,373,000)	1,932,374,000	37.24%
2023	736,016,000	749,776,00012	(13,760,000)	2,042,240,000	36.71%
2024	830,734,000	846,363,00013	(15,629,000)	2,252,414,000	37.58%

See accompanying notes to this schedule on next page.

Orange County Employees Retirement System - GASB 67 Actuarial Valuation as of December 31, 2024



¹ 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.

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

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.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ 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.

⁸ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

⁹ 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.

¹⁰ Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹¹ 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.

¹² Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹³ Includes additional contributions of \$15,629,000 made by O.C. Fire Authority towards the reduction of their UAAL.

Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2024

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
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
2019	22,049,000	0	18,631,000	2024	5,319,000	4,962,000	0

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2024 (i.e., the second half of fiscal year 2023–2024) are calculated based on the December 31, 2021 valuation. Actuarially determined contribution rates for the last six months of calendar year 2024 (i.e., the first half of fiscal year 2024–2025) are calculated based on the December 31, 2022 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2021 valuation and 3.00% payroll growth assumed in the December 31, 2022 valuation)



Remaining amortization period

December 31, 2021 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized 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, 2022 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized 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 equal to the market value (or fair value) of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected market return, recognized over a five-year period. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.



Actuarial assumptions

The actuarially determined contribution for the year ended December 31, 2024 is based on the results of the December 31, 2021 and December 31, 2022 actuarial valuations. The actuarial assumptions used in those valuations are as follows:

Assumption Type	Assumption Used in the December 31, 2021 Actuarial Valuation	Assumption Used in the December 31, 2022 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 actuarial funding valuation as of December 31, 2021.	Same as those used in the actuarial funding valuation as of December 31, 2022.

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, 2024 (\$ in millions)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions¹ (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2024	\$21,797	\$1,149	\$1,285	\$31	\$2,332	\$23,962
2025	23,962	1,083	1,381	34	1,666	25,296
2026	25,296	1,091	1,456	36	1,757	26,652
2027	26,652	1,125	1,532	38	1,850	28,057
2028	28,057	1,104	1,611	40	1,945	29,455
2029	29,455	1,093	1,691	42	2,040	30,855
2030	30,855	1,099	1,775	44	2,135	32,269
2031	32,269	1,104	1,860	46	2,231	33,699
2032	33,699	1,111	1,946	48	2,329	35,144
2033	35,144	1,021	2,033	50	2,423	36,504
2049	41,105	234	3,164	59	2,775	40,890
2050	40,890	222	3,202	58	2,758	40,609
2051	40,609	210	3,236	58	2,737	40,262
2052	40,262	199	3,266	58	2,711	39,848
2098	26,239	54	164	38	1,832	27,922
2099	27,922	54	129	40	1,951	29,758
2100	29,758	55	100	43	2,080	31,751
2101	31,751	57	76	45	2,220	33,906
2130	224,618	321 ²	03	321	15,723	240,3414

¹ Of all the projected total contributions, only the first year's (i.e., 2024) contribution has been reduced by discount for prepaid contributions and transfers from County Investment

Orange County Employees Retirement System - GASB 67 Actuarial Valuation as of December 31, 2024



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

³ Less than \$1 million when rounded.

The Plan FNP of \$240,341 million has a value of \$185 million as of December 31, 2024 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$155 million is the balance available in the County Investment Account and \$18 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2024, and \$15 million is the surplus for certain rate groups that were overfunded as of December 31, 2023.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

- Amounts may not total exactly due to rounding.
- 2. Amounts shown in the year beginning January 1, 2024 row are actual amounts, based on the final audited financial statements provided by OCERS.
- 3. Various years have been omitted from this table.
- 4. Column (a): Except for the "discounted value" for 2130 shown in footnote 4 on the previous page, none of the Plan FNP amounts shown have 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, 2024.
- 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, 2023), 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, 2023. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2024 valuation report. Benefit payments are assumed to occur at the beginning of each month.
- 8. Column (d): Projected administrative expenses are calculated as approximately 0.14% of the projected beginning Plan FNP amount. The 0.14% portion was based on the actual calendar year 2024 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2024. 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, 2024 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

215



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).		
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.		



Term	Definition	
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 credit 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.	
Defined contribution pensions	 Pensions having terms that: Provide an individual account for each employee; 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 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. 	



Term	Definition	
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:	
	1. The actuarial present value of benefit payments projected to be made in future periods in which:	
	 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 	
	 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. 	
	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.	
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 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.	



Term	Definition	
Plan members	 Individuals that are covered under the terms of a pension plan. Plan members generally include: Employees in active service (active plan members), and 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)		
Special funding situations	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:	
	 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. 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.	



Term	Definition
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. 67.

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Orange County Employees Retirement System 2024 AUDIT RESULTS

Report to Audit Committee June 9, 2025



Issued Reports



We will issue the following reports for the year ended December 31, 2024:

- 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 Statement Highlights

- Net position restricted for pension, other postemployment benefits and employer increased by \$2.2 billion in 2024 to \$24.6 billion
- Employer and employee contributions increased by \$149.9 million totaling \$1.2 billion in 2024
- Investment income of net \$2.4 billion, an amount similar to the prior year's results
- Benefit payments totaled \$1.4 billion in 2024 an increase of \$71.1 million from 2023
- The funded status of the pension increased from 81.8% in the prior year to 85.8% in 2024



Areas of Audit Emphasis



INTERNAL CONTROLS



ANALYTICAL PROCEDURES



SUBSTANTIVE PROCEDURES

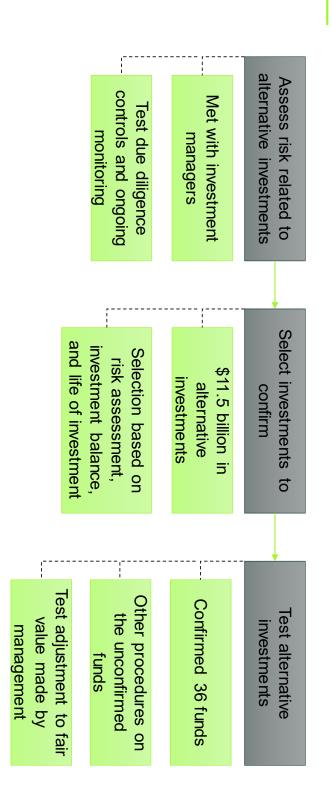
- Investments (authorization and monitoring)
- Contributions (employer and member)
- Benefit payments
- Financial reporting
- Information
 Systems (V3,
 State Street and
 Intacct)

- Investment earnings
- Benefits payments
- Expenses

- Investment (valuation and confirmations)
- Contributions
- Benefit payments
- Actuarial assumptions and measurements
- Representations from legal counsel and management



Alternative Investment Testing







Other Areas

GASB No. 101 Compensated Absences

- Reviewed management's analysis on the adoption of GASB 101
- Management concluded no change in the prior accounting for the annual leave time but added an additional accrual for sick leave time as it met the GASB 101 requirements
- Management determined that a full footnote disclosure was insignificant to the users of the financial statements

Vendor Review

 Reviewed several new vendors including the internal controls and documentation required to verify the business purpose and legitimacy of the vendor



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 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





Hellman & Friedman

&





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Benefits to you

- Our professionals in more locations
- Enhanced international expertise
- Deeper industry insights
- Additional services and expertise that you need
- Increased technology investments to support how we work together
- Top-notch talent into the future

The same high-touch team and deep relationships you've counted on, now with even more resources to support our work together



How this affects OCERS

- Team continuity
- Fees and contracts
- Continued independence
- Communication
- System/technology changes





- 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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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, 2024





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, heath 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, 2024, and the related pension trust fund, heath 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 2, 2025.

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 2, 2025



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee

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, 2024
- 2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2024 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, 2024 Measurement Date for Employer Reporting as of June 30, 2025 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, 2024 is \$4.0 billion compared to the unfunded actuarial accrued liability (UAAL) of \$4.6 billion in the funding actuarial valuation as of December 31, 2024. 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, 2024 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, 2024, 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 9, 2025

Brenda Shott, Tracy Bowman, and Jennifer Reyes







Recommendation

Recommend to the Board of Retirement the following:

- Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2024
- Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2024 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 2024 schedule and related notes which will allow our Employers' auditors to rely on Moss Adam's work, avoiding multiple audits of OCERS' information.

Orange County Employees Retirement System

Conclusion

Questions?



Thank you!



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Orange County Employees Retirement System (OCERS)

Governmental Accounting Standards Board Statement No. 68 Actuarial Valuation Measured as of December 31, 2024 for Employer Reporting as of June 30, 2025

This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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180 Howard Street Suite 1100 San Francisco, CA 94105-6147 segalco.com T 415.263.8200

May 29, 2025

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, 2024 for the Orange County Employees Retirement System ("OCERS" or "the Plan" or "the System") for employer reporting as of June 30, 2025. 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, 2023 for the data and OCERS' Actuarial Valuation and Review as of December 31, 2024 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 29, 2025 Page 3

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

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

Molly Calcagno

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

Molly Calcagno, ASA, MAAA, EA

Senior Actuary

Table of Contents

Section 1: Actuarial Valuation Summary	5
Purpose and basis	
General observations on a GASB 68 actuarial valuation	
Highlights of the valuation	6
Summary of key valuation results	8
Important information about actuarial valuations	
Section 2: GASB 68 Information	12
General information about the pension plan	12
Exhibit 1: Net Pension Liability	16
Exhibit 2: Discount rate	18
Exhibit 3: Schedule of changes in Net Pension Liability	22
Exhibit 4: Schedule of employer contributions	23
Exhibit 5: Determination of proportionate share	27
Exhibit 6: Pension expense	52
Exhibit 7: Deferred outflows and deferred inflows of resources	72
Exhibit 8: Reconciliation of Net Pension Liability	91
Exhibit 9: Schedule of proportionate share of Net Pension Liability	110
Exhibit 10: Schedule of recognition of changes in Net Pension Liability	129
Exhibit 11: Schedule of recognition of changes in proportionate share	133
Section 3: Actuarial Assumptions and Methods	141
Appendix A: Projection of Plan Fiduciary Net Position	158
Appendix B: Schedule of Pension Amounts by Employer as of December 31, 2024	160
Appendix C: Definition of Terms	167

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, 2024 for employer reporting as of June 30, 2025. 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, 2024. 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, 2023, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2024, provided by the staff of OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2024 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2024 funding 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.



Highlights of the valuation

- 1. The reporting date for the employer is June 30, 2025 and the NPL was measured as of December 31, 2024. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2023 while the Plan FNP was valued as of the measurement date. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected. Consistent with the provisions of GASB 68, the assets and liabilities measured as of December 31, 2024 are not adjusted or rolled forward to June 30, 2025 reporting date.
- 2. The NPL decreased from \$4,846.7 million as of December 31, 2023 to \$3,974.7 million as of December 31, 2024 primarily due to a return on the market value of assets of 10.7%¹ during calendar year 2024 that was more than the assumption of 7.00% used in the December 31, 2023 valuation (a gain of about \$812 million). Changes in these values during the last two calendar years can be found in *Section 2, Exhibit 3: Schedule of changes in Net Pension Liability* on page 22.
- 3. The pension expense increased from \$475.0 million as of December 31, 2023 to a pension expense of \$556.9 million as of December 31, 2024. The primary cause of the increase was due to the full recognition of the remaining \$201.6 million in credit from an asset gain that was identified in the December 31, 2020 valuation in developing last year's pension expense and the increase in pension expense, offset to some extent by the favorable investment return on the market value of assets during 2024.
- 4. The discount rate used to measure the TPL as of December 31, 2024 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2024. 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*.
- 5. The Plan FNP of \$23,961,991,000 as of December 31, 2024 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2024. This differs from the \$23,789,296,000 market value of assets used in our December 31, 2024 funding valuation because the market value of assets in the funding valuation excludes \$155,101,000 in the County Investment Account and \$17,594,000 in O.C. Sanitation District UAAL Deferred Account.
- 6. 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, 2024, 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. We have continued to adjust the liabilities in our actuarial funding valuation to

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



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 \$2,280,223,000 during 2024 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 \$2,332,245,000.

reflect the modification in the benefit amounts as provided in the membership data as of December 31, 2024. However, as the TPL in this valuation has been rolled forward using the membership data as of December 31, 2023, any modification in the benefit amounts reported in the membership data as of December 31, 2024 will not be reflected in the TPL until the next valuation.

- 7. Results shown in this report exclude any employer contributions made after the measurement date of December 31, 2024. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.
- 8. 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 (unrounded) of employer's contributions to the total contributions for the Rate Group.
- 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.

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 27.

9. 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.



Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68 ¹	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Disclosure elements		
Service cost ²	\$564,605,045	\$536,399,540
Total Pension Liability	27,936,684,748	26,644,141,574
Plan Fiduciary Net Position	23,961,991,000	21,797,429,000
Net Pension Liability	3,974,693,748	4,846,712,574
Pension expense	556,947,871	474,974,502
Schedule of contributions		
Actuarially determined contributions	\$830,734,000	\$736,016,000
Actual contributions ³	846,363,000	749,776,000
Contribution deficiency / (excess) ⁴	(15,629,000)	(13,760,000)
Demographic data ⁵		
Number of retired members and beneficiaries	21,740	21,283
Number of inactive members ⁶	9,377	8,579
Number of active members	23,368	22,782
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 ⁷	General: 3.90% to 10.25% Safety: 4.50% to 15.00%	General: 3.90% to 10.25% Safety: 4.50% to 15.00%
Cost-of-living adjustments	2.75% of retirement income	2.75% of retirement income

¹ The reporting dates and measurement dates for the plan are December 31, 2024 and December 31, 2023, respectively.

★ Segal 8

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

² The service cost is based on the previous year's valuation, meaning the service cost as of the December 31, 2024 and December 31, 2023 measurement dates are based on the valuations as of December 31, 2023 and December 31, 2022, respectively. The 2024 service cost has been calculated using the assumptions shown in the December 31, 2023 column and the 2023 service cost has been calculated using the assumptions in the December 31, 2022 valuation. Please refer to the note on the next page for the assumptions used for the 2023 service cost.

³ Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

⁴ Includes additional contributions made by employers toward the reduction of their UAAL. Details are shown in Section 2, Exhibit 4: Schedule of employer contributions on page 23.

Data shown as of the December 31, 2023 measurement date is used in the measurement of the TPL as of December 31, 2024.

⁶ Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

⁷ Includes inflation at 2.50% plus "across-the-board" salary increase of 0.50% plus merit and promotion increases that vary by service.

Note to footnote 2 from prior page

The 2023 service cost has been calculated using the following assumptions as of December 31, 2022:

· Investment rate of return 7.00% 2.50% Inflation rate • "Across-the-board" salary increase 0.50%

• Projected salary increases General: 4.00% to 11.00%

> Safety: 4.60% to 15.00%

- Projected salary increases include inflation at 2.50% plus across-the-board salary increase of 0.50% plus merit and promotion increases that vary by service

· Cost-of-living adjustments 2.75% of retirement income



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 the staff of 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 applicable). 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. The blended discount rate used for calculating TPL 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.



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.



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.

255



Plan membership

At December 31, 2024, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	21,740
Inactive members ¹	9,377
Active members	23,368
Total	54,485

Note: Data as of December 31, 2024 is not used in the measurement of the TPL as of December 31, 2024.

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 retirement date. Certain surviving spouses or domestic partners may also be eligible if marriage or domestic partnership was at least



¹ Includes members who chose to leave their contributions on deposit even though they have less than five years of service. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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 onesixtieth 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 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 2024 or the second half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 37.82% of compensation. The average employer contribution rate for the last six months of calendar year 2024 or the first half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 38.71% 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 2024 or the second half of fiscal year 2023-2024 (based on the December 31, 2021 valuation) was 12.08% of compensation. The average member contribution rate for the last six months of calendar year 2024 or the first half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 12.08% of compensation.

Segal 15

These employer contribution rates may be higher or lower than the composite rate for 2024 as shown on page 23 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.

Exhibit 1: Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of the Net Pension Liability		
Total Pension Liability	\$27,936,684,748	\$26,644,141,574
Plan Fiduciary Net Position	(23,961,991,000)	(21,797,429,000)
Net Pension Liability	\$3,974,693,748	\$4,846,712,574
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	85.77%	81.81%

The NPL for the Plan in this valuation was measured as of December 31, 2024. 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, 2023.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2024 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2024.

Actuarial assumptions

The TPL as of December 31, 2024 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2024. The actuarial assumptions used in that valuation were based on the results of an experience study for the period January 1, 2020 through December 31, 2022 and they are the same assumptions used starting with the December 31, 2023 funding valuation for OCERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

¹ 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.

Assumption Type	Assumption
Investment rate of return ¹	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 10.25% 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, 2024 Actuarial Valuation and Review.

260



Segal

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Note that the investment return assumption of 7.00% was developed net of both investment and administrative expenses for funding purposes in the January 1, 2020 through December 31, 2022 Actuarial Experience Study. However, for financial reporting, the same investment return assumption has been used and is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation component of the investment return assumption when used for financial reporting purposes.

Exhibit 2: Discount rate

Determination of discount rate and investment rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with the December 31, 2023 measurement date, 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, subtracting expected investment management expenses¹ and further adjusted by 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 and applicable investment management expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of December 31, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

Investment management expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses, and excludes investment manager fees.
 Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹
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%



¹ Arithmetic real rates of return are net of inflation.

Discount rate

The discount rate used to measure the TPL was 7.00% as of December 31, 2024.

The projection of cash flows used to determine the discount rate assumes 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.¹ 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 December 31, 2024.



¹ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Discount rate sensitivity

The following presents the NPL of OCERS as of December 31, 2024 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	\$6,227,582,536	\$3,396,437,181	\$1,081,172,442
O.C. Cemetery District	2,457,245	199,913	(1,646,096)
O.C. Law Library	(1,085,700)	(2,819,920)	(4,238,137)
O.C. Vector Control District	2,484,515	(1,280,860)	(4,360,122)
O.C. Retirement System	53,918,282	31,456,875	13,088,300
O.C. Fire Authority	468,144,976	80,528,139	(236,458,621)
Cypress Recreation and Parks	158,320	(822,513)	(1,624,622)
Department of Education	3,921,512	2,489,629	1,318,658
Transportation Corridor Agency	6,214,074	(3,110,431)	(10,735,860)
City of San Juan Capistrano	25,025,498	14,600,316	6,074,771
O.C. Sanitation District	97,711,095	(36,606,252)	(146,448,800)
O.C. Transportation Authority	347,541,036	174,887,247	33,693,779
U.C.I.	33,545,349	21,422,899	11,509,356
O.C. Children and Families Comm.	1,236,826	87,349	(852,675)
Local Agency Formation Comm.	2,184,005	1,274,187	530,153
Rancho Santa Margarita	19,032	14,584	10,947
O.C. Superior Court	507,008,708	295,797,806	123,072,957
O.C. IHSS Public Authority	1,072,388	137,599	(626,856)
Total for all employers	\$7,779,139,697	\$3,974,693,748	\$863,479,574

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Total Pension Liability		
Service cost	\$564,605,045	\$536,399,540
Interest	1,859,622,913	1,750,651,189
Change of benefit terms	0	0
Differences between expected and actual experience	153,725,216	326,785,307
Changes of assumptions or other inputs	0	165,526,367
Benefit payments, including refunds of member contributions	(1,285,410,000)	(1,216,248,000)
Transfer of members among Rate Groups	0	0
Other	0	0
Net change in Total Pension Liability	\$1,292,543,174	\$1,563,114,403
Total Pension Liability — beginning	\$26,644,141,574	25,081,027,171
Total Pension Liability — ending	\$27,936,684,748	\$26,644,141,574
Plan Fiduciary Net Position		
Contributions — employer ¹	\$846,363,000	\$749,776,000
Contributions — member	302,545,000	277,455,000
Net investment income	2,332,245,000	2,325,481,000
Benefit payments, including refunds of member contributions	(1,285,410,000)	(1,216,248,000)
Transfer of members among Rate Groups	0	0
Administrative expense	(31,181,000)	(29,056,000)
Other	0	0
Net change in Plan Fiduciary Net Position	\$2,164,562,000	\$2,107,408,000
Plan Fiduciary Net Position — beginning	21,797,429,000	19,690,021,000
Plan Fiduciary Net Position — ending	\$23,961,991,000	\$21,797,429,000
Net Pension Liability — ending	\$3,974,693,748	\$4,846,712,574
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	85.77%	81.81%
Covered payroll ²	\$2,252,414,000	\$2,042,240,000
Net Pension Liability as percentage of covered payroll	176.46%	237.32%

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.

Exhibit 4: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions ¹	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll ¹
2015	\$502,886,000	\$571,298,000 ³	\$(68,412,000)	\$1,521,036,000	37.56%
2016	521,447,000	567,196,0004	(45,749,000)	1,602,675,000	35.40%
2017	536,726,000	572,104,000 ⁵	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000	580,905,0006	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000 ⁷	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,0008	(21,592,000)	1,909,268,000	34.56%
2021	684,142,000 ⁹	$698,791,000^{9,10}$	(14,649,000)	1,870,387,000	37.36%
2022	707,318,000	719,691,000 ¹¹	(12,373,000)	1,932,374,000	37.24%
2023	736,016,000	749,776,000 ¹²	(13,760,000)	2,042,240,000	36.71%
2024	830,734,000	846,363,00013	(15,629,000)	2,252,414,000	37.58%

See accompanying notes to this schedule on next page.

→ Segal 23

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.

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

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.

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.

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.

⁶ 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.

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.

⁸ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

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.

¹⁰ Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹¹ 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.

¹² Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

¹³ Includes additional contributions of \$15,629,000 made by O.C. Fire Authority towards the reduction of their UAAL.

Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2024

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
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
2019	22,049,000	0	18,631,000	2024	5,319,000	4,962,000	0

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2024 (i.e., the second half of fiscal year 2023–2024) are calculated based on the December 31, 2021 valuation. Actuarially determined contribution rates for the last six months of calendar year 2024 (i.e., the first half of fiscal year 2024–2025) are calculated based on the December 31, 2022 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2021 valuation and 3.00% payroll growth assumed in the December 31, 2022 valuation)



Remaining amortization period

December 31, 2021 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized 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, 2022 valuation

Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and reamortized 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 equal to the market value (or fair value) of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected market return, recognized over a five-year period. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves.

268



Actuarial assumptions

The actuarially determined contribution for the year ended December 31, 2024 is based on the results of the December 31, 2021 and December 31, 2022 actuarial valuations. The actuarial assumptions used in those valuations are as follows:

Assumption Type	Assumption Used in the December 31, 2021 Actuarial Valuation	Assumption Used in the December 31, 2022 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 actuarial funding valuation as of December 31, 2021.	Same as those used in the actuarial funding valuation as of December 31, 2022.

Exhibit 5: Determination of proportionate share

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%

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, 2025

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%

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, 2025

Employer	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	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%

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, 2025

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%

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, 2025

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%

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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

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.

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 ¹	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 ¹	(641,475)	(1.117%)	0	0.000%	0	0.000%
Department of Education ¹	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. ¹	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%

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



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.

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%

Allocation of December 31, 2023 Net Pension Liability

Employer	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	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%

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%

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 ¹	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 ¹	(641,475)	(0.013%)
Department of Education ¹	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. ¹	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%

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



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.

Notes

- 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. 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 4. 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.
- 3. 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.

For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.

- a. 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.
- b. Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:

1) Rate Group #1 (Department of Education): \$316,960

2) Rate Group #1 (U.C.I.): \$2,980,443

- c. 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.
- d. The UAAL contributions referenced in 3b(1) and 3b(2) above are adjusted with interest to December 31, 2023 and are used to reduce the NPL for the two employers as of December 31, 2023.
- 4. 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.

5. If an 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.

Employer	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	\$14,627,000	98.492%	\$419,377,000	88.319%	\$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%	5,061,000	1.066%	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%	2,349,000	0.495%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	9,541,000	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%	259,000	0.055%	0	0.000%
Local Agency Formation Comm.	0	0.000%	205,000	0.043%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	47,590,000	10.022%	0	0.000%
O.C. IHSS Public Authority	224,000	1.508%	0	0.000%	0	0.000%
Total for all Employers	\$14,851,000	100.000%	\$474,841,000	100.000%	\$9,541,000	100.000%

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, 2025

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%	985,000	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%	35,314,000	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%	\$35,314,000	100.000%	\$985,000	100.000%

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, 2025

Employer	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	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%	133,000	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	7,985,000	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	\$7,985,000	100.000%	\$274,000	100.000%	\$133,000	100.000%

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, 2025

Employer	Rate Group #6	Rate Group #6 Percentage	Rate Group #7	Rate Group #7 Percentage	Rate Group #8	Rate Group #8 Percentage
Orange County	\$32,474,000	100.000%	\$198,784,000	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%	62,540,000	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	\$32,474,000	100.000%	\$198,784,000	100.000%	\$62,540,000	100.000%

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, 2025

Actual Contributions¹ by Employer and Rate Group January 1, 2024 to December 31, 2024

Employer	Total Contributions ²	Total Percentage
Orange County	\$665,262,000	79.413%
O.C. Cemetery District	274,000	0.033%
O.C. Law Library	133,000	0.016%
O.C. Vector Control District	0	0.000%
O.C. Retirement System	5,061,000	0.604%
O.C. Fire Authority	70,525,000	8.419%
Cypress Recreation and Parks	0	0.000%
Department of Education	0	0.000%
Transportation Corridor Agency	985,000	0.118%
City of San Juan Capistrano	2,349,000	0.280%
O.C. Sanitation District	9,541,000	1.139%
O.C. Transportation Authority	35,314,000	4.215%
U.C.I.	0	0.000%
O.C. Children and Families Comm.	259,000	0.031%
Local Agency Formation Comm.	205,000	0.024%
Rancho Santa Margarita	0	0.000%
O.C. Superior Court	47,590,000	5.681%
O.C. IHSS Public Authority	224,000	0.027%
Total for all Employers	\$837,722,000	100.000%

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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

Excludes combined additional contributions of \$15,629,000 made by O.C. Fire Authority towards the reduction of their UAALs, combined contributions of \$3,274,000 made by Department of Education and U.C.I. and combined employer pick-up contributions of \$28,000 made by O.C. Children and Families Commission, Local Agency Formation Commission and Orange County and adjustment for reverse pick-up contributions of (\$12,000) made by O.C. Fire Authority.

Allocation of December 31, 2024 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	\$4,332,066	16.485%	\$2,508,943,156	87.966%	\$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 ¹	(1,280,860)	(4.874%)	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	31,456,875	1.103%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks ¹	(822,513)	(3.130%)	0	0.000%	0	0.000%
Department of Education ¹	2,489,629	9.474%	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%	14,600,316	0.512%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	(36,606,252)	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I. ¹	21,422,899	81.521%	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	87,349	0.003%	0	0.000%
Local Agency Formation Comm.	0	0.000%	1,274,187	0.045%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	295,797,806	10.371%	0	0.000%
O.C. IHSS Public Authority	137,599	0.524%	0	0.000%	0	0.000%
Total for all Employers	\$26,278,820	100.000%	\$2,852,159,689	100.000%	\$(36,606,252)	100.000%

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



¹ 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, 2023 to December 31, 2024 for the actual contributions, benefit payments and return on their VVAs during 2024. Those VVAs are then marked to the Plan FNP as of December 31, 2024. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2023).

Allocation of December 31, 2024 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%	(3,110,431)	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%	174,887,247	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	14,584	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	\$14,584	100.000%	\$174,887,247	100.000%	\$(3,110,431)	100.000%

Allocation of December 31, 2024 Net Pension Liability

Employer	Rate Group #10	Rate Group #10 Percentage	Rate Group #11	Rate Group #11 Percentage	Rate Group #12	Rate Group #12 Percentage
Orange County	\$0	0.000%	\$0	0.000%	\$0	0.000%
O.C. Cemetery District	0	0.000%	199,913	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	(2,819,920)	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	15,454,113	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	\$15,454,113	100.000%	\$199,913	100.000%	\$(2,819,920)	100.000%

Allocation of December 31, 2024 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	\$139,726,989	100.000%	\$743,434,970	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%	65,074,026	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	\$139,726,989	100.000%	\$743,434,970	100.000%	\$65,074,026	100.000%

Allocation of December 31, 2024 Net Pension Liability

Employer	Total NPL	Total Percentage
Orange County	\$3,396,437,181	85.452%
O.C. Cemetery District	199,913	0.005%
O.C. Law Library	(2,819,920)	(0.071%)
O.C. Vector Control District ¹	(1,280,860)	(0.032%)
O.C. Retirement System	31,456,875	0.792%
O.C. Fire Authority	80,528,139	2.026%
Cypress Recreation and Parks ¹	(822,513)	(0.021%)
Department of Education ¹	2,489,629	0.063%
Transportation Corridor Agency	(3,110,431)	(0.078%)
City of San Juan Capistrano	14,600,316	0.367%
O.C. Sanitation District	(36,606,252)	(0.921%)
O.C. Transportation Authority	174,887,247	4.400%
U.C.I. ¹	21,422,899	0.539%
O.C. Children and Families Comm.	87,349	0.002%
Local Agency Formation Comm.	1,274,187	0.032%
Rancho Santa Margarita	14,584	0.000%
O.C. Superior Court	295,797,806	7.442%
O.C. IHSS Public Authority	137,599	0.003%
Total for all Employers	\$3,974,693,748	100.000%

¹ 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, 2023 to December 31, 2024 for the actual contributions, benefit payments and return on their VVAs during 2024. Those VVAs are then marked to the Plan FNP as of December 31, 2024. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2023).



3 4

Notes

- 1. Based on the January 1, 2024 through December 31, 2024 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. 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 2024. These amounts are provided in item 4. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has increased from \$16,025,000 to \$17,594,000 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.
- 3. 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.

For General Rate Groups #1 and #2, the NPL is allocated based on the actual employer contributions within the General Rate Group.

- a. 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.
- b. Calculate ratio of employer's contributions to the total contributions for the Rate Group. For this purpose, the employer contributions exclude the following amounts:

1) Rate Group #1 (Department of Education): \$338,378

2) Rate Group #1 (U.C.I.): \$2,935,628

- c. 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.
- d. The UAAL contributions referenced in 3b(1) and 3b(2) above are adjusted with interest to December 31, 2024 and are used to reduce the NPL for the two employers as of December 31, 2024.
- 4. 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:	\$4,653,030
Rate Group #2:	97,713,630
Rate Group #6:	7,755,050
Rate Group #7:	44,979,290
Total:	\$155,101,000

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 \$1,592,557 as of December 31, 2023 and is equal to \$1,522,477 as of December 31, 2024 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2024 to December 31, 2024. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

5. If an 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:

- **Net Pension Liability**
- Service cost
- Interest on the Total Pension Liability
- Current-period benefit changes
- Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
- Expensed portion of current-period changes of assumptions or other inputs
- Member contributions
- Projected earnings on plan investments
- Expensed portion of current-period differences between actual and projected earnings on plan investments
- Administrative expense
- Recognition of beginning of year deferred outflows of resources as pension expense
- Recognition of beginning of year deferred inflows of resources as pension expense



294

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$564,605,045	\$536,399,540
Interest on the Total Pension Liability	1,859,622,913	1,750,651,189
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	28,950,134	61,081,366
Expensed portion of current-period changes of assumptions or other inputs	0	30,939,509
Member contributions ¹	(302,561,000)	(277,497,000)
Projected earnings on plan investments	(1,519,930,578)	(1,370,658,364)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(162,462,884)	(190,964,528)
Administrative expense	31,181,000	29,056,000
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	896,957,090	807,826,542
Recognition of beginning of year deferred inflows of resources as pension expense	(839,413,849)	(901,859,752)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$556,947,871	\$474,974,502

¹ Member contributions include employer paid member contributions, if any.



Orange County

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$407,557,880	\$386,526,125
Interest on the Total Pension Liability	1,381,634,685	1,301,503,117
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	608,490	(2,748,624)
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	16,351,894	42,699,713
Expensed portion of current-period changes of assumptions or other inputs	0	23,752,462
Member contributions ¹	(225,155,401)	(205,220,382)
Projected earnings on plan investments	(1,098,731,500)	(989,243,833)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(117,001,288)	(137,865,610)
Administrative expense	23,977,977	21,976,640
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	638,949,679	573,376,226
Recognition of beginning of year deferred inflows of resources as pension expense	(594,581,133)	(639,315,324)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(582,304)	4,069,056
Pension expense	\$433,028,979	\$379,509,566



¹ Member contributions include employer paid member contributions, if any.

O.C. Cemetery District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$450,499	\$444,699
Interest on the Total Pension Liability	1,123,636	1,019,489
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	(60,944)	65,715
Expensed portion of current-period changes of assumptions or other inputs	0	29,580
Member contributions ¹	(201,000)	(198,000)
Projected earnings on plan investments	(1,038,157)	(931,669)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(112,059)	(127,450)
Administrative expense	12,430	12,898
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	735,765	663,846
Recognition of beginning of year deferred inflows of resources as pension expense	(589,935)	(629,519)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$320,235	\$349,589

5

¹ Member contributions include employer paid member contributions, if any.

O.C. Law Library

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$356,726	\$334,491
Interest on the Total Pension Liability	931,322	887,611
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	(238,748)	(30,934)
Expensed portion of current-period changes of assumptions or other inputs	0	4,773
Member contributions ¹	(178,000)	(172,000)
Projected earnings on plan investments	(989,106)	(896,769)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(104,302)	(122,312)
Administrative expense	8,223	8,344
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	514,159	511,347
Recognition of beginning of year deferred inflows of resources as pension expense	(664,361)	(724,022)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$(364,087)	\$(199,471)



¹ Member contributions include employer paid member contributions, if any.

O.C. Vector Control District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$0	\$0
Interest on the Total Pension Liability	1,948,447	1,828,491
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	(207,031)	334,638
Expensed portion of current-period changes of assumptions or other inputs	0	36,235
Member contributions ¹	0	0
Projected earnings on plan investments	(1,895,790)	(1,825,133)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(197,285)	(256,650)
Administrative expense	0	0
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	1,624,602	1,255,728
Recognition of beginning of year deferred inflows of resources as pension expense	(1,330,676)	(1,656,992)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$(57,733)	\$(283,683)

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

→ Segal 56

¹ Member contributions include employer paid member contributions, if any.

O.C. Retirement System

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$3,136,299	\$2,805,187
Interest on the Total Pension Liability	11,369,164	10,185,318
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	257,060	871,227
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	183,396	307,377
Expensed portion of current-period changes of assumptions or other inputs	0	273,035
Member contributions ¹	(1,832,845)	(1,643,242)
Projected earnings on plan investments	(8,845,160)	(7,587,658)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(935,557)	(1,065,033)
Administrative expense	190,835	171,604
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	5,325,190	4,488,967
Recognition of beginning of year deferred inflows of resources as pension expense	(4,561,716)	(4,682,049)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	1,491,191	1,018,297
Pension expense	\$5,777,857	\$5,143,030

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

300



¹ Member contributions include employer paid member contributions, if any.

O.C. Fire Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$73,388,834	\$71,080,267
Interest on the Total Pension Liability	187,753,505	177,235,065
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	6,504,523	2,408,223
Expensed portion of current-period changes of assumptions or other inputs	0	559,062
Member contributions ¹	(33,386,000)	(31,508,000)
Projected earnings on plan investments	(174,806,701)	(156,580,908)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(18,901,929)	(21,539,655)
Administrative expense	3,188,451	3,216,967
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	98,739,774	96,558,035
Recognition of beginning of year deferred inflows of resources as pension expense	(103,094,298)	(109,134,518)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$39,386,159	\$32,294,538

X Segal 58

¹ Member contributions include employer paid member contributions, if any.

Cypress Recreation and Parks

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$0	\$0
Interest on the Total Pension Liability	285,672	318,034
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	6,619	(95,426)
Expensed portion of current-period changes of assumptions or other inputs	0	3,961
Member contributions ¹	0	0
Projected earnings on plan investments	(330,575)	(313,762)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(34,256)	(43,485)
Administrative expense	0	0
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	223,691	233,006
Recognition of beginning of year deferred inflows of resources as pension expense	(272,029)	(194,086)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$(120,878)	\$(91,758)

302

¹ Member contributions include employer paid member contributions, if any.

Department of Education

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$0	\$0
Interest on the Total Pension Liability	745,536	751,807
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	(55,324)	68,493
Expensed portion of current-period changes of assumptions or other inputs	0	(3,962)
Member contributions ¹	0	0
Projected earnings on plan investments	(532,902)	(529,310)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(57,992)	(78,639)
Administrative expense	9,183	8,965
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	548,501	517,872
Recognition of beginning of year deferred inflows of resources as pension expense	(389,026)	(443,127)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$267,976	\$292,099

XSegal 60

¹ Member contributions include employer paid member contributions, if any.

Transportation Corridor Agency

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$1,787,496	\$1,517,776
Interest on the Total Pension Liability	4,504,098	4,187,221
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	241,251	230,931
Expensed portion of current-period changes of assumptions or other inputs	0	98,900
Member contributions ¹	(887,000)	(871,000)
Projected earnings on plan investments	(4,572,942)	(4,184,666)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(491,547)	(574,327)
Administrative expense	49,177	47,831
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	2,789,810	2,478,533
Recognition of beginning of year deferred inflows of resources as pension expense	(2,583,478)	(2,723,219)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$836,865	\$207,980



¹ Member contributions include employer paid member contributions, if any.

City of San Juan Capistrano

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$1,455,673	\$1,416,691
Interest on the Total Pension Liability	5,276,855	5,143,847
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(129,254)	6,333
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	85,121	155,233
Expensed portion of current-period changes of assumptions or other inputs	0	137,890
Member contributions ¹	(850,692)	(829,879)
Projected earnings on plan investments	(4,105,370)	(3,831,962)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(434,227)	(537,869)
Administrative expense	88,574	86,664
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	2,471,621	2,267,044
Recognition of beginning of year deferred inflows of resources as pension expense	(2,117,264)	(2,364,555)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(729,230)	(782,450)
Pension expense	\$1,011,807	\$866,987

5

¹ Member contributions include employer paid member contributions, if any.

O.C. Sanitation District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$18,292,588	\$17,756,049
Interest on the Total Pension Liability	65,000,864	60,516,087
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	3,173,102	4,423,910
Expensed portion of current-period changes of assumptions or other inputs	0	1,676,370
Member contributions ¹	(9,374,000)	(8,539,000)
Projected earnings on plan investments	(65,642,070)	(60,592,819)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(6,946,602)	(8,349,540)
Administrative expense	497,742	480,151
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	47,461,280	42,123,623
Recognition of beginning of year deferred inflows of resources as pension expense	(38,382,072)	(40,971,577)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$14,080,832	\$8,523,254



¹ Member contributions include employer paid member contributions, if any.

O.C. Transportation Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$27,884,547	\$26,035,180
Interest on the Total Pension Liability	84,447,262	77,920,180
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	1,566,387	7,169,015
Expensed portion of current-period changes of assumptions or other inputs	0	1,607,156
Member contributions ¹	(13,037,000)	(11,860,000)
Projected earnings on plan investments	(69,521,325)	(63,075,124)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(7,820,312)	(8,989,687)
Administrative expense	1,254,369	1,228,167
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	43,339,172	34,696,608
Recognition of beginning of year deferred inflows of resources as pension expense	(44,237,800)	(48,264,405)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$23,875,300	\$16,467,090

307

X Segal 64

¹ Member contributions include employer paid member contributions, if any.

U.C.I.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$0	\$0
Interest on the Total Pension Liability	6,250,954	6,400,356
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	(300,383)	262,674
Expensed portion of current-period changes of assumptions or other inputs	0	16,124
Member contributions ¹	0	0
Projected earnings on plan investments	(4,490,211)	(4,452,071)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(488,435)	(660,624)
Administrative expense	79,672	84,304
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	3,490,043	3,351,956
Recognition of beginning of year deferred inflows of resources as pension expense	(2,975,539)	(3,436,470)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$1,566,101	\$1,566,249



¹ Member contributions include employer paid member contributions, if any.

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$8,708	\$15,397
Interest on the Total Pension Liability	31,570	55,905
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	29,117	70,624
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	509	1,687
Expensed portion of current-period changes of assumptions or other inputs	0	1,499
Member contributions ¹	(5,089)	(9,019)
Projected earnings on plan investments	(24,561)	(41,647)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(2,598)	(5,846)
Administrative expense	530	942
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	14,787	24,639
Recognition of beginning of year deferred inflows of resources as pension expense	(12,667)	(25,699)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	123,219	(30,266)
Pension expense	\$163,525	\$58,216



¹ Member contributions include employer paid member contributions, if any.

Local Agency Formation Comm.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$127,040	\$138,474
Interest on the Total Pension Liability	460,517	502,782
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(39,901)	36,039
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	7,429	15,173
Expensed portion of current-period changes of assumptions or other inputs	0	13,478
Member contributions ¹	(74,241)	(81,116)
Projected earnings on plan investments	(358,281)	(374,553)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(37,896)	(52,574)
Administrative expense	7,730	8,471
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	215,701	221,591
Recognition of beginning of year deferred inflows of resources as pension expense	(184,776)	(231,122)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	42,545	12,308
Pension expense	\$165,867	\$208,951

310



¹ Member contributions include employer paid member contributions, if any.

Rancho Santa Margarita

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$0	\$0
Interest on the Total Pension Liability	2,596	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	185	184
Expensed portion of current-period changes of assumptions or other inputs	0	0
Member contributions ¹	0	0
Projected earnings on plan investments	(2,587)	(2,900)
Expensed portion of current-period differences between projected and actual earnings on plan investments	2,694	(527)
Administrative expense	0	0
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	2,082	2,039
Recognition of beginning of year deferred inflows of resources as pension expense	(1,395)	(1,767)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Pension expense	\$3,575	\$45



¹ Member contributions include employer paid member contributions, if any.

O.C. Superior Court

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$29,491,482	\$28,010,519
Interest on the Total Pension Liability	106,907,431	101,703,026
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(740,092)	1,760,352
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,724,525	3,069,235
Expensed portion of current-period changes of assumptions or other inputs	0	2,726,324
Member contributions ¹	(17,234,754)	(16,408,191)
Projected earnings on plan investments	(83,173,513)	(75,764,724)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(8,797,302)	(10,634,625)
Administrative expense	1,794,478	1,713,509
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	50,074,257	44,823,495
Recognition of beginning of year deferred inflows of resources as pension expense	(42,895,096)	(46,751,470)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(330,779)	(4,266,729)
Pension expense	\$36,820,637	\$29,980,721



¹ Member contributions include employer paid member contributions, if any.

O.C. IHSS Public Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Components of Pension Expense		
Service cost	\$667,273	\$318,685
Interest on the Total Pension Liability	948,799	489,837
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	14,580	4,049
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(32,377)	(4,475)
Expensed portion of current-period changes of assumptions or other inputs	0	6,622
Member contributions ¹	(344,978)	(157,171)
Projected earnings on plan investments	(869,827)	(428,856)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(101,991)	(60,075)
Administrative expense	21,629	10,543
Other	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	436,976	231,987
Recognition of beginning of year deferred inflows of resources as pension expense	(540,588)	(309,831)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(14,642)	(20,216)
Pension expense	\$184,854	\$81,099



¹ Member contributions include employer paid member contributions, if any.

Notes

Amounts shown in this Exhibit were allocated by employer based on the Employer Allocation Percentage calculated in Section 2, Exhibit 5: Determination of proportionate share for each Rate Group.

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., 2024) differences between expected and actual experience and changes of assumptions or other inputs (if
 any) are recognized over the average of the expected remaining service lives of all employees, calculated as of the beginning of
 the measurement period.
- Prior-period differences between expected and actual experience and changes of assumptions or other inputs continue to be recognized based on the average expected remaining service lives of all employees calculated based on their respective measurement dates.

In addition, there have been changes in each employer's proportionate share of the collective NPL during the measurement period ending December 31, 2024. The net effect of that change on the employer's proportionate share of the collective NPL and collective deferred outflows and deferred inflows of resources, as well as any differences between actual employer contributions and the proportionate share of employer contributions, are recognized as follows:

- Current period changes in proportion and differences between employer's contributions and proportionate share of contributions
 are recognized over the average expected remaining service lives of all employees, calculated as of the beginning of the
 measurement period.
- Prior period changes in proportion and differences between employer's contributions and proportionate share of contributions are
 continued to be recognized based on the average expected remaining service lives of all employees calculated based on their
 respective measurement dates.

The average expected remaining service lives of all employees is 5.31 years for the measurement period ending December 31, 2024 (calculated as of December 31, 2023). 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 non-active or retired member.
- Dividing the sum of the above amounts by the total number of active, non-active and retired members.

→ Segal 71

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$21,975,407	\$27,613,400
Changes of assumptions or other inputs	132,450,748	198,937,580
Net difference between projected and actual earnings on pension plan investments (if any)	1,434,833,324	2,152,233,822
Difference between actual and expected experience in the Total Pension Liability	397,617,101	377,651,069
Total deferred outflows	\$1,986,876,580	\$2,756,435,871
Deferred Inflows of Resources		
Changes in proportion ¹	\$21,975,407	\$27,613,400
Changes of assumptions or other inputs	26,159,128	58,441,920
Net difference between actual and projected earnings on pension plan investments (if any)	1,604,707,997	1,729,371,061
Difference between expected and actual experience in the Total Pension Liability	54,949,407	79,305,152
Total deferred inflows	\$1,707,791,939	\$1,894,731,533
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$57,543,241
June 30, 2026	\$116,131,849	249,644,599
June 30, 2027	484,216,050	617,728,800
June 30, 2028	(228,932,351)	(95,419,601)
June 30, 2029	(101,305,453)	32,207,299
June 30, 2030	8,974,546	0

→ Segal 72

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

Orange County

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$8,911,489	\$10,300,302
Changes of assumptions or other inputs	102,699,747	154,874,422
Net difference between projected and actual earnings on pension plan investments (if any)	1,033,126,674	1,549,490,233
Difference between actual and expected experience in the Total Pension Liability	249,393,373	244,533,088
Total deferred outflows	\$1,394,131,283	\$1,959,198,045
Deferred Inflows of Resources		
Changes in proportion ¹	\$10,850,356	\$15,444,066
Changes of assumptions or other inputs	17,280,839	38,617,023
Net difference between actual and projected earnings on pension plan investments (if any)	1,157,631,739	1,249,169,736
Difference between expected and actual experience in the Total Pension Liability	19,980,859	29,192,872
Total deferred inflows	\$1,205,743,793	\$1,332,423,697
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$43,691,695
June 30, 2026	\$87,578,174	187,524,536
June 30, 2027	345,056,897	445,011,678
June 30, 2028	(171,773,264)	(71,749,797)
June 30, 2029	(77,732,039)	22,296,236
June 30, 2030	5,257,722	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Cemetery District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	122,595	181,187
Net difference between projected and actual earnings on pension plan investments (if any)	978,828	1,468,243
Difference between actual and expected experience in the Total Pension Liability	355,097	542,855
Total deferred outflows	\$1,456,520	\$2,192,285
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	1,087,698	1,157,741
Difference between expected and actual experience in the Total Pension Liability	262,668	71,657
Total deferred inflows	\$1,350,366	\$1,229,398
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$145,830
June 30, 2026	\$154,691	327,694
June 30, 2027	307,215	480,218
June 30, 2028	(197,211)	(24,208)
June 30, 2029	(139,649)	33,353
June 30, 2030	(18,892)	0



Includes differences between employer's contributions and proportionate share of contributions, if any.
 Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Law Library

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	28,100	47,821
Net difference between projected and actual earnings on pension plan investments (if any)	960,424	1,440,637
Difference between actual and expected experience in the Total Pension Liability	15,767	29,992
Total deferred outflows	\$1,004,291	\$1,518,450
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	1,032,024	1,117,024
Difference between expected and actual experience in the Total Pension Liability	1,288,651	421,803
Total deferred inflows	\$2,320,675	\$1,538,827
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(150,202)
June 30, 2026	\$(361,597)	(18,547)
June 30, 2027	(39,737)	303,313
June 30, 2028	(488,838)	(145,788)
June 30, 2029	(352,202)	(9,153)
June 30, 2030	(74,010)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Vector Control District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	137,150	192,850
Net difference between projected and actual earnings on pension plan investments (if any)	2,109,272	3,163,908
Difference between actual and expected experience in the Total Pension Liability	1,462,183	1,976,449
Total deferred outflows	\$3,708,605	\$5,333,207
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	2,090,431	2,385,741
Difference between expected and actual experience in the Total Pension Liability	1,170,390	524,310
Total deferred inflows	\$3,260,821	\$2,910,051
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$293,926
June 30, 2026	\$225,916	630,232
June 30, 2027	800,520	1,204,836
June 30, 2028	(239,959)	164,357
June 30, 2029	(274,511)	129,805
June 30, 2030	(64,182)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Retirement System

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$4,485,001	\$4,993,789
Changes of assumptions or other inputs	1,251,854	1,802,479
Net difference between projected and actual earnings on pension plan investments (if any)	8,341,511	11,891,923
Difference between actual and expected experience in the Total Pension Liability	2,098,098	1,727,337
Total deferred outflows	\$16,176,464	\$20,415,528
Deferred Inflows of Resources		
Changes in proportion ¹	\$302,519	\$428,045
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	9,332,840	9,609,522
Difference between expected and actual experience in the Total Pension Liability	42,748	80,095
Total deferred inflows	\$9,678,107	\$10,117,662
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$2,216,813
June 30, 2026	\$2,442,781	2,846,078
June 30, 2027	4,061,929	4,373,916
June 30, 2028	(166,466)	352,984
June 30, 2029	23,570	508,075
June 30, 2030	136,543	0



Includes differences between employer's contributions and proportionate share of contributions, if any.
 Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Fire Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	2,210,062	3,185,426
Net difference between projected and actual earnings on pension plan investments (if any)	162,800,975	244,201,463
Difference between actual and expected experience in the Total Pension Liability	51,727,051	40,056,478
Total deferred outflows	\$216,738,088	\$287,443,367
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	8,690,209	19,418,863
Net difference between actual and projected earnings on pension plan investments (if any)	183,297,453	194,620,351
Difference between expected and actual experience in the Total Pension Liability	7,846,632	13,281,661
Total deferred inflows	\$199,834,294	\$227,320,875
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(4,354,524)
June 30, 2026	\$2,379,295	14,776,701
June 30, 2027	52,847,452	65,244,858
June 30, 2028	(28,980,497)	(16,583,091)
June 30, 2029	(11,358,859)	1,038,548
June 30, 2030	2,016,403	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Cypress Recreation and Parks

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	13,269	17,230
Net difference between projected and actual earnings on pension plan investments (if any)	323,553	485,329
Difference between actual and expected experience in the Total Pension Liability	72,060	101,487
Total deferred outflows	\$408,882	\$604,046
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	2,081	4,647
Net difference between actual and projected earnings on pension plan investments (if any)	346,538	376,709
Difference between expected and actual experience in the Total Pension Liability	336,165	438,432
Total deferred inflows	\$684,784	\$819,788
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(48,338)
June 30, 2026	\$(53,007)	(25,370)
June 30, 2027	99	27,736
June 30, 2028	(165,395)	(137,758)
June 30, 2029	(59,650)	(32,012)
June 30, 2030	2,051	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Department of Education

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments (if any)	633,410	950,116
Difference between actual and expected experience in the Total Pension Liability	473,061	704,856
Total deferred outflows	\$1,106,471	\$1,654,972
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	30,412	55,533
Net difference between actual and projected earnings on pension plan investments (if any)	628,890	729,838
Difference between expected and actual experience in the Total Pension Liability	283,384	75,925
Total deferred inflows	\$942,686	\$861,296
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$159,475
June 30, 2026	\$98,303	211,619
June 30, 2027	264,306	377,622
June 30, 2028	(90,943)	22,373
June 30, 2029	(90,729)	22,587
June 30, 2030	(17,152)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Transportation Corridor Agency

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	360,616	495,686
Net difference between projected and actual earnings on pension plan investments (if any)	4,463,204	6,694,806
Difference between actual and expected experience in the Total Pension Liability	1,891,329	1,274,675
Total deferred outflows	\$6,715,149	\$8,465,167
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	4,848,253	5,218,632
Difference between expected and actual experience in the Total Pension Liability	425,381	672,291
Total deferred inflows	\$5,273,634	\$5,890,923
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$206,332
June 30, 2026	\$438,037	688,333
June 30, 2027	1,587,110	1,837,406
June 30, 2028	(523,563)	(273,267)
June 30, 2029	(134,857)	115,440
June 30, 2030	74,788	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

City of San Juan Capistrano

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$1,335,882	\$2,248,881
Changes of assumptions or other inputs	581,032	910,298
Net difference between projected and actual earnings on pension plan investments (if any)	3,871,608	6,005,726
Difference between actual and expected experience in the Total Pension Liability	973,806	872,350
Total deferred outflows	\$6,762,328	\$10,037,255
Deferred Inflows of Resources		
Changes in proportion ¹	\$2,855,306	\$3,940,450
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	4,331,721	4,853,056
Difference between expected and actual experience in the Total Pension Liability	19,841	40,450
Total deferred inflows	\$7,206,868	\$8,833,956
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(362,772)
June 30, 2026	\$(29,788)	477,920
June 30, 2027	959,173	1,496,071
June 30, 2028	(983,303)	(512,727)
June 30, 2029	(376,940)	104,807
June 30, 2030	(13,682)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Sanitation District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	7,264,284	10,975,775
Net difference between projected and actual earnings on pension plan investments (if any)	65,801,588	98,702,383
Difference between actual and expected experience in the Total Pension Liability	36,769,832	33,942,756
Total deferred outflows	\$109,835,704	\$143,620,914
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	69,783,770	76,337,381
Difference between expected and actual experience in the Total Pension Liability	5,860,974	9,903,026
Total deferred inflows	\$75,644,744	\$86,240,407
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$9,079,208
June 30, 2026	\$12,166,692	15,940,192
June 30, 2027	27,642,559	31,416,059
June 30, 2028	(4,963,548)	(1,190,048)
June 30, 2029	(1,638,405)	2,135,096
June 30, 2030	983,662	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Transportation Authority

Reporting and Measurement Dates Reporting date for employer under GASB 68	June 30, 2025	
Reporting date for employer under GASB 68	June 30, 2025	
	· · · · · · · · · · · · · · · · · · ·	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	5,861,581	8,058,375
Net difference between projected and actual earnings on pension plan investments (if any)	66,476,996	99,715,493
Difference between actual and expected experience in the Total Pension Liability	31,060,134	32,212,886
Total deferred outflows	\$103,398,711	\$139,986,754
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	75,887,872	80,654,909
Difference between expected and actual experience in the Total Pension Liability	15,513,217	23,702,731
Total deferred inflows	\$91,401,089	\$104,357,640
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(898,628)
June 30, 2026	\$1,714,394	7,968,319
June 30, 2027	21,001,264	27,255,189
June 30, 2028	(8,021,352)	(1,767,427)
June 30, 2029	(3,182,265)	3,071,661
June 30, 2030	485,581	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

U.C.I.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	54,015	70,139
Net difference between projected and actual earnings on pension plan investments (if any)	5,288,950	7,933,424
Difference between actual and expected experience in the Total Pension Liability	1,496,761	2,326,206
Total deferred outflows	\$6,839,726	\$10,329,769
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	153,656	343,353
Net difference between actual and projected earnings on pension plan investments (if any)	5,280,954	6,113,058
Difference between expected and actual experience in the Total Pension Liability	1,294,650	0
Total deferred inflows	\$6,729,260	\$6,456,411
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$514,504
June 30, 2026	\$320,541	1,109,359
June 30, 2027	1,667,666	2,456,484
June 30, 2028	(1,093,385)	(304,567)
June 30, 2029	(691,238)	97,578
June 30, 2030	(93,118)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$1,026,408	\$1,267,036
Changes of assumptions or other inputs	3,476	9,893
Net difference between projected and actual earnings on pension plan investments (if any)	23,163	65,273
Difference between actual and expected experience in the Total Pension Liability	5,826	9,481
Total deferred outflows	\$1,058,873	\$1,351,683
Deferred Inflows of Resources		
Changes in proportion ¹	\$115,967	\$358,869
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	25,915	52,745
Difference between expected and actual experience in the Total Pension Liability	119	440
Total deferred inflows	\$142,001	\$412,054
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$127,202
June 30, 2026	\$312,633	290,123
June 30, 2027	337,525	319,508
June 30, 2028	205,189	176,962
June 30, 2029	52,342	25,834
June 30, 2030	9,183	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Local Agency Formation Comm.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$181,441	\$282,490
Changes of assumptions or other inputs	50,707	88,977
Net difference between projected and actual earnings on pension plan investments (if any)	337,880	587,026
Difference between actual and expected experience in the Total Pension Liability	84,985	85,267
Total deferred outflows	\$655,013	\$1,043,760
Deferred Inflows of Resources		
Changes in proportion ¹	\$275,421	\$161,952
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	378,034	474,359
Difference between expected and actual experience in the Total Pension Liability	1,732	3,954
Total deferred inflows	\$655,187	\$640,265
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$78,364
June 30, 2026	\$28,496	110,734
June 30, 2027	99,078	193,121
June 30, 2028	(68,587)	(1,368)
June 30, 2029	(49,094)	22,644
June 30, 2030	(10,067)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Rancho Santa Margarita

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments (if any)	13,712	4,401
Difference between actual and expected experience in the Total Pension Liability	1,963	1,779
Total deferred outflows	\$15,675	\$6,180
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	150	334
Net difference between actual and projected earnings on pension plan investments (if any)	2,209	3,390
Difference between expected and actual experience in the Total Pension Liability	41	71
Total deferred inflows	\$2,400	\$3,795
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$687
June 30, 2026	\$3,485	606
June 30, 2027	4,174	1,295
June 30, 2028	2,612	(267)
June 30, 2029	2,945	64
June 30, 2030	59	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. Superior Court

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$5,897,179	\$8,413,239
Changes of assumptions or other inputs	11,771,530	17,998,217
Net difference between projected and actual earnings on pension plan investments (if any)	78,437,563	118,743,916
Difference between actual and expected experience in the Total Pension Liability	19,729,001	17,247,907
Total deferred outflows	\$115,835,273	\$162,403,279
Deferred Inflows of Resources		
Changes in proportion ¹	\$7,510,971	\$7,168,015
Changes of assumptions or other inputs	0	0
Net difference between actual and projected earnings on pension plan investments (if any)	87,759,310	95,953,559
Difference between expected and actual experience in the Total Pension Liability	401,969	799,768
Total deferred inflows	\$95,672,250	\$103,921,342
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$6,914,743
June 30, 2026	\$8,804,418	16,778,235
June 30, 2027	27,413,684	35,547,584
June 30, 2028	(11,173,374)	(3,403,193)
June 30, 2029	(5,186,880)	2,644,568
June 30, 2030	305,175	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

O.C. IHSS Public Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$138,007	\$107,663
Changes of assumptions or other inputs	40,730	28,805
Net difference between projected and actual earnings on pension plan investments (if any)	844,013	689,522
Difference between actual and expected experience in the Total Pension Liability	6,774	5,220
Total deferred outflows	\$1,029,524	\$831,210
Deferred Inflows of Resources		
Changes in proportion ¹	\$64,867	\$112,003
Changes of assumptions or other inputs	1,781	2,167
Net difference between actual and projected earnings on pension plan investments (if any)	962,346	543,310
Difference between expected and actual experience in the Total Pension Liability	219,986	95,666
Total deferred inflows	\$1,248,980	\$753,146
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
June 30, 2025	N/A	\$(71,074)
June 30, 2026	\$(91,615)	7,835
June 30, 2027	205,136	181,906
June 30, 2028	(210,467)	(42,771)
June 30, 2029	(116,992)	2,168
June 30, 2030	(5,518)	0



¹ Includes differences between employer's contributions and proportionate share of contributions, if any. Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$4,846,712,574	\$5,391,006,171
Pension expense	556,947,871	474,974,502
Employer contributions	(846,347,000)	(749,734,000)
New net deferred outflows/(inflows)	(525,076,456)	(363,567,309)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(57,543,241)	94,033,210
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$3,974,693,748	\$4,846,712,574

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



¹ Includes differences between employer contributions and proportionate share of contributions.

Orange County

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$4,061,810,157	\$4,469,282,004
Pension expense	433,028,979	379,509,566
Employer contributions	(660,015,098)	(571,078,784)
New net deferred outflows/(inflows)	(397,528,490)	(262,395,479)
Change in allocation of prior deferred outflows/(inflows)	305,282	(3,420,675)
New net deferred flows due to change in proportion ¹	2,622,593	(11,956,517)
Recognition of prior deferred outflows/(inflows)	(44,368,546)	65,939,098
Recognition of prior deferred flows due to change in proportion ¹	582,304	(4,069,056)
Ending Net Pension Liability	\$3,396,437,181	\$4,061,810,157

X Segal 92

¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Cemetery District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$993,411	\$1,031,416
Pension expense	320,235	349,589
Employer contributions	(257,000)	(258,000)
New net deferred outflows/(inflows)	(710,903)	(95,267)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(145,830)	(34,327)
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$199,913	\$993,411



¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Law Library

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$(1,034,826)	\$(321,987)
Pension expense	(364,087)	(199,471)
Employer contributions	(125,000)	(123,000)
New net deferred outflows/(inflows)	(1,446,209)	(603,043)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	150,202	212,675
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$(2,819,920)	\$(1,034,826)

X Segal 94

¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Vector Control District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$752,245	\$47,967
Pension expense	(57,733)	(283,683)
Employer contributions	0	0
New net deferred outflows/(inflows)	(1,681,446)	586,697
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(293,926)	401,264
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$(1,280,860)	\$752,245

X Segal 95

¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Retirement System

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$34,539,527	\$31,526,121
Pension expense	5,777,857	5,143,030
Employer contributions	(5,061,000)	(4,477,000)
New net deferred outflows/(inflows)	(2,951,790)	(1,735,340)
Change in allocation of prior deferred outflows/(inflows)	299,017	1,118,093
New net deferred flows due to change in proportion ¹	1,107,929	3,789,838
Recognition of prior deferred outflows/(inflows)	(763,474)	193,082
Recognition of prior deferred flows due to change in proportion ¹	(1,491,191)	(1,018,297)
Ending Net Pension Liability	\$31,456,875	\$34,539,527



¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Fire Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$168,457,678	\$279,060,590
Pension expense	39,386,159	32,294,538
Employer contributions	(84,097,000)	(82,223,000)
New net deferred outflows/(inflows)	(47,573,222)	(73,250,933)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	4,354,524	12,576,483
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$80,528,139	\$168,457,678

X Segal 97

¹ Includes differences between employer contributions and proportionate share of contributions.

Cypress Recreation and Parks

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$(641,475)	\$61,016
Pension expense	(120,878)	(91,758)
Employer contributions	0	0
New net deferred outflows/(inflows)	(108,498)	(571,813)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	48,338	(38,920)
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$(822,513)	\$(641,475)

X Segal 98

¹ Includes differences between employer contributions and proportionate share of contributions.

Department of Education

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$3,189,922	\$3,323,372
Pension expense	267,976	292,099
Employer contributions	(338,378)	(316,960)
New net deferred outflows/(inflows)	(470,416)	(33,844)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(159,475)	(74,745)
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$2,489,629	\$3,189,922

Orange County Employees Retirement System - GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

¹ Includes differences between employer contributions and proportionate share of contributions.

Transportation Corridor Agency

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$(1,889,567)	\$(659,689)
Pension expense	836,865	207,980
Employer contributions	(925,000)	(820,000)
New net deferred outflows/(inflows)	(926,397)	(862,544)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(206,332)	244,686
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$(3,110,431)	\$(1,889,567)



¹ Includes differences between employer contributions and proportionate share of contributions.

City of San Juan Capistrano

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$17,443,348	\$18,650,483
Pension expense	1,011,807	866,987
Employer contributions	(2,207,000)	(2,137,000)
New net deferred outflows/(inflows)	(1,370,036)	(876,391)
Change in allocation of prior deferred outflows/(inflows)	(95,591)	31,761
New net deferred flows due to change in proportion ¹	(557,085)	27,547
Recognition of prior deferred outflows/(inflows)	(354,357)	97,511
Recognition of prior deferred flows due to change in proportion ¹	729,230	782,450
Ending Net Pension Liability	\$14,600,316	\$17,443,348

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Sanitation District

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$(18,531,537)	\$(10,604,801)
Pension expense	14,080,832	8,523,254
Employer contributions	(8,966,000)	(8,436,000)
New net deferred outflows/(inflows)	(14,110,339)	(6,861,944)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(9,079,208)	(1,152,046)
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$(36,606,252)	\$(18,531,537)

¹ Includes differences between employer contributions and proportionate share of contributions.





O.C. Transportation Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$207,825,439	\$207,132,957
Pension expense	23,875,300	16,467,090
Employer contributions	(33,182,000)	(31,560,000)
New net deferred outflows/(inflows)	(24,530,120)	2,217,595
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	898,628	13,567,797
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$174,887,247	\$207,825,439



¹ Includes differences between employer contributions and proportionate share of contributions.

U.C.I.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$26,555,318	\$29,314,724
Pension expense	1,566,101	1,566,249
Employer contributions	(2,935,628)	(2,980,443)
New net deferred outflows/(inflows)	(3,248,388)	(1,429,726)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(514,504)	84,514
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$21,422,899	\$26,555,318



¹ Includes differences between employer contributions and proportionate share of contributions.

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, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$189,581	\$(21,846)
Pension expense	163,525	58,216
Employer contributions	(243,000)	(220,000)
New net deferred outflows/(inflows)	(8,196)	(9,525)
Change in allocation of prior deferred outflows/(inflows)	(14,715)	44,194
New net deferred flows due to change in proportion ¹	125,493	307,216
Recognition of prior deferred outflows/(inflows)	(2,120)	1,060
Recognition of prior deferred flows due to change in proportion ¹	(123,219)	30,266
Ending Net Pension Liability	\$87,349	\$189,581



¹ Includes differences between employer contributions and proportionate share of contributions.

Local Agency Formation Comm.

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$1,704,989	\$1,587,646
Pension expense	165,867	208,951
Employer contributions	(193,000)	(209,000)
New net deferred outflows/(inflows)	(119,565)	(85,662)
Change in allocation of prior deferred outflows/(inflows)	(38,661)	49,059
New net deferred flows due to change in proportion ¹	(171,973)	156,772
Recognition of prior deferred outflows/(inflows)	(30,925)	9,531
Recognition of prior deferred flows due to change in proportion ¹	(42,545)	(12,308)
Ending Net Pension Liability	\$1,274,187	\$1,704,989

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



¹ Includes differences between employer contributions and proportionate share of contributions.

Rancho Santa Margarita

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$119	\$1,652
Pension expense	3,575	45
Employer contributions	0	0
New net deferred outflows/(inflows)	11,577	(1,306)
Change in allocation of prior deferred outflows/(inflows)	0	0
New net deferred flows due to change in proportion ¹	0	0
Recognition of prior deferred outflows/(inflows)	(687)	(272)
Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$14,584	\$119

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025



¹ Includes differences between employer contributions and proportionate share of contributions.

O.C. Superior Court

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$344,886,083	\$360,927,849
Pension expense	36,820,637	29,980,721
Employer contributions	(47,590,000)	(44,703,000)
New net deferred outflows/(inflows)	(27,756,508)	(17,327,822)
Change in allocation of prior deferred outflows/(inflows)	(524,229)	2,156,100
New net deferred flows due to change in proportion ¹	(3,189,795)	7,657,531
Recognition of prior deferred outflows/(inflows)	(7,179,161)	1,927,975
Recognition of prior deferred flows due to change in proportion ¹	330,779	4,266,729
Ending Net Pension Liability	\$295,797,806	\$344,886,083

¹ Includes differences between employer contributions and proportionate share of contributions.





O.C. IHSS Public Authority

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	December 31, 2024	December 31, 2023
Reconciliation of Net Pension Liability		
Beginning Net Pension Liability	\$462,162	\$666,697
Pension expense	184,854	81,099
Employer contributions	(211,896)	(191,813)
New net deferred outflows/(inflows)	(547,510)	(230,962)
Change in allocation of prior deferred outflows/(inflows)	68,897	21,468
New net deferred flows due to change in proportion ¹	62,838	17,613
Recognition of prior deferred outflows/(inflows)	103,612	77,844
Recognition of prior deferred flows due to change in proportion ¹	14,642	20,216
Ending Net Pension Liability	\$137,599	\$462,162



¹ Includes differences between employer contributions and proportionate share of contributions.

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 ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	100.000%	3,974,693,748	2,252,413,618	176.46%	85.77%

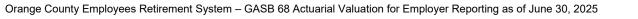


Covered payroll represents payroll on which contributions to the pension plan are based.
 Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

Orange County

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	85.452%	3,396,437,181	1,669,338,192	203.46%	83.67%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.





O.C. Cemetery District

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.005%	199,913	1,916,900	10.43%	98.79%



¹ Covered payroll represents payroll on which contributions to the pension plan are based.

O.C. Law Library

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	(0.071%)	(2,819,920)	1,195,325	(235.91%)	122.14%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.





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 ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	(0.032%)	(1,280,860)	0	N/A	104.63%



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, 2025

O.C. Retirement System

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.792%	31,456,875	14,660,755	214.57%	80.93%



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, 2025

O.C. Fire Authority

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	2.026%	80,528,139	215,103,080	37.44%	97.17%



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, 2025

Cypress Recreation and Parks

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	(0.021%)	(822,513)	0	N/A	119.32%



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, 2025

Department of Education

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.063%	2,489,629	0	N/A	76.32%



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, 2025

Transportation Corridor Agency

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	(0.078%)	(3,110,431)	7,968,355	(39.03%)	104.54%



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, 2025

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 ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.367%	14,600,316	6,037,583	241.82%	80.93%



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, 2025

O.C. Sanitation District

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	(0.921%)	(36,606,252)	83,217,902	(43.99%)	103.71%



¹ Covered payroll represents payroll on which contributions to the pension plan are based.

O.C. Transportation Authority

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	4.400%	174,887,247	119,099,330	146.84%	86.21%



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, 2025

U.C.I.

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.539%	21,422,899	0	N/A	75.93%



¹ Covered payroll represents payroll on which contributions to the pension plan are based.

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 ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.002%	87,349	1,867,070	4.68%	98.97%



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, 2025

Local Agency Formation Comm.

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.032%	1,274,187	575,199	221.52%	80.93%



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, 2025

Rancho Santa Margarita

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.000%	14,584	0	N/A	55.35%



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, 2025

O.C. Superior Court

Reporting Date for Employer under GASB 68 as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	7.442%	295,797,806	129,795,967	227.89%	80.93%



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, 2025

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 ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
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%
2025	0.003%	137,599	1,637,961	8.40%	98.00%



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, 2025

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 NPL.

Differences between Expected and Actual Experience on Total Pension Liability *Recognition by Reporting Date for Employer as of June 30*

Reporting Date for Employer under GASB 68 as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018 ¹	\$(66,963,603)	6.01	\$(111,429)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019 ¹	(118,124,401)	5.91	(18,188,371)	0	0	0	0	0	0	0
2020 ¹	24,382,911	5.86	4,160,905	3,578,386	0	0	0	0	0	0
2021 ¹	162,335,537	5.81	27,940,714	27,940,714	22,631,967	0	0	0	0	0
20221	(113,046,194)	5.45	(20,742,423)	(20,742,423)	(20,742,423)	(9,334,079)	0	0	0	0
2023 ¹	46,500,358	5.41	8,595,262	8,595,262	8,595,262	8,595,262	3,524,048	0	0	0
2024	326,785,307	5.35	61,081,366	61,081,366	61,081,366	61,081,366	61,081,366	21,378,477	0	0
2025	153,725,216	5.31	N/A	28,950,134	28,950,134	28,950,134	28,950,134	28,950,134	8,974,546	
Total ²	N/A	N/A	\$62,736,024	\$109,403,439	\$100,516,306	\$89,292,683	\$93,555,548	\$50,328,611	\$8,974,546	\$0

As described in *Section 2, Exhibit 6: Pension expense*, 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, 2023 (the beginning of the measurement period ending December 31, 2024) is 5.31 years.



¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase/(decrease) in pension expense.

Assumption Changes or Other Inputs Recognition by Reporting Date for Employer as of June 30

Reporting Date for Employer under GASB 68 as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018¹	\$827,197,075	6.01	\$1,376,371	\$0	\$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	2,644,271	0	0	0	0	0
2022 ¹	0	5.45	0	0	0	0	0	0	0	0
2023 ¹	0	5.41	0	0	0	0	0	0	0	0
2024	165,526,367	5.35	30,939,509	30,939,509	30,939,509	30,939,509	30,939,509	10,828,822	0	0
2025	0	5.31	0	0	0	0	0	0	0	
Total ²	N/A	N/A	\$35,580,411	\$34,204,040	\$33,583,780	\$30,939,509	\$30,939,509	\$10,828,822	\$0	0

As described in Section 2, Exhibit 6: Pension expense, 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, 2023 (the beginning of the measurement period ending December 31, 2024) is 5.31 years.

→ Segal 130

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase/(decrease) in pension expense.

Differences between Projected and Actual Earnings on Pension Plan Investments Recognition by Reporting Date for Employer as of June 30

Reporting Date for Employer under GASB 68 as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018 ¹	\$(1,009,651,572)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019 ¹	1,360,278,701	5.00	0	0	0	0	0	0	0	0
2020 ¹	(1,170,895,935)	5.00	(234,179,195)	0	0	0	0	0	0	0
2021 ¹	(1,008,043,756)	5.00	(201,608,751)	(201,608,752)	0	0	0	0	0	0
2022 ¹	(1,909,760,501)	5.00	(381,952,100)	(381,952,100)	(381,952,101)	0	0	0	0	0
2023 ¹	3,587,056,374	5.00	717,411,276	717,411,276	717,411,276	717,411,270	0	0	0	0
2024	(954,822,636)	5.00	(190,964,528)	(190,964,528)	(190,964,528)	(190,964,528)	(190,964,524)	0	0	0
2025	(812,314,422)	5.00	N/A	(162,462,884)	(162,462,884)	(162,462,884)	(162,462,884)	(162,462,886)	0	
Total ²	N/A	N/A	\$(291,293,298)	\$(219,576,988)	\$(17,968,237)	\$363,983,858	\$(353,427,408)	\$(162,462,886)	\$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.

→ Segal 131

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase/(decrease) in pension expense.

Total Increase/(Decrease) in Pension Expense Recognition by Reporting Date for Employer as of June 30

Total ²	N/A	N/A	\$(192,976,863)	\$(75,969,509)	\$116,131,849	\$484,216,050	\$(228,932,351)	\$(101,305,453)	\$8,974,546	\$0
2025	(658,589,206)	N/A	0	(133,512,750)	(133,512,750)	(133,512,750)	(133,512,750)	(133,512,752)	8,974,546	
2024	(462,510,962)	N/A	(98,943,653)	(98,943,653)	(98,943,653)	(98,943,653)	(98,943,649)	32,207,299	0	0
2023 ¹	3,633,556,732	N/A	726,006,538	726,006,538	726,006,538	726,006,532	3,524,048	0	0	0
20221	(2,022,806,695)	N/A	(402,694,523)	(402,694,523)	(402,694,524)	(9,334,079)	0	0	0	0
2021 ¹	(826,741,293)	N/A	(170,403,506)	(170,403,507)	25,276,238	0	0	0	0	0
2020 ¹	(1,146,513,024)	N/A	(230,018,290)	3,578,386	0	0	0	0	0	0
2019 ¹	1,242,154,300	N/A	(18,188,371)	0	0	0	0	0	0	0
2018 ¹	\$(249,418,100)	N/A	\$1,264,942	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reporting Date for Employer under GASB 68 as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	2030	Thereafter

Note: Results may not total due to rounding.



¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

² Net increase/(decrease) in pension expense.

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, 2024.

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.



Employer	Total Change	Recognition Period	2025	2026	2027	2028	2029	2030	Thereafter
Orange County	\$3,231,083	5.31	\$608,490	\$608,490	\$608,490	\$608,490	\$608,490	\$188,633	\$0
O.C. Cemetery District	0	5.31	0	0	0	0	0	0	0
O.C. Law Library	0	5.31	0	0	0	0	0	0	0
O.C. Vector Control District	0	5.31	0	0	0	0	0	0	0
O.C. Retirement System	1,364,989	5.31	257,060	257,060	257,060	257,060	257,060	79,689	0
O.C. Fire Authority	0	5.31	0	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.31	0	0	0	0	0	0	0
Department of Education	0	5.31	0	0	0	0	0	0	0
Transportation Corridor Agency	0	5.31	0	0	0	0	0	0	0
City of San Juan Capistrano	(686,339)	5.31	(129,254)	(129,254)	(129,254)	(129,254)	(129,254)	(40,069)	0
O.C. Sanitation District	0	5.31	0	0	0	0	0	0	0
O.C. Transportation Authority	0	5.31	0	0	0	0	0	0	0
U.C.I.	0	5.31	0	0	0	0	0	0	0
O.C. Children and Families Comm.	154,610	5.31	29,117	29,117	29,117	29,117	29,117	9,025	0
Local Agency Formation Comm.	(211,874)	5.31	(39,901)	(39,901)	(39,901)	(39,901)	(39,901)	(12,369)	0
Rancho Santa Margarita	0	5.31	0	0	0	0	0	0	0
O.C. Superior Court	(3,929,887)	5.31	(740,092)	(740,092)	(740,092)	(740,092)	(740,092)	(229,427)	0
O.C. IHSS Public Authority	77,418	5.31	14,580	14,580	14,580	14,580	14,580	4,518	0
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0



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



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



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



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



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



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



The following presents the actuarial assumptions, methods and models used in the December 31, 2024 Measurement Date for Employer Reporting as of June 30, 2025.

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.



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 Internal Revenue Code Section 401(a)(17) compensation limit

Increase of 2.50% per year from the valuation date.

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:

Merit and Promotion Increases¹

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%

¹ 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, 2025

Segal 143

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.



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.



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.



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.



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%

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%

Retirement rates

Retirement Rates — General

Age	Enhanced Less than 30 Years of Service	Enhanced 30 or More Years of Service	Non-Enhanced ¹ Less than 30 Years of Service	Non-Enhanced ¹ 30 or More 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%



¹ 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, 2025

Retirement Rates — Safety

Age	Law (31664.1) Less than 30 Years of Service	Law (31664.1) 30 or More Years of Service	Fire (31664.1) Less than 30 Years of Service	Fire (31664.1) 30 or More Years of Service	Probation (31664.1) Less than 30 Years of Service	Probation (31664.1) 30 or More 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%



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%



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%



Retirement age and benefit for deferred vested members

Current and Future Inactive Member Assumptions

Membership and Reciprocity	% of Future¹ Deferred Vested Members	Annual Salary Increases from Separation Date	Retirement Age for Members with Less than Five Years of Service	Retirement Age for Members with Five or More Years of Service
General with reciprocity	12.5%	3.90%	60	60
General without reciprocity	87.5%	N/A	70	58
Safety with reciprocity	20.0%	4.50%	54	54
Safety without reciprocity	80.0%	N/A	70	54

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.

Inclusion of deferred vested members

All deferred vested members are included in the valuation.



OCERS provides the reciprocity status for current deferred vested members in the valuation census data.
Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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.

Spousal assumptions

Current Active and Inactive Member Spousal Assumptions

Member Gender	% with Spouse at Retirement or Pre-Retirement Death	Spouse Age	Spouse Gender
Male member	75%	3 years younger than member	
Female member	55%	2 years older than member	Male

Nonbinary member assumptions

A blended mortality table is used based on the sex-distinct mortality tables above and the proportion of males and females for General and Safety separately. A blended mortality is also used for the spouse of a nonbinary member with the opposite proportion of males and females used for the member.

The spousal assumptions for percentage with spouse at retirement or pre-retirement death and for spouse age are also blended based on the proportion of males and females for General and Safety separately.



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.



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 the above amounts 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

There have been no changes in actuarial assumptions, methods or models since the prior valuation.

Nonbinary member assumptions were introduced with this valuation, which uses blended mortality tables and spousal assumptions for those members who self-report as nonbinary. The impact of this change on the valuation results is de minimis and is therefore not identified separately in this report.



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, 2024 (\$ in millions)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions¹ (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2024	\$21,797	\$1,149	\$1,285	\$31	\$2,332	\$23,962
2025	23,962	1,083	1,381	34	1,666	25,296
2026	25,296	1,091	1,456	36	1,757	26,652
2027	26,652	1,125	1,532	38	1,850	28,057
2028	28,057	1,104	1,611	40	1,945	29,455
2029	29,455	1,093	1,691	42	2,040	30,855
2030	30,855	1,099	1,775	44	2,135	32,269
2031	32,269	1,104	1,860	46	2,231	33,699
2032	33,699	1,111	1,946	48	2,329	35,144
2033	35,144	1,021	2,033	50	2,423	36,504
2049	41,105	234	3,164	59	2,775	40,890
2050	40,890	222	3,202	58	2,758	40,609
2051	40,609	210	3,236	58	2,737	40,262
2052	40,262	199	3,266	58	2,711	39,848
2098	26,239	54	164	38	1,832	27,922
2099	27,922	54	129	40	1,951	29,758
2100	29,758	55	100	43	2,080	31,751
2101	31,751	57	76	45	2,220	33,906
2130	224,618	321 ²	O ³	321	15,723	240,3414

¹ Of all the projected total contributions, only the first year's (i.e., 2024) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

Orange County Employees Retirement System – GASB 68 Actuarial Valuation for Employer Reporting as of June 30, 2025

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

³ Less than \$1 million when rounded.

⁴ The Plan FNP of \$240,341 million has a value of \$185 million as of December 31, 2024 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$155 million is the balance available in the County Investment Account and \$18 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2024, and \$15 million is the surplus for certain rate groups that were overfunded 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, 2024 row are actual amounts, based on the final audited financial statements provided by OCERS.
- 3. Various years have been omitted from this table.
- 4. **Column (a):** Except for the "discounted value" for 2130 shown in footnote 4 on the previous page, none of the Plan FNP amounts shown have 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, 2024.
- 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, 2023), 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, 2023. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2024 valuation report. Benefit payments are assumed to occur at the beginning of each month.
- 8. **Column (d):** Projected administrative expenses are calculated as approximately 0.14% of the projected beginning Plan FNP amount. The 0.14% portion was based on the actual calendar year 2024 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2024. 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, 2024 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.



	Orange	O.C. Cemetery	O.C.	O.C. Vector Control
Line Description	County	District	Law Library	District
Deferred Outflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$249,393,373	\$355,097	\$15,767	\$1,462,183
Net difference between projected and actual earnings on pension plan investments	1,033,126,674	978,828	960,424	2,109,272
Changes of assumptions or other inputs	102,699,747	122,595	28,100	137,150
Changes in proportion and differences between employer's contributions and proportionate share of contributions	8,911,489	0	0	0
Total deferred outflows	\$1,394,131,283	\$1,456,520	\$1,004,291	\$3,708,605
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$19,980,859	\$262,668	\$1,288,651	\$1,170,390
Net difference between actual and projected earnings on pension plan investments	1,157,631,739	1,087,698	1,032,024	2,090,431
Changes of assumptions or other inputs	17,280,839	0	0	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	10,850,356	0	0	0
Total deferred inflows	\$1,205,743,793	\$1,350,366	\$2,320,675	\$3,260,821
Net Pension Liability				
NPL as of December 31, 2023	\$4,061,810,157	\$993,411	\$(1,034,826)	\$752,245
NPL as of December 31, 2024	\$3,396,437,181	\$199,913	\$(2,819,920)	\$(1,280,860)
Pension Expense				
Proportionate share of allocable plan pension expense	\$433,002,793	\$320,235	\$(364,087)	\$(57,733)
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	26,186	0	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$433,028,979	\$320,235	\$(364,087)	\$(57,733)



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	\$2,098,098	\$51,727,051	\$72,060	\$473,061
Net difference between projected and actual earnings on pension plan investments	8,341,511	162,800,975	323,553	633,410
Changes of assumptions or other inputs	1,251,854	2,210,062	13,269	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	4,485,001	0	0	0
Total deferred outflows	\$16,176,464	\$216,738,088	\$408,882	\$1,106,471
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$42,748	\$7,846,632	\$336,165	\$283,384
Net difference between actual and projected earnings on pension plan investments	9,332,840	183,297,453	346,538	628,890
Changes of assumptions or other inputs	0	8,690,209	2,081	30,412
Changes in proportion and differences between employer's contributions and proportionate share of contributions	302,519	0	0	0
Total deferred inflows	\$9,678,107	\$199,834,294	\$684,784	\$942,686
Net Pension Liability				
NPL as of December 31, 2023	\$34,539,527	\$168,457,678	\$(641,475)	\$3,189,922
NPL as of December 31, 2024	\$31,456,875	\$80,528,139	\$(822,513)	\$2,489,629
Pension Expense				
Proportionate share of allocable plan pension expense	\$4,029,606	\$39,386,159	\$(120,878)	\$267,976
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	1,748,251	0	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$5,777,857	\$39,386,159	\$(120,878)	\$267,976



Line Description	Transportation Corridor Agency	City of San Juan Capistrano	O.C. Sanitation District	O.C. Transportation Authority
Deferred Outflows of Resources	<u> </u>	•		•
Difference between actual and expected experience in the Total Pension Liability	\$1,891,329	\$973,806	\$36,769,832	\$31,060,134
Net difference between projected and actual earnings on pension plan investments	4,463,204	3,871,608	65,801,588	66,476,996
Changes of assumptions or other inputs	360,616	581,032	7,264,284	5,861,581
Changes in proportion and differences between employer's contributions and proportionate share of contributions	0	1,335,882	0	0
Total deferred outflows	\$6,715,149	\$6,762,328	\$109,835,704	\$103,398,711
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$425,381	\$19,841	\$5,860,974	\$15,513,217
Net difference between actual and projected earnings on pension plan investments	4,848,253	4,331,721	69,783,770	75,887,872
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	2,855,306	0	0
Total deferred inflows	\$5,273,634	\$7,206,868	\$75,644,744	\$91,401,089
Net Pension Liability				
NPL as of December 31, 2023	\$(1,889,567)	\$17,443,348	\$(18,531,537)	\$207,825,439
NPL as of December 31, 2024	\$(3,110,431)	\$14,600,316	\$(36,606,252)	\$174,887,247
Pension Expense				
Proportionate share of allocable plan pension expense	\$836,865	\$1,870,291	\$14,080,832	\$23,875,300
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	0	(858,484)	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$836,865	\$1,011,807	\$14,080,832	\$23,875,300



Line Description	U.C.I.	O.C. Children and Families Comm.	Local Agency Formation Comm.	Rancho Santa Margarita
Deferred Outflows of Resources	0.0	•••••		a. garrta
Difference between actual and expected experience in the Total Pension Liability	\$1,496,761	\$5,826	\$84,985	\$1,963
Net difference between projected and actual earnings on pension plan investments	5,288,950	23,163	337,880	13,712
Changes of assumptions or other inputs	54,015	3,476	50,707	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	0	1,026,408	181,441	0
Total deferred outflows	\$6,839,726	\$1,058,873	\$655,013	\$15,675
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$1,294,650	\$119	\$1,732	\$41
Net difference between actual and projected earnings on pension plan investments	5,280,954	25,915	378,034	2,209
Changes of assumptions or other inputs	153,656	0	0	150
Changes in proportion and differences between employer's contributions and proportionate share of contributions	0	115,967	275,421	0
Total deferred inflows	\$6,729,260	\$142,001	\$655,187	\$2,400
Net Pension Liability				
NPL as of December 31, 2023	\$26,555,318	\$189,581	\$1,704,989	\$119
NPL as of December 31, 2024	\$21,422,899	\$87,349	\$1,274,187	\$14,584
Pension Expense				
Proportionate share of allocable plan pension expense	\$1,566,101	\$11,189	\$163,223	\$3,575
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	0	152,336	2,644	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$1,566,101	\$163,525	\$165,867	\$3,575



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	\$19,729,001	\$6,774	\$397,617,101
Net difference between projected and actual earnings on pension plan investments	78,437,563	844,013	1,434,833,324
Changes of assumptions or other inputs	11,771,530	40,730	132,450,748
Changes in proportion and differences between employer's contributions and proportionate share of contributions	5,897,179	138,007	21,975,407
Total deferred outflows	\$115,835,273	\$1,029,524	\$1,986,876,580
Deferred Inflows of Resources			
Difference between actual and expected experience in the Total Pension Liability	\$401,969	\$219,986	\$54,949,407
Net difference between actual and projected earnings on pension plan investments	87,759,310	962,346	1,604,707,997
Changes of assumptions or other inputs	0	1,781	26,159,128
Changes in proportion and differences between employer's contributions and proportionate share of contributions	7,510,971	64,867	21,975,407
Total deferred inflows	\$95,672,250	\$1,248,980	\$1,707,791,939
Net Pension Liability			
NPL as of December 31, 2023	\$344,886,083	\$462,162	\$4,846,712,574
NPL as of December 31, 2024	\$295,797,806	\$137,599	\$3,974,693,748
Pension Expense			
Proportionate share of allocable plan pension expense	\$37,891,508	\$184,916	\$556,947,871
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	(1,070,871)	(62)	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$36,820,637	\$184,854	\$556,947,871



Notes

Amounts shown in this Appendix were allocated by employer based on the Employer Allocation Percentage calculated in Section 2, Exhibit 5 – Determination of proportionate share for each Rate Group.

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., 2024) differences between expected and actual experience and changes of assumptions or other inputs (if
 any) are recognized over the average of the expected remaining service lives of all employees, calculated as of the beginning of
 the measurement period.
- Prior-period differences between expected and actual experience and changes of assumptions or other inputs continue to be recognized based on the average expected remaining service lives of all employees calculated based on their respective measurement dates.

In addition, there have been changes in each employer's proportionate share of the collective NPL during the measurement period ending December 31, 2024. The net effect of that change on the employer's proportionate share of the collective NPL and collective deferred outflows and deferred inflows of resources, as well as any differences between actual employer contributions and the proportionate share of employer contributions, are recognized as follows:

- Current period changes in proportion and differences between employer's contributions and proportionate share of contributions
 are recognized over the average expected remaining service lives of all employees, calculated as of the beginning of the
 measurement period.
- Prior period changes in proportion and differences between employer's contributions and proportionate share of contributions are continued to be recognized based on the average expected remaining service lives of all employees calculated based on their respective measurement dates.

The average expected remaining service lives of all employees is 5.31 years for the measurement period ending December 31, 2024 (calculated as of December 31, 2023). 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 non-active or retired member.
- Dividing the sum of the above amounts by the total number of active, non-active and retired members.



There was an increase in the total employer pension expense from a pension expense of \$475.0 million calculated last year to a pension expense of \$556.9 million calculated this year. The primary cause of the increase was due to the full recognition of the remaining \$201.6 million in credit from an asset gain that was identified in the December 31, 2020 valuation in developing last year's pension expense, and the increase in pension expense offset to some extent by the favorable investment return on the market value of assets during 2024.



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).
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.



Term	Definition
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. 68.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	 Pensions having terms that: Provide an individual account for each employee; 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 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.



Term	Definition
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:
	1. The actuarial present value of benefit payments projected to be made in future periods in which:
	 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.
	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.
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.
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.



Term	Definition
Plan members	 Individuals that are covered under the terms of a pension plan. Plan members generally include: Employees in active service (active plan members), and 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.
Special funding situations	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:
	 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. 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.



Term	Definition
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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.

5944515v1/05794.014





180 Howard Street Suite 1100 San Francisco, CA 94105-6147 segalco.com

Via Email

May 30, 2025

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, 2024 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, 2024 Net Pension Liability (NPL) and the Unfunded Actuarial Accrued Liability (UAAL) as shown in the December 31, 2024 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, 2023 demographic data by: (i) rolling forward the liability from December 31, 2023 to December 31, 2024 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, 2024 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, 2024 funding valuation report for each Rate Group and (b) differences between the rolled forward liabilities and the actual liabilities.

Assets

The Plan Fiduciary Net Position (FNP) shown in the GASB 67 report as of December 31, 2024 (that we subsequently used for our GASB 67 addendum letter) was based on the plan's Market

Mr. Steve Delaney May 30, 2025 Page 2

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 Plan FNP and the VVA were also different due to the adjustment for the deferred investment gain.

Results

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

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standard of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions or comments.

Sincerely,

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

Mang

Molly Calcagno, ASA, MAAA, EA Senior Actuary

Molly Calcagno

JY/bbf

cc: Tracy Bowman Brenda Shott Jennifer Reyes

Disclaimer

This document has been prepared for the exclusive use and benefit of OCERS, based upon information provided by OCERS and OCERS' other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This letter should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.



^{*} There were no non-valuation reserves as of December 31, 2024.

Attachment A: Reconciliation of the Plan's December 31, 2024 NPL and UAAL

	Category	Rate Group #1	Rate Group #2	Rate Group #3	Rate Group #4
(A)	Liability Reconciliation				
1.	Total Pension Liability Included in the development of the GASB 67 Addendum Letter	\$586,535,610	\$15,475,058,042	\$986,314,812	\$32,660
2.	(Gain)/Loss from (Lower)/Higher than Expected Salary Increases*	4,728,000	135,169,000	2,915,000	0
3.	Loss from Higher-than-Expected COLA Increases*	183,000	8,233,000	522,000	0
4.	Other Experience (Gain)/Loss*	738,000	18,020,000	(655,000)	0
5.	Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	(20,610)	2,032,958	11,188	(14,660)
6.	Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$592,164,000	\$15,638,513,000	\$989,108,000	\$18,000
(B)	Asset Reconciliation				
1.	Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$555,603,760	\$12,525,184,723	\$1,005,327,064	\$18,076
2.	County Investment Account and OCSD UAAL Deferred Account	4,653,030	97,713,630	17,594,000	0
3.	Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter 1 + 2	560,256,790	12,622,898,353	1,022,921,064	18,076
4.	Adjustment for Deferred Investment Return, Non-Valuation Reserve	(2,342,760)	(52,813,723)	(4,239,064)	(76)
5.	Valuation of Assets Included in the Funding Valuation Report 1 + 4	\$553,261,000	\$12,472,371,000	\$1,001,088,000	\$18,000
Ne	t Pension Liability Shown in the GASB 67 Addendum Letter A1 − B3	\$26,278,820	\$2,852,159,689	\$(36,606,252)	\$14,584
	funded Actuarial Accrued Liability Shown in the Funding Valuation port A6 – B5	\$38,903,000	\$3,166,142,000	\$(11,980,000)	\$0



^{*} These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2024, funding valuation report.

Attachment A

	Category	Rate Group #5	Rate Group #9	Rate Group #10	Rate Group #11
(A)	Liability Reconciliation				
1.	Total Pension Liability Included in the development of the GASB 67 Addendum Letter	\$1,267,825,734	\$68,471,401	\$351,626,619	\$16,575,964
2.	(Gain)/Loss from (Lower)/Higher than Expected Salary Increases*	1,955,000	66,000	2,382,000	27,000
3.	Loss from Higher than Expected COLA Increases*	651,000	43,000	232,000	9,000
4.	Other Experience (Gain)/Loss*	(4,241,000)	(915,000)	(660,000)	75,000
5.	Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	224,266	599	40,381	(1,964)
6.	Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$1,266,415,000	\$67,666,000	\$353,621,000	\$16,685,000
(B)	Asset Reconciliation				
1.	Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$1,092,938,487	\$71,581,832	\$336,172,506	\$16,376,051
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	1,092,938,487	71,581,832	336,172,506	16,376,051
4.	Adjustment for Deferred Investment Return, Non-Valuation Reserve	(4,608,487)	(301,832)	(1,417,506)	(69,051)
5.	Valuation of Assets Included in the Funding Valuation Report 1 + 4	\$1,088,330,000	\$71,280,000	\$334,755,000	\$16,307,000
Ne	t Pension Liability Shown in the GASB 67 Addendum Letter A1 - B3	\$174,887,247	\$(3,110,431)	\$15,454,113	\$199,913
	funded Actuarial Accrued Liability Shown in the Funding Valuation	\$178,085,000	\$(3,614,000)	\$18,866,000	\$378,000



^{*} These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2024 funding valuation report.

Attachment A

	Category	Rate Group #12	Rate Group #6	Rate Group #7	Rate Group #8	Total
(A)	Liability Reconciliation					
1.	Total Pension Liability Included in the development of the GASB 67 Addendum Letter	\$12,734,668	\$1,187,082,621	\$5,489,717,787	\$2,494,708,830	\$27,936,684,748
2.	(Gain)/Loss from (Lower)/Higher than Expected Salary Increases*	(27,000)	30,217,000	145,778,000	(24,843,000)	298,367,000
3.	Loss from Higher than Expected COLA Increases*	3,000	755,000	3,704,000	1,422,000	15,757,000
4.	Other Experience (Gain)/Loss*	(61,000)	(83,000)	(9,724,000)	2,444,000	4,938,000
5.	Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	88,332	313,379	178,213	23,170	2,875,252
6.	Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$12,738,000	\$1,218,285,000	\$5,629,654,000	\$2,473,755,000	\$28,258,622,000
(B)	Asset Reconciliation					
1.	Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$15,554,588	\$1,039,600,582	\$4,701,303,527	\$2,429,634,804	\$23,789,296,000
2.	County Investment Account and OCSD UAAL Deferred Account	0	7,755,050	44,979,290	0	172,695,000
3.	Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter 1 + 2	15,554,588	1,047,355,632	4,746,282,817	2,429,634,804	23,961,991,000
4.	Adjustment for Deferred Investment Return, Non-Valuation Reserve	(65,588)	(4,383,582)	(19,823,527)	(10,244,804)	(100,310,000)
5.	Valuation of Assets Included in the Funding Valuation Report 1 + 4	\$15,489,000	\$1,035,217,000	\$4,681,480,000	\$2,419,390,000	\$23,688,986,000
	t Pension Liability Shown in the GASB 67 Addendum Letter - B3	\$(2,819,920)	\$139,726,989	\$743,434,970	\$65,074,026	\$3,974,693,748
	funded Actuarial Accrued Liability Shown in the Funding Valuation port A6 - B5	\$(2,751,000)	\$183,068,000	\$948,174,000	\$54,365,000	\$4,569,636,000



^{*} These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2024 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, 2024

Table of Contents

Report of Independent Auditors	. 1
Schedule of Allocated Pension Amounts by Employer	.3
Notes to the Schedule of Allocated Pension Amounts by Employer	. 7



Report of Independent Auditors

The Board of Retirement
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, 2024 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, 2024, 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). 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, 2024, and our report thereon dated June 2, 2025 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 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, 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 2, 2025

Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

	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	\$ 249,393,373	\$ 355,097	\$ 15,767	\$ 1,462,183	\$ 2,098,098
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	18,841	-
Changes of Assumptions	102,699,747	122,595	28,100	137,150	1,251,854
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,911,489				4,485,001
Total Deferred Outflows of Resources	<u>\$ 361,004,609</u>	\$ 477,692	\$ 43,867	<u>\$ 1,618,174</u>	\$ 7,834,953
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 19,980,859	\$ 262,668	\$ 1,288,651	\$ 1,170,390	\$ 42,748
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	124,505,065	108,870	71,600	-	991,329
Changes of Assumptions	17,280,839	-	-	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	10,850,356	<u>-</u>	<u>-</u>	<u>-</u> _	302,519
Total Deferred Inflows of Resources	<u>\$ 172,617,119</u>	\$ 371,538	\$ 1,360,251	<u>\$ 1,170,390</u>	\$ 1,336,596
Net Pension Liability/(Asset) as of December 31, 2024	\$3,396,437,181	\$ 199,913	\$(2,819,920)	\$ (1,280,860)	\$ 31,456,875
Pension Expense Excluding That Attributable to Employer- Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/ (Income)	\$ 433,002,793	\$ 320,235	\$ (364,087)	\$ (57,733)	\$ 4,029,606
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	26,186				1,748,251
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	\$ 433,028,979	\$ 320,235	\$ (364,087)	\$ (57,733)	\$ 5,777,857

The accompanying notes are an integral part of these schedules.

Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024 (Continued)

	O.C. Fire Authority	Cypress Recreation & Parks District	O.C. Department of Education	Transportation Corridor Agencies	City of San Juan Capistrano
Deferred Outflows of Resources					
Differences Between Expected and Actual Experience	\$ 51,727,051	\$ 72,060	\$ 473,061	\$ 1,891,329	\$ 973,806
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	4,520	-	-
Changes of Assumptions	2,210,062	13,269	-	360,616	581,032
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	<u>-</u> _				1,335,882
Total Deferred Outflows of Resources	\$ 53,937,113	\$ 85,329	\$ 477,581	\$ 2,251,945	\$ 2,890,720
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 7,846,632	\$ 336,165	\$ 283,384	\$ 425,381	\$ 19,841
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	20,496,478	22,985	-	385,049	460,113
Changes of Assumptions	8,690,209	2,081	30,412	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions					2,855,306
Total Deferred Inflows of Resources	\$ 37,033,319	\$ 361,231	\$ 313,796	\$ 810,430	\$ 3,335,260
Net Pension Liability/(Asset) as of December 31, 2024	\$ 80,528,139	\$ (822,513)	\$ 2,489,629	\$ (3,110,431)	\$ 14,600,316
Pension Expense Excluding That Attributable to Employer- Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/ (Income)	\$ 39,386,159	\$ (120,878)	\$ 267,976	\$ 836,865	\$ 1,870,291
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions					(858,484)
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	<u>\$ 39,386,159</u>	<u>\$ (120,878)</u>	\$ 267,976	\$ 836,865	\$ 1,011,807

The accompanying notes are an integral part of these schedules.

Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024 (Continued)

	0.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	\$ 36,769,832	\$ 31,060,134	\$ 1,496,761	\$ 5,826	\$ 84,985
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	7,996	-	-
Changes of Assumptions	7,264,284	5,861,581	54,015	3,476	50,707
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		<u>-</u> _		1,026,408	181,441
Total Deferred Outflows of Resources	<u>\$ 44,034,116</u>	\$ 36,921,715	<u>\$ 1,558,772</u>	<u>\$ 1,035,710</u>	\$ 317,133
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 5,860,974	\$ 15,513,217	\$ 1,294,650	\$ 119	\$ 1,732
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	3,982,182	9,410,876	-	2,752	40,154
Changes of Assumptions	-	-	153,656	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions				115,967	275,421
Total Deferred Inflows of Resources	\$ 9,843,156	\$ 24,924,093	\$ 1,448,306	\$ 118,838	\$ 317,307
Net Pension Liability/(Asset) as of December 31, 2024	\$ (36,606,252)	<u>\$174,887,247</u>	\$ 21,422,899	\$ 87,349	<u>\$ 1,274,187</u>
Pension Expense Excluding That Attributable to Employer- Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/ (Income)	\$ 14,080,832	\$ 23,875,300	\$ 1,566,101	\$ 11,189	\$ 163,223
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions				<u>152,336</u>	2,644

The accompanying notes are an integral part of these schedules.

Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions

\$ 14,080,832

\$ 23,875,300

\$ 1,566,101

163,525

\$ 165,867

Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024 (Continued)

	City of Rancho Santa argarita	O.C. Superior Court of California		Court of Public		Public		otal for All Employers
Deferred Outflows of Resources								
Differences Between Expected and Actual Experience	\$ 1,963	\$	19,729,001	\$	6,774	\$	397,617,101	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	11,503		-		-		42,860	
Changes of Assumptions	-		11,771,530		40,730		132,450,748	
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	 <u>-</u>		5,897,179		138,007	_	21,975,407	
Total Deferred Outflows of Resources	\$ 13,466	\$	37,397,710	\$	185,511	\$	552,086,116	
Deferred Inflows of Resources								
Differences Between Expected and Actual Experience	\$ 41	\$	401,969	\$	219,986	\$	54,949,407	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-		9,321,747		118,333		169,917,533	
Changes of Assumptions	150		-		1,781		26,159,128	
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	 <u>-</u> _		7,510,971		64,867		21,975,407	
Total Deferred Inflows of Resources	\$ 191	\$	17,234,687	\$	404,967	\$	273,001,475	
Net Pension Liability/(Asset) as of December 31, 2024	\$ 14,584	\$	295,797,806	\$	137,599	\$	3,974,693,748	

Pension Expense Excluding That Attributable to Employer- Paid Member Contributions						
Proportionate Share of Allocable Plan Pension Expense/ (Income)	\$ 3,575	\$ 37,891,508	\$	184,916	\$	556,947,871
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	 	(1,070,871)	_	(62)	_	
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	\$ 3,575	<u>\$ 36,820,637</u>	\$	184,854	<u>\$</u>	556,947,871

The accompanying notes are an integral part of these schedules.

Notes to the Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

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 Sanitation District 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 OCERS official website 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, 2024 and the GASB Statement 68 Actuarial Valuation Based on the December 31, 2024 Measurement Date for Employer Reporting as of June 30, 2024, 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 prepared by OCERS' third-party actuary 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.

Legally or statutorily required employer contributions for the year ended December 31, 2024, 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, 2024, employer paid member contributions of \$16,000 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, 2024.

Notes to the Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

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 formulas. 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				

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.

Notes to the Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

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 \$17,594,000 was allocated entirely to Rate Group 3 as of December 31, 2024 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 \$2,935,628 and \$338,378, 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, 2024 are as follows:

Rate Group	Amount	
1	\$ 4,653,030	
2	97,713,630	
6	7,755,050	
7	44,979,290	
Total	\$ <u>155,101,000</u>	

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, 2024.

Notes to the Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

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, 2023 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, 2024, can be found on OCERS' website as discussed in Note 4 – Additional Financial and Actuarial Information.

CRPD and Capistrano Beach Sanitary District (CBSD) are no longer active employers. CRPD has twenty 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, 2024, 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, 2024. 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, 2024, are as follows (dollars in thousands):

Total Pension Liability	\$ 27,936,685
Less: Plan Fiduciary Net Position	(23,961,991)
Net Pension Liability	\$ <u>3,974,694</u>

For the measurement period ended December 31, 2024 (the measurement date), total pension liability was determined by rolling forward the December 31, 2023 (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.

Notes to the Schedule of Allocated Pension Amounts by Employer As of and For the Year Ended December 31, 2024

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The December 31, 2024 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 10.25% 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, 2024, 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, 2024 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, 2024.

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.

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, 2024

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Discount Rate (Continued)

The 7.00% investment return assumption used in the actuarial valuation for funding is net of administrative expenses. Administrative expenses are assumed to be 14 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, 2024.

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, 2023 (the beginning of the measurement period ending December 31, 2024) which is 5.31 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.

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, 2024, the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2024, the OCERS' GASB Statement No. 68 Actuarial Valuation Based on the December 31, 2024, Measurement Date for Employer Reporting as of June 30, 2025, and the Unfunded Actuarial Liability and Associated Amortization Schedules as of the December 31, 2023 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 9, 2025

TO: Members of the Audit Committee

FROM: Philip Lam, Director of Internal Audit

SUBJECT: INTERNAL AUDIT DEPARTMENT UPDATE

Background/Discussion

Mark Adviento, Senior Internal Auditor, has accepted the position of Director of Member Services and has transitioned into his new role on May 30, 2025.

The process to backfill the vacant position has started.

Submitted by:



PL - Approved

Philip Lam
Director of Internal Audit



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee

FROM: Manuel D. Serpa, General Counsel

SUBJECT: UPDATE ON THE OCERS COMPLIANCE PROGRAM

Background

The Chief Compliance Officer (CCO) presented a report on the status of the OCERS Compliance Program at its December 2024 meeting. Since then, the CCO has resigned from his position, effective May 8, 2025, for personal reasons following a three-month leave of absence. Staffing for the Compliance Department is currently under consideration. The Legal Division has continued with compliance activities, as summarized below.

General compliance risks continue to be managed by frontline staff and management in coordination with the Legal Division. Any questions that arise are forwarded by staff to Legal for evaluation, and if necessary, the response is documented for future reference. We are also progressing with the formalization and standardization of procedures for each department as part of our Master Repository Project. The Legal Division reviews all procedures before they are finalized to identify any legal issues that may need attention. After all initial procedure documents are completed, the plan is to transfer the responsibility for maintaining the Master Repository to Compliance. A Procedure Lifecycle Management document has been drafted to outline this process (attached).

Before his departure, the CCO sent an email to all staff that included the following reminder of compliance resources:

- Dedicated Compliance Email: <u>Compliance@ocers.org</u> A resource that provides direct access to Compliance for reporting concerns, asking questions, offering input, or sharing anything you would like Compliance to be aware of.
- Ethics and Fraud Hotline: A confidential channel for raising concerns or asking questions. Ethics
 and Fraud Hotline posters (<u>Ethics and Fraud Hotline Poster</u>) are displayed in each break room.
 Also, "Click to Report" links in the email signatures of Human Resources, Legal, and Internal
 Audit provide direct access to the EthicsPointe reporting site.
- Ethical Decision-Making Tree Guide: A tool to help navigate ethical decisions with clarity.
 Informational posters are displayed in each break room (<u>Ethical Decision-Making Guide</u>).
- Ongoing Guidance and Escalation: Supervisors, Legal, Human Resources, and Information Security: Trusted partners who are available to support and guide you.

Compliance Program Elements

Risk Assessment

Risk assessments strive to identify existing compliance controls and risk mitigation efforts in place, enable risk prioritization, assist departments in clarifying compliance roles and responsibilities, ensure consistent risk management across OCERS, and to provide early detection of compliance and ethics threats.

The CCO completed an initial risk and control environment assessment of the Human Resources department at the end of last year. No major gaps in the HR control environment were identified and recommendations were discussed with HR. A risk and control assessment of the Information Security department was in process at the time of his departure. This assessment will be completed once Compliance staff is added. The tentative schedule for risk assessments is to then analyze these departments:

- Communications
- o Disability
- o Investments

We plan to use the HR Risk Assessment as a draft exemplar for future compliance staff to update and build on to further document baseline controls.

Training and Awareness

Compliance is committed to organizing ongoing awareness activities that educate and empower employees to identify risks, ask questions, and report concerns without hesitation or fear of retaliation.

The schedule for compliance awareness activities for 2025 is as follows:

- January 13th National Clean Off Your Desk Day
 - Reminding staff to tidy up their workspace to reduce the risk of accidental exposure of sensitive information, misplaced documents, or security breaches.
- January 28th International Data Privacy Day
 - Encouraging staff to review how they protect and manage sensitive information in-person and electronically.
- February 10th National Clean Out Your Computer Day
 - Encouraging staff to declutter their digital space, protect sensitive information, and review the Records Management Policy as we start the new year.
- May 1st World Password Day
 - o Informing staff about the importance of strong passwords and best practices.
- June 30th Social Media Day (in partnership with Communications) on the responsible use of social
- July 30th National Whistleblower Appreciation Day (in partnership with HR)
 - 7 Myths about speaking up video and what happens when you contact the helpline infographic poster.
- August OCERS Clean Desk Awareness Month
- September 15th National Online Learning Day (in partnership with LOD)
 - Overdue training reminder infographic.
- October National Cybersecurity Month
 - o Compliance will coordinate with Information Security's activities to avoid repetitive messaging.
- November 2-8 Corporate Compliance & Ethics Week
- December Compliance will send a year-end email summarizing key points from the 2025 compliance awareness campaigns.

In addition, the Legal Division recently emailed to all staff a "Quiet Period Policy Guidelines" document (attached) to remind the team of the requirements of the Quiet Period Policy and to provide advice on compliance.

Ethics and Fraud Hotline

The Ethics and Fraud Hotline remains active, and all reports are forwarded to members of the Legal Division. The Ethics and Fraud Hotline is a vital risk governance tool, offering a confidential and secure way for employees, vendors, members, and the public to report suspected fraud, waste, or abuse. To ensure objectivity, all reports are handled by NAVEX, an independent third-party provider. Trained NAVEX specialists manage the 24-hour hotline, asking relevant questions and collecting key information. Reporters may remain anonymous and are given a code number to receive updates or respond to follow-up questions. Calls are not recorded, and there is no caller ID or automatic callback. Reports can also be submitted anonymously online. All submissions are treated as allegations until investigations are complete.

Observations Management Program

Compliance's role in observation management is on hold until staffing issues are addressed. Compliance will work with department personnel to complete MAPs and assist with documenting corrective actions necessary for resolution. "Observations" are Internal Audit findings of department practices inconsistent with established procedures or that result from undocumented procedures and undefined practices. Management Action Plans (MAPs) drafted by Internal Audit outline remediation action plans and target completion dates. MAP information is included in the MAP Status and Aging Reports to provide progress updates to Executive management and the Audit Committee.

Control Monitoring

Compliance control monitoring is an element of OCERS' risk governance, ensuring adherence to the County Employees Retirement Law of 1937 (CERL), other applicable laws and regulations, and OCERS policies and procedures. It will help departments identify and address current and emerging compliance issues before they escalate. This program is not an audit or investigation but a continuous review process to ensure controls function as intended and mitigate risk effectively. Formal control monitoring will also only be effective once baseline risk assessments have been performed for each department and the Compliance department is staffed to oversee monitoring functions.

Compliance Reporting

Based on the monitoring of established controls, a long-term goal of the Compliance Program is to develop a control monitoring program database and dashboard that can generate compliance reports. A program document for the compliance reporting element must be drafted.

Operational Risk Management Program

Responsibility for the Operational Risk Management Program was previously transferred from Operational Support Services to Compliance. Legal Staff Analyst, Bill Singleton, handles this risk management database and continues to contact every department on at least a biannual basis to update the database with the status of identified risks and mitigation efforts.

Attachments

Quiet Period Policy Guidelines

What Is the Quiet Period?

The Quiet Period Policy establishes guidelines for OCERS Board Members and staff when communicating with financially interested parties during the process of awarding any contract by OCERS. During the "quiet period," OCERS Board Members and staff are prohibited from knowingly communicating with any party financially interested in a pending solicitation regarding the contract, the services to be provided under the contract, or OCERS' selection process.

"Financially interested party" includes any person or firm that may reasonably be expected to submit a bid or proposal in response to a solicitation.

The Quiet Period Policy can be found here:

Quiet Period Policy

Purpose

The purpose of a Quiet Period is to:

- Ensure a fair and transparent process for all bidders.
- Ensure communications related to the contracting process are accurate.
- Avoid any appearance of favoritism or impropriety.
- Protect the agency from potential protests, delays, or legal challenges.

How long does it last?

The "Quiet Period" begins with the release of a solicitation (such as a Request for Proposal, "RFP") for a contract with OCERS. It ends upon execution of the contract or the cancellation of the procurement.

Exceptions

The Quiet Period does not apply to communications that are:

- 1. part of the process expressly described in the solicitation;
- 2. part of a noticed Board meeting;
- related to services currently provided by the candidate under an existing contract with OCERS;
- 4. incidental, exclusively social, and do not involve OCERS or its business; or
- 5. within the scope of the Board or staff member's private business or public office, wholly unrelated to OCERS, and that do not involve OCERS or its business.

Quiet Period Compliance: Best Practices

Know the Rules and the Status of Procurements

Read the Quiet Period Policy. Forward questions to Compliance@ocers.org.

OCERS Contract Administrator Jim Doezie sends an email to all staff identifying current procurements subject to the Quiet Period Policy. Contact him directly if you have a question about the status of a procurement or its participants.

Restrict Communications

Do not communicate with any vendor or potential bidder about the current RFP. All vendor inquiries must be directed to the Contract Administrator or the designated Contact Person identified in the RFP.

Avoid Informal Contact

It is best to avoid engaging in informal discussions or meetings with vendors responding to an RFP, even in unrelated settings such as conferences. If interaction is unavoidable, avoid private conversations; keep them general and refrain from any reference to procurement activities. Do not accept meals, gifts, or attend hospitality events hosted by the vendor during the quiet period.

Email or Social Media Contact

Q: Can I respond to a vendor's email or LinkedIn message during the quiet period?

A: Avoid responding. Forward the message to the Contract Administrator and let them respond through official channels. If you must respond, you could reply: *Thank you for your message. Due to OCERS' Quiet Period Policy, I am unable to discuss any matters related to current solicitations. Please direct all inquiries to our Contracts Administrator at jdoezie@ocers.org.*

Communication During Quiet Period About Potential Procurements

Q: Can I communicate with a vendor who is responding to an RFP about a potential service or product unrelated to the RFP?

A: Yes, but proceed with caution and inform the executive responsible for the existing solicitation and the Contract Administrator prior to any such communications.

The safest option is to avoid all forms of communication, regardless of the topic. However, some procurement processes can be lengthy, and some vendors may offer a variety of services unrelated to the RFP. Thus, a complete ban on communication could be unnecessarily disruptive and inefficient.

Communications about a potential service or product unrelated to the RFP are subject to the following restrictions:

- Only communicate in writing to ensure there is a record documenting the content of the communications.
- There can be no overlap in subject matter with that of the solicitation subject to the Quiet Period.
- Keep communications professional and remind the vendor of the Quiet Period restrictions on the content of the discussion if necessary.

Site Visits or Vendor Demonstrations

Q: Can vendors visit our facilities or give demos during the quiet period?

A: Only if such visits are explicitly outlined in the RFP process and all bidders are given equal opportunity. These activities must be scheduled, documented, and overseen by the Contract Administrator.

Questions

Violations of the Quiet Period Policy may result in the disqualification of vendors or disciplinary action for employees. Please contact the Compliance department at Compliance@ocers.org if you have any questions.

Procedure Lifecycle Management Program

Introduction

1. Purpose

The Procedure Lifecycle Management Program ("Program") establishes a standardized process for creating, revising, and updating OCERS procedures. The Program ensures that all procedures are subjected to a thorough review and approval process. It also promotes continuous improvement and clarity throughout each phase of the document lifecycle, ensuring proper governance, accountability, and consistency. The Program defines a structured approach to procedure management, including the proposal, review, approval, implementation, and periodic update stages. The goal is to maintain procedures that are accurate, relevant, effective, and compliant with legal and regulatory requirements.

2. Scope

The Program applies to all procedures developed or updated by departments, including operational procedures and any documents that define task execution within OCERS.

3. Procedure Lifecycle Management Overview

Procedure Lifecycle Management consists of the following stages:

- I. Initiation
- II. Review and Development
- III. Approval
- IV. Implementation and Communication
- V. Training and Support
- VI. Periodic Review
- VII. Archiving and Retirement

Roles and Responsibilities

4. Compliance and Legal

Lifecycle Initiation Oversight: Monitor and ensure that procedures submitted comply with legal, regulatory, and organizational requirements throughout their lifecycle.

Review Procedures: Ensure all new or revised procedures align with compliance standards before approval.

Ensure Legal and Policy Compliance: Assess each procedure to ensure adherence to internal policies and legal obligations.

5. Executive Management / Subject Matter Experts / Designated Approvers

Executive Management will designate Subject Matter Experts (SMEs) to draft, review, and revise their department's procedures and identify the team members authorized to approve the final versions of those procedures.

Executive Management, SMEs, and designated approvers will:

- Provide Input and Feedback: Offer operational insights and feedback to ensure procedures are applicable and practical for day-to-day operations.
- Ensure Relevance and Applicability: Verify that procedures are aligned with organizational goals and regulatory requirements.
- Draft and Review Procedures: Draft procedures and review final drafts to confirm they meet operational and compliance standards.

6. Employees

Adherence: Ensure understanding and adherence to approved procedures in daily performance of tasks and responsibilities.

Feedback: Provide feedback on the clarity and effectiveness of procedures in relation to actual workflow and the need for updates.

Lifecycle Stages

Initiation

7. Once Executive Management has identified the need for a new or revised procedure (e.g., due to regulatory requirements, operational gaps, new processes, or risk mitigation), the procedure lifecycle begins with submitting a request for review to Compliance. Procedures may also require updates based on lessons learned from incidents or operational challenges.

Submission: Executive Management or designated employees submit a request using the Procedure Request Form, which includes:

- Description of the proposed procedure creation or revision.
- Change justification.
- Stakeholders or impacted departments.
- Specific objectives or desired outcomes.
- Proposed timeline for completion.

Initial Review: Compliance reviews the request for relevance, scope, and potential impact.

Approved Requests: Once Compliance approves, Executive Management will assign an SME to draft the new or revised procedure, and Compliance will create a schedule for completion.

Rejected Requests: If a request is denied, the submitter is notified and may revise and resubmit the request.

Review and Development

- 8. Drafting: The assigned SME creates a procedure draft, ensuring it:
 - Contains clear objectives and scope.
 - Includes accurate, step-by-step instructions.
 - Complies with applicable laws, regulations, and standards.
 - Utilizes the existing procedure templates.
 - Aligns with OCERS' existing procedures, terminology, and format.

Initial Submitter Feedback: The draft procedure is circulated for feedback from relevant stakeholders as determined by Executive Management.

Revision: The SME incorporates feedback into the draft procedure before seeking final approval from Executive Management and Compliance.

Approval

- 9. Once finalized, the procedure enters the approval phase, which consists of the following:
 - Formal Review: The SME(s) and designated approvers conduct a final review of the procedure to ensure clarity, accuracy, and conformance to formatting standards.
 - Approval Sign-Off: The procedure is submitted to Compliance for review and approval.
 Compliance will obtain Legal review of the procedure as needed. Executive Management or designated approvers will then review for final approval and implementation.
 - Version Control: A documented history of procedure changes will be maintained in SharePoint, and each procedure will include a version number and date of last approval.
 - Documentation of Approval: Compliance will record approval in SharePoint.

Implementation and Communication

10. Once approved, the procedure is implemented across relevant departments, and stakeholders are notified about the change.

Communication Plan: Executive Management develops a plan to notify stakeholders, which may include announcements in departmental meetings and procedure-related training sessions.

Document Distribution: The approved procedure is shared through upload to a centralized document management system, in addition to distribution via email or other internal communication channels.

Procedure Integration: Executive Management ensures the procedure is integrated into daily operations, adjusting workflows where necessary.

Training and Support

- 11. Training and ongoing support are essential to ensure employees understand and follow the procedure. Executive Management will facilitate the following training measures, as needed:
 - Training Sessions: In-person sessions, virtual workshops, or e-learning for relevant staff.
 - Support Materials: Includes documentation such as user guides, cheat sheets, FAQs, and troubleshooting resources are made available to assist staff.

SME Point of Contact: A dedicated support team or SME to serve as a point of contact for questions and issues related to the procedure.

Periodic Review

12. Procedures are periodically reviewed to remain relevant, accurate, and compliant with evolving regulations and organizational needs.

Scheduled Reviews: Procedures will undergo an annual review by designated SMEs to determine if revisions are needed or if they are obsolete.

The annual review will include the following elements:

- Content Accuracy: Verify that all information is accurate, complete, and relevant.
- Clarity and Usability: Ensure the procedure is clear, concise, and user-friendly, avoiding jargon or ambiguity.
- Compliance Check: Confirm alignment with applicable regulations and standards.
- Relevance Assessment: Determine if the procedure is still needed or should be merged, modified, or retired.

Revision Process: If changes are necessary, the procedure enters the Initiation stage for review and update.

Archiving and Retirement

13. Obsolete or outdated procedures are archived to maintain an up-to-date, streamlined set of organizational procedures.

Archiving: Retired procedures are stored securely in the document management system, with clear labeling indicating their inactive status. The retirement date and reason for removal are documented for historical and compliance purposes.

Retirement: Procedures determined to be outdated or obsolete are retired following a formal review by Executive Management in consultation with Compliance.



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee

FROM: Manuel D. Serpa, General Counsel

SUBJECT: FORM 700 COMPLIANCE UPDATE

Background

At the Board's direction, the Legal Division, supported by the Chief Investment Officer, has implemented a Standard Operating Procedure to annually review the "Statement of Economic Interests" (Form 700) submitted by all Board members, staff, and consultants who are required to file under the Conflict of Interest Code.

The Standard Operating Procedure requires the reviewers to review all filed Form 700, identify any potential or actual conflicts of interest, and document any potential or actual conflicts of interest that have been identified.

Either the OCERS General Counsel or the OCERS Staff Attorney, under the direction of the General Counsel, reviews the Form 700s for the Legal Division. The reviewers from the Legal division review the Form 700s to compare the financial interest on each Form 700 against a list of OCERS contracts, a list of all bidders/proposers on any pending procurements, and OCERS' internal list of restricted securities

The CIO or Director of Investments, under the direction of the CIO, reviews the Form 700s for the Investments department. The reviewers from the Investments department compare the financial interest on each Form 700 to the restricted securities list.

The Audit Committee has requested a Form 700 compliance report following the Form 700 filing deadline. This report serves as the compliance update for the 2024 calendar year. The California Fair Political Practices Commission set April 1, 2025, as the deadline to submit Form 700s for the 2024 calendar year.

Discussion

The Legal Division and the Investments Team reviewed the Form 700 filings in accordance with the Standard Operating Procedure, and no conflicts of interest were identified. All Form 700s due on April 1, 2025, have been filed.

Submitted by:



MDS-Approved

Manuel D. Serpa General Counsel



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee FROM: Philip Lam, 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 of the MAPs.

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 are 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.

Submitted by:



Philip Lam **Director of Internal Audit**



Management Action Plan Status Report

ACTION REQUIRED

Project(s): Mgmt. Status:

ALL

OPEN, CLOSED - NO FURTHER

Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."

REPORTING FOR: 2018, 2019, 2020, 2021, 2022, 2023, 2024, ARCHIVED	OPEN	Closed - No Further Action Required (YTD)	Closed - No Further Action Required (Prior Years)	Total
Process Owner				
EMPLOYER	2	0	28	30
EXECUTIVE	0	0	8	8
FINANCE	1	1	3	5
HUMAN RESOURCES	0	1	4	5
INFORMATION SECURITY	1	2	16	19
INFORMATION TECHNOLOGY	0	0	15	15
INVESTMENTS	0	0	4	4
MEMBER SERVICES	0	0	40	40
Total Count:	4	4	118	126

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 1 of 46



Management Action Plan Status Report

ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

OPEN, Process Owner(s): ALL CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence."

Project: 89 - 2433- OCERS Employer Audit

PROCESS OWNER: EMPLOYER

Report Date: 12/12/2024

Total Observations: 1

OBSERVATION #2 - 2. THE OCERS DIRECT EMPLOYEE HANDBOOK CURRENTLY LACKS A SECTION DETAILING THE PREMIUM PAY ITEMS AVAILABLE TO OCERS DIRECT EMPLOYEES.

OPEN

On Schedule

Due Date: 12/31/2025

Action Plan: OCERS is set to review the OCERS Direct handbook in 2025.

This information will be included.

IA Follow-Up:

Project: 91 - 2432 - LAFCO employer audit

PROCESS OWNER: EMPLOYER

Report Date: 03/25/2025

Total Observations: 1

OBSERVATION #1 - LAFCO'S BOARD RESOLUTION DOCUMENTING THE USE OF AN EMPLOYER PAID PICKUP OF EMPLOYEE CONTRIBUTIONS CAN BE MORE ACCURATELY STATED.

OPEN

Due Date:

12/31/2025

On Schedule

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 2 of 46



CLOSED - NO FURTHER **ACTION REQUIRED**

Project(s): ALL Mgmt. Status:

OPEN,

Process Owner(s):

"We provide secure retirement and disability benefits with the highest standards of excellence.

Action Plan:

Since 2005, LAFCO has adopted a resolution annually establishing the employer/employee rates adopted by the OCERS Board and the employer paid pickups established by the County of Orange for LAFCO and special districts. Each year, the adopted and affirmed resolution, which reflects the employer paid pickup of .51 is provided to OCERS staff. The FY 2023-24 adopted revised resolution (CP 22-08R) was provided on 04/17/2023 and 08/09/2024.

The FY 2025-26 resolution includes language to further clarify and reaffirm the Commission's responsibility for the employer paid pickup for its Legacy employees. Additionally, LAFCO general counsel indicates that the Commission-adopted resolution represents OC LAFCO's approval and implementation of the employer paid pickup. Copies of emails further confirm the agreement facilitated by the County of Orange have also been provided to OCERS staff and County Auditor Controller's office.

Based on recent discussions with OCERS, the language included in the FY 2025-26 resolution can be further modified to clarify that the employer pickups comply with §31581.2 and §31581.1 towards the employee's contribution rate for legacy employees at the 2.7% @ 55 Plan.

Together, these documents represent formal documentation of the employer pickup rates.

Provided resolutions to OCERS annually upon Commission approval since 2005. Most recent resolution approved by the Commission was on November 13, 2024, and provided to OCERS on November 27, 2024.

The resolution for Fiscal Year 2026-27 is expected to be presented in November or December of 2025 to the Commission and will have the modified language to clarify any ambiguity.

IA Follow-Up:

Project: 92 - 2440 - Finance Retiree Payroll audit

PROCESS OWNER: FINANCE

03/25/2025 Report Date:

Total Observations: 1

OBSERVATION #2 - FINANCE DEPARTMENTAL DOCUMENTED PROCEDURES DO NOT INCLUDE A PERIODIC REVIEW OF EXCEL SPREADSHEETS USED IN RETIREE PAYROLL ACCOUNTING.

OPEN

Due Date:

09/30/2025

On Schedule

Action Plan:

Finance is currently in the process of updating procedures for monthly retiree payroll as part of the Master Repository Project. We will include a step in the procedure to formalize the annual review of the Excel spreadsheets used to record monthly retiree payroll activity, which is currently being done by the Finance Manager. (The annual review of 2025 monthly retiree payroll journa entry spreadsheets was completed on January 7, 2025, by the Finance Manager.)

IA Follow-Up:

83 - 2491 - CIS Controls Assessment Project:

PROCESS OWNER: INFORMATION SECURITY

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 3 of 46



Management Action Plan Status Report

ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence."

Report Date: 10/09/2024 Total Observations: 1 **OBSERVATION #6 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** OPEN On Schedule Due Date: Action Plan: Details Removed - Discussed in Closed Session IA Follow-Up:

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam

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

Page 4 of 46



ACTION REQUIRED

Project(s): Mgmt. Status: ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence.

Project: 22 - Audit of Orange County Superior Court Payroll Transmittal (2018)

PROCESS OWNER: EMPLOYER

Report Date: 11/08/2018

Total Observations: 1

Action Plan:

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

CLOSED

MAP Status Unassigned

Completion Date: 01/05/2022

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.

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: 63 - 2235 - The Toll Roads Employer Audit

PROCESS OWNER: EMPLOYER

Report Date: 02/14/2023

Total Observations: 4

OBSERVATION #1 - 1. FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.

CLOSED

MAP Status Unassigned

Completion Date: 03/22/2023

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.

OBSERVATION #2 - FOR TWO MEMBERS IN OUR TEST SAMPLE, THE EMPLOYER INCORRECTLY REPORTED THE PAYROLL INFORMATION TO THE OCERS PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Completion Date: 05/02/2023

MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

Action Plan:

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

Page 5 of 46



Management Action Plan Status Report

CLOSED - NO FURTHER

ACTION REQUIRED

Project(s): OPEN. Mgmt. Status:

ALL

Process Owner(s):

"We provide secure retirement and disability benefits

with the highest standards of excellence.

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.

CLOSED

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.

OBSERVATION #4 - TWO PROCESS AND REVIEW CONTROLS RELATED TO MEMBER ELIGIBILITY AND PREMIUM PAY ARE NOT FORMALLY DOCUMENTED.

CLOSED

Completion Date:

06/18/2024

On Schedule

Action Plan:

- 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 and Employee Handbook was updated with Car Allowance documentation

Project:

64 - 2331 - Children and Families Commission

PROCESS OWNER: EMPLOYER

Report Date:

04/05/2023

Total Observations: 3

OBSERVATION #1 - FOUR MEMBERS PREVIOUSLY SEPARATED FROM CFCOC WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

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:

5/29/2025 5:24:23 PM

Executed By: OCERS\plam

On Schedule to complete MAP

Missed Due Date (1st Time), planned to complete by Revised Due Date

Doc. No. 0080-0120-R0001

Missed Due Date (2nd Time) since latest Revised Due Date

Page 6 of 46



Project(s):

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence."

IA Follow-Up:	IA confirmed the status was updated for the four members.	
DBSERVATION #2 - ONI NFORMATION.	E MEMBER DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH MISSING	CLOSED
Completion Date:	08/01/2023	MAP Status Unassig
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 CFCOC Director of Finance before being submitted to OCERS.	form will be performed
	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.	
DBSERVATION #3 - THE CONTRACTORS.	ERE ARE NO FORMAL INTERNAL GUIDELINES HELPING TO MONITOR INDEPENDENT CONTRACTORS FOR COMPLIANCE WITH IRS REGULATIONS DEFINING INDEPENDENT	CLOSED
Completion Date:	05/04/2023	MAP Status Unassig
Action Plan:	CFCOC staff will work with Commission Counsel and develop internal guidelines.	
IA Follow-Up:	IA confirmed internal guidelines were developed.	
Project:	65 - 2332 - OC Superior Court	
PROCESS OWNER:	EMPLOYER	
Report Date:	04/05/2023	
Total Observations	: 2	
DBSERVATION #1 - THII	RTEEN MEMBERS PREVIOUSLY SEPARATED FROM SUPERIOR COURT WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).	CLOSED
Completion Date:	08/01/2023	MAP Status Unassig
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.	
DCCDVATION #2 2 T	WO MEMBERS DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH EITHER MISSING	CLOSED
NFORMATION #2 - 2. I	AN OUTDATED FORM.	
	On Schedule to complete MAP	Doc. No. 0080-0120-I



Management Action Plan Status Report

Project(s): ALL Mgmt. Status:

OPEN,

Process Owner(s): CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence.

ACTION REQUIRED **Completion Date:** 04/17/2023 **MAP Status Unassigned Action Plan:** The Court will complete the following: • 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 • 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 Confirmed the necessary information was provided to OCERS IA Follow-Up:

73 - 2333 - Audit of OCFA employer audit Project:

PROCESS OWNER: EMPLOYER

Report Date: 10/11/2023

Total Observations: 3

OBSERVATION #1 - FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.

CLOSED

Completion Date: 09/14/2023 **MAP Status Unassigned**

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. Action Plan:

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.

CLOSED

MAP Status Unassigned Completion Date: 09/12/2023

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 8 of 46



Management Action Plan Status Report

CLOSED - NO FURTHER

ACTION REQUIRED

Project(s): Mgmt. Status: OPEN,

ALL

Process Owner(s):

"We provide secure retirement and disability benefits

with the highest standards of excellence.

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:

Action Plan:

OCFA noted the Assistant Chief of Human Resources has signed the PAF.

OBSERVATION #3 - MEMBERSHIP ELIGIBILITY REVIEW OCCURS BUT IS NOT FORMALLY DOCUMENTED.

CLOSED

Completion Date: 01/11/2024

On Schedule

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

PROCESS OWNER: EMPLOYER

Report Date: 10/11/2023

Total Observations: 4

OBSERVATION #1 - IHSS PA IS INCORRECTLY ADDING NON-PENSIONABLE OVERTIME PAY TO PENSIONABLE SALARY IN ITS BI-WEEKLY PAYROLL TRANSMITTAL FILES.

CLOSED

On Schedule

Completion Date: 01/10/2024

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.

IA Follow-Up: IHSS provided support for the implementation of a new pay item.

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.

CLOSED

Completion Date:

Action Plan:

07/29/2024

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 Public Authority provided the refund transmittals

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 9 of 46



Project(s):

ALL OPEN,

CLOSED - NO FURTHER

Process Owner(s): ALL

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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 schemat	tics.
IA Follow-Up:	IHSS PA updated the Salary Adjustment Authorization form	
OBSERVATION #4 - FOI WITNESS SIGNATURE.	R NINE MEMBERS IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE OR MISSING A	CLOSED
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 OCERS. IHSS PA will develop a process to confirm the forms are completed when onboarding a new employee.	should be sent to
IA Follow-Up:	IHSS PA provided updated Member Affidavit forms and updated their process.	
Project:	84 - 2338 - OC Transportation Auth	
DDACECC AWAIED.	. FMDLOVED	
PROCESS OWNER:		
	: EMPLOYER 06/06/2024	
PROCESS OWNER: Report Date: Total Observation	06/06/2024	
Report Date: Total Observation DBSERVATION #1 - IN	06/06/2024	CLOSED
Report Date: Total Observation DBSERVATION #1 - IN	06/06/2024 s: 2	CLOSED On Schedule
Report Date: Total Observation DBSERVATION #1 - IN TPAY).	06/06/2024 s: 2 THREE OF OUR 60 SAMPLE TRANSACTIONS, OCTA OVER-COLLECTED CONTRIBUTIONS ON A NON-PENSIONABLE PAY ITEM (E.G., VAN PAY, OR VAN POOL INCENTIVE	On Schedule
Report Date: Total Observation DBSERVATION #1 - IN TOTAL PAY). Completion Date:	06/06/2024 s: 2 THREE OF OUR 60 SAMPLE TRANSACTIONS, OCTA OVER-COLLECTED CONTRIBUTIONS ON A NON-PENSIONABLE PAY ITEM (E.G., VAN PAY, OR VAN POOL INCENTIVE 07/11/2024 Information on over-collected amounts will be gathered and provided to OCTA from OCERS by mid-May. OCERS will handle refunds to retirees, deceased, terminated, and	On Schedule
Report Date: Total Observation DBSERVATION #1 - IN TOTAL PAY). Completion Date: Action Plan: IA Follow-Up: DBSERVATION #2 - OC	06/06/2024 SE: 2 THREE OF OUR 60 SAMPLE TRANSACTIONS, OCTA OVER-COLLECTED CONTRIBUTIONS ON A NON-PENSIONABLE PAY ITEM (E.G., VAN PAY, OR VAN POOL INCENTIVE 07/11/2024 Information on over-collected amounts will be gathered and provided to OCTA from OCERS by mid-May. OCERS will handle refunds to retirees, deceased, terminated, and information has been received from OCERS on amounts due to active OCTA employees, OCTA staff will process refunds within one month.	On Schedule
Report Date: Total Observation DBSERVATION #1 - IN TOTAL PAY). Completion Date: Action Plan: IA Follow-Up: DBSERVATION #2 - OC	06/06/2024 SE: 2 THREE OF OUR 60 SAMPLE TRANSACTIONS, OCTA OVER-COLLECTED CONTRIBUTIONS ON A NON-PENSIONABLE PAY ITEM (E.G., VAN PAY, OR VAN POOL INCENTIVE 07/11/2024 Information on over-collected amounts will be gathered and provided to OCTA from OCERS by mid-May. OCERS will handle refunds to retirees, deceased, terminated, and information has been received from OCERS on amounts due to active OCTA employees, OCTA staff will process refunds within one month. OCTA processed refunds to active OCTA employees. TA DOES NOT DETERMINE HOURS WORKED BY EXTRA-HELP AND REHIRED RETIREES BASED ON A FISCAL YEAR OR CALENDAR YEAR IN ACCORDANCE WITH OCERS	On Schedule d deferred retirees. On



CLOSED - NO FURTHER **ACTION REQUIRED**

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s):

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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.

IA Follow-Up:

IA obtained updated Extra Help report and item is closed.

Project: 85 - 2431 - OC Public Law Library

PROCESS OWNER: EMPLOYER

10/09/2024 Report Date:

Total Observations: 1

OBSERVATION #1 - 1. FOR ONE MEMBER IN OUR TEST SAMPLE, THERE WAS A LACK OF SEPARATION OF DUTIES FOR TIMECARD APPROVAL.

CLOSED

On Schedule

Completion Date:

Action Plan:

Administrative Assistant Kelsey Chrisley will be added to the list of OCPLL staff with approval authority. She will review and approve a manager's timecard when no other manager is present.

IA Follow-Up:

Project: 90 - 2430 - HCA employer audit

PROCESS OWNER: EMPLOYER

Report Date: 12/12/2024

Total Observations: 5

OBSERVATION #1 - 1. RETROACTIVE PAY REPORTED FOR TWO EMPLOYEES WAS INCORRECT.

CLOSED

Completion Date:

09/12/2024

On Schedule

Action Plan:

Both members whose retroactive pay was reported incorrectly have been corrected with the CAPS+ system and will be reflected in payroll transmittal adjustment files to be sent to OCERS.

IA Follow-Up: IA verified as closed during the course of the audit.

OBSERVATION #2 - 2. INTERNAL AUDIT IDENTIFIED 125 HCA MEMBERS WITH INCORRECT STATUS IN OCERS PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 11 of 46



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

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Completion Date:	08/01/2024	On Schedule
Action Plan:	HCA has provided the requested documents to OCERS Member Services for the 112 members.	
	OCERS has updated the PAS with the correct member status for the 13 active members.	
IA Follow-Up:	IA verified corrected status for all 125 members in the PAS.	
OBSERVATION #3 - 3. HELP EMPLOYEES.	HCA HR DOES NOT USE EXTRA HELP POSITION REQUEST FORMS FOR CONTRACT EXTRA HELP EMPLOYEES, AS IT CONSISTENTLY DOES WITH NON-CONTRACT EXTRA	CLOSED
Completion Date:	11/06/2024	On Schedule
Action Plan:	The suggestion to amend the request form will be made to HCA leadership. The amendment would indicate that the employee has professional or highly technical skills Membership Eligibility Requirements policy).	(as per 5.c.i. of the OCERS
IA Follow-Up:	IA verified that the request was made.	
	FOR 5 OF 10 EXTRA HELP EMPLOYEES SAMPLED, TOTAL HOURS REPORTED BY APPROVED TIMECARDS DID NOT MATCH THE TOTAL HOURS REPORTED ON THE HCA ES HOURS WORKED REPORT.	CLOSED
Completion Date:	12/18/2024	On Schedule
Action Plan:	For the five employees whose timecard hours do not match the reports, the differences were caused by missing data in our reporting system due to an archive error. The corrected by IT.	is error is currently being
	••···•••••••••••••••••••••••••••••••••	
IA Follow-Up:	IA obtained documentation that the items is being addressed with HCA's IT Department.	
OBSERVATION #5 - 5. WHO HAVE BEEN HIRE	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF	CLOSED
OBSERVATION #5 - 5.	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF ED AS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024	On Schedule
OBSERVATION #5 - 5. WHO HAVE BEEN HIRE	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF	On Schedule
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OBSERVATION #5 - 5. WHO HAVE BEEN HIRE Completion Date:	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF ED AS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024 Reports only show active (current) extra help employees and do not include past or historical data, leading to the differences in employees reported on the Extra Help E reports. HRS Analytics also identified missing data in our reporting system due to an archive error. This error is currently being corrected by IT. Recommendations will be made for a future HR system to create reporting parameters to provide past or historical data to address the discrepancy. Also, a request has	On Schedule mployees Hours Worked
OBSERVATION #5 - 5. WHO HAVE BEEN HIRE Completion Date: Action Plan:	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF ED AS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024 Reports only show active (current) extra help employees and do not include past or historical data, leading to the differences in employees reported on the Extra Help E reports. HRS Analytics also identified missing data in our reporting system due to an archive error. This error is currently being corrected by IT. Recommendations will be made for a future HR system to create reporting parameters to provide past or historical data to address the discrepancy. Also, a request has Analytics to address the archiving error.	On Schedule mployees Hours Worked
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OBSERVATION #5 - 5. WHO HAVE BEEN HIRE Completion Date: Action Plan: IA Follow-Up:	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF DAS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024 Reports only show active (current) extra help employees and do not include past or historical data, leading to the differences in employees reported on the Extra Help E reports. HRS Analytics also identified missing data in our reporting system due to an archive error. This error is currently being corrected by IT. Recommendations will be made for a future HR system to create reporting parameters to provide past or historical data to address the discrepancy. Also, a request has Analytics to address the archiving error. IA veified that the request was made with upper management.	On Schedule mployees Hours Worked
OBSERVATION #5 - 5. WHO HAVE BEEN HIRE Completion Date: Action Plan: IA Follow-Up:	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF DAS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024 Reports only show active (current) extra help employees and do not include past or historical data, leading to the differences in employees reported on the Extra Help E reports. HRS Analytics also identified missing data in our reporting system due to an archive error. This error is currently being corrected by IT. Recommendations will be made for a future HR system to create reporting parameters to provide past or historical data to address the discrepancy. Also, a request has Analytics to address the archiving error. IA veified that the request was made with upper management.	On Schedule mployees Hours Worked
OBSERVATION #5 - 5. WHO HAVE BEEN HIRE Completion Date: Action Plan: IA Follow-Up: Project: PROCESS OWNER	IA obtained documentation that the items is being addressed with HCA's IT Department. THE EXTRA HELP EMPLOYEES HOURS WORKED REPORTS HCA USES FOR MONITORING HOURS WORKED BY EXTRA HELP DOES NOT REPORT HOURS WORKED BY STAFF ED AS REGULAR EMPLOYEES OR WERE SEPARATED. 10/18/2024 Reports only show active (current) extra help employees and do not include past or historical data, leading to the differences in employees reported on the Extra Help E reports. HRS Analytics also identified missing data in our reporting system due to an archive error. This error is currently being corrected by IT. Recommendations will be made for a future HR system to create reporting parameters to provide past or historical data to address the discrepancy. Also, a request has Analytics to address the archiving error. IA veified that the request was made with upper management. 91 - 2432 - LAFCO employer audit EMPLOYER	On Schedule mployees Hours Worked



Management Action Plan Status Report

CLOSED - NO FURTHER

ACTION REQUIRED

Project(s): ALL Mgmt. Status:

OPEN.

Process Owner(s): ALL "We provide secure retirement and disability benefits with the highest standards of excellence.

Report Date: 03/25/2025

Total Observations: 3

OBSERVATION #2 - EMPLOYEE CONTRIBUTION RATES COLLECTED BY LAFCO FOR ITS TWO LEGACY EMPLOYEES DIFFER FROM THE FULL EMPLOYEE RATES ADOPTED BY THE OCERS BOARD.

CLOSED

On Schedule

Completion Date:

Action Plan:

The employer paid pickup was established and is calculated by the County of Orange, not LAFCO. OC LAFCO implemented the established formulas and calculation as provided by the County. To fulfill OCERS observation involving the calculation, following discussions with LAFCO general counsel and accountant and with OCERS, staff presented a recommendation to the Commission that would facilitate keeping both employer paid pickups (§31581.1 and §31581.2) at the same calculation agreed upon with the County in 2005 and resolve the underpayment and overpayment through the portion paid by the active Legacy members. The newly adjusted calculation involves the following:

- -§31581.1 employer pick up = (1/2 x Plan B rate (average age rate)) x discount rate
- -§31581.2 employer pick up = ((1/2 x Plan B rate (entry age rate)

-Take the amounts calculated from the §31581.1, not inclusive of the discount, and §31581.2 and subtract them from the entire employee adopted rate to get the employee paid portion.

This calculation achieves contributions being paid through the employer pickups and by the employees in line with rates established by OCERS. The OCERS-recommended calculation falls slightly short of the established rates.

During discussions with OCERS, it was noted by OCERS staff that the OCERS Pension Administration System (PAS) was designed to flag differences between Board adopted contribution rates expected, and rates reported by the employers in their transmittal payroll data. However, the PAS, through modification by OCERS and prior to the audit of LAFCO, did not alert the differences in contributions.

The calculation adjustment limiting the employer paid pickups to .51 of the B Plan with the remaining portions paid by the Legacy employees (Reso No. CP 24-07) was adopted on November 13, 2024. The County Auditor Controller will implement the change.

IA Follow-Up:

IA confirmed with LAFCO that they will be working with County Auditor to make the change.

OBSERVATION #3 - RETROACTIVE PAY WAS INCORRECTLY CALCULATED FOR ONE EMPLOYEE, RESULTING IN AN OVERPAYMENT.

CLOSED

Completion Date:

12/12/2024

On Schedule

Action Plan:

To process retroactive pay, LAFCO staff submits a form to the Orange County Central Payroll department. The form includes the retroactive pay amount, pay periods for the retroactive pay, and the new pay rate for the employee. For the retroactive pay events, the Orange County Central Payroll department manually transfers the information included in the retroactive pay form to their system. LAFCO learned that there was an overpayment to the employee due to processing timing carried out by the County of Orange. The oversight resulted in an overlap between pay periods included in the form and when the new pay rate for the employee should take effect. The overpayment has been corrected and the County will send the corrected payroll transmittal. For future payroll processing involving retroactive pay or other salary adjustments, LAFCO will coordinate with County Payroll staff on deadlines for processing to avoid potential overpayments. LAFCO has notified the affected employee and completed the required paperwork from Payroll. Reimbursements of overpayments by the affected employee have been processed through County Payroll and deductions from the employee's pay.

IA Follow-Up:

IA verified that the overpaid pay item was corrected by the employer, the item is closed.

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam

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

Page 13 of 46



Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

ALL

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ACTION REQUIRED **OBSERVATION #4 - AN EMPLOYEE'S TIMECARD WAS MISSING SUPERVISOR APPROVAL.** CLOSED **Completion Date:** 09/01/2024 On Schedule **Action Plan:** Following a discussion with the Orange County Payroll department, confirmation was made that the time reported was processed correctly. There was no evidence or explanation for the missing approval on the timecard. The hours worked by the employee were also confirmed to be accurate and valid. For future payroll processing involving the approval of timesheets, the Commission Clerk will ensure that timesheets are approved by a supervisor prior to submitting the timesheet via OC Time. The Commission Clerk will follow up with the County immediately if reports indicate any errors or other unknown actions or comments. IA Follow-Up: IA verified with employer the new process put in place, the items is closed. Project: 60 - 2261 - Procurement Audit PROCESS OWNER: EXECUTIVE Report Date: 10/03/2022 Total Observations: 8 OBSERVATION #1 - OCERS DID NOT COMPLY WITH OCERS PROCUREMENT AND CONTRACTING POLICY (POLICY) REGARDING CONTRACTS AWARDED TO TWO DIFFERENT VENDORS. CLOSED **MAP Status Unassigned Completion Date:** 01/11/2024 A. Management will communicate with all Executives the requirements for issuing an RFP and will coordinate the RFP's per Policy requirements. **Action Plan:** 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 confirmed management developed the training, updated the Policy and retained documents in the CMS. IA Follow-Up: OBSERVATION #2 - THE DUE DILIGENCE WAS NOT CONSISTENTLY PERFORMED OR DOCUMENTED BY THE CONTRACT ADMINISTRATOR, AS PER OCERS BUSINESS PRACTICES, FOR THREE CLOSED **VENDORS IN OUR SAMPLE:** 01/30/2023 **MAP Status Unassigned** Completion Date: 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 Action Plan: contract is signed before due diligence is completed. IA Follow-Up: IA confirmed a new due diligence process was implemented. Additional samples were tested. CLOSED OBSERVATION #3 - AUTHORIZING SIGNATURES, AS REQUIRED BY THE POLICY, WERE NOT OBTAINED ON FIVE CONTRACTS WITHIN OUR SAMPLE. On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 14 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



Project(s):

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

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Completion Date:	04/20/2023	MAP Status Unassig	
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	for contracts are obtain	
	B. In an instance where the Procurement and Contracting Policy is not followed, Management will address these non-compliance issues through the Employee Evaluation as noted in the Employees Handbook.	on and Discipline practic	
IA Follow-Up:	IA confirmed the Policy was updated with the provision for the Contract Administrator to ensure signatures comply with signature requirements.		
DBSERVATION #4 - TH	E LEGAL DIVISION'S REVIEW WAS NOT OBTAINED FOR AN IT CONSULTANT'S CONTRACT AWARDED IN 2021. (CONTRACT VALUE OF \$126,000).	CLOSED	
Completion Date:	09/12/2022	MAP Status Unassig	
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		
	R TWO VENDORS IN OUR SAMPLE, THE CERTIFICATE OF INSURANCE (COI) PROVIDED BY THE VENDOR DID NOT MEET THE DOLLAR AMOUNT COVERAGE AS IN THE EXECUTED CONTRACT.	CLOSED	
Completion Date:	01/30/2023	MAP Status Unassig	
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.		
DBSERVATION #6 - PO	LICY IS ABSENT GUIDANCE OF WHEN A CONTRACT IS NEEDED AND HOW TO MONITOR ROUTINE ITEMS THAT DO NOT WARRANT A CONTRACT.	CLOSED	
Completion Date:	04/20/2023	MAP Status Unassig	
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 Contrappropriate.	racting Policy as deeme	
IA Follow-Up:	IA confirmed the Policy was updated to define when a written contract was required.		
	ON REVIEW OF OCERS' CONTRACT MANAGEMENT SYSTEM (CMS), WE NOTED DATA ENTRY ERRORS WITH SIX VENDORS IN OUR SAMPLE.	CLOSED	
DBSERVATION #7 - UP			
DBSERVATION #7 - UP Completion Date:	01/24/2023	MAP Status Unassig	
	01/24/2023 Management has approval to hire an additional Team Member in this department. Review procedures will be created and implemented at that time.	MAP Status Unassig	
Completion Date:	Management has approval to hire an additional Team Member in this department. Review procedures will be created and implemented at that time.	MAP Status Unassig	
Completion Date: Action Plan:		MAP Status Unassig	



Management Action Plan Status Report

ALL

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Project(s): Mgmt. Status: OPEN, Process Owner(s): CLOSED - NO FURTHER ACTION REQUIRED 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.

CLOSED

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.

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

44 - 1944 - Finance Benefits Audit Project:

PROCESS OWNER: FINANCE

01/13/2020 Report Date:

Total Observations: 1

OBSERVATION #2 - FINANCE DOES NOT SYSTEMATICALLY DELETE V3'S ACH FILES CONTAINING BENEFICIARIES' BANKING INFORMATION FROM LOCAL HARD DRIVES.

CLOSED

MAP Status Unassigned

Completion Date:

Action Plan:

03/14/2022

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.

Project:

79 - 2342 - Accounts Payable Audit

PROCESS OWNER: FINANCE

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 16 of 46



Management Action Plan Status Report

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

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ACTION REQUIRED Report Date: 03/28/2024 Total 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 CLOSED ACCRUAL. Completion Date: 05/14/2024 On Schedule **Action Plan:** 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. 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. 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. CLOSED **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. Project: 92 - 2440 - Finance Retiree Payroll audit PROCESS OWNER: FINANCE Report Date: 03/25/2025 Total Observations: 1 OBSERVATION #1 - FINANCE DEPARTMENT'S VERIFICATION OF THIRD-PARTY PAYROLL DEDUCTIONS COULD BE MORE STRUCTURED AND CLEARLY DOCUMENTED. CLOSED On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 17 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

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ACTION REQUIRED **Completion Date:** 03/21/2025 On Schedule **Action Plan:** Verifications are consistently performed to ensure the accuracy of information provided by employers and agencies. To strengthen controls, Finance implemented a standardized verification template for reviewing the Deductions and Adjustments import files. This template includes references to source information, a sign-off identifying the preparer of the verification, and notation that potential variances, if identified, were sent back to the employers and/or agencies for research. In the sample selected by Internal Audit, there was one instance noted where the verification was not included in the file. While the supporting documentation was obtained from the employer, the verification information was not included in the verification file due to a combination of employer staffing issues, multiple discrepancies with the file, and the imminent retiree payroll processing deadline. As a result, the verification details were saved in a separate file instead of on the template. This was an extenuating circumstance outside the standard process. Going forward, similar items and circumstances will be documented in the standard verification template referred to above to keep a consistent audit trail. IA Follow-Up: IA verified that the format was revised, the item is closed. Project: 71 - 2361 - HR audit of hiring practices PROCESS OWNER: HUMAN RESOURCES Report Date: 10/11/2023 Total Observations: 4 OBSERVATION #1 - HUMAN RESOURCES (HR) DOES NOT HAVE FORMAL PROCEDURAL DOCUMENTATION FOR THE HIRING AND RECRUITING PROCESS. CLOSED **Completion Date:** On Schedule **Action Plan:** The Human Resources department will develop procedures for the hiring and recruitment practices. IA Follow-Up: HR provided IA with documentation regarding the hiring and recruitment process. CLOSED OBSERVATION #2 - OCERS'S INTERNAL EMPLOYMENT OFFER WORKSHEET IS NOT FORMALLY DOCUMENTED WITH THE RATIONALE FOR HIRING A CANDIDATE. **Completion Date:** 09/21/2023 **MAP Status Unassigned** 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 Action Plan: 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. IA Follow-Up: Internal Audit confirmed the Employment Offer Worksheet was updated with the CEO acknowledgement. OBSERVATION #3 - OCERS IS USING THE STANDARD COUNTY BACKGROUND CHECK INSTEAD OF OCERS' MORE EXTENSIVE 3RD PARTY BACKGROUND CHECK FOR ALL NEW COUNTY CLOSED EMPLOYEES WHO WILL GAIN ACCESS TO CONFIDENTIAL MEMBER DATA WITHIN THE PENSION ADMINISTRATION SYSTEM (PAS). On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 18 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

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Completion Date:	09/20/2024	On Schedule	
Action Plan:	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:	IA has verified that the meeting will be held with County counsel and union representatives.		
OBSERVATION #4 - H	UMAN RESOURCES IS MAINTAINING TERMINATED EMPLOYEE PERSONNEL RECORDS BEYOND THAT ALLOWED PER OCERS BOARD RECORDS MANAGEMENT POLICY.	CLOSED	
Completion Date:	11/14/2024	On Schedule	
Action Plan:	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:	We viewed the revised retention policy from the November 1st Governance meeting, we noted the retention period was changed from 4 years to 7 years.		

Project: 89 - 2433- OCERS Employer Audit

PROCESS OWNER: HUMAN RESOURCES

Report Date: 12/12/2025

Total Observations: 1

OBSERVATION #1 - 1. IN ONE TEST SAMPLE, A PERSONNEL ACTION NOTICE (PAN) FORM WAS NOT COMPLETED TO DOCUMENT THE EMPLOYEE'S RETURN TO THEIR ORIGINAL POSITION AFTER A TEMPORARY PROMOTION ENDED.

CLOSED

On Schedule

Completion Date: 01/08/2025

The department will include in the payroll processing a process for using a PAN form to return employees to their regular pay. **Action Plan:**

IA Follow-Up: IA verified that PAN form is being used for return to work from temporary promotions.

Project: 33 - 2090 - Vulnerability and Patch Management

PROCESS OWNER: INFORMATION SECURITY

Report Date: 03/22/2021

Total Observations: 1

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 19 of 46



Project(s):

ALL

OPEN, CLOSED - NO FURTHER

Process Owner(s): ALL

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Completion Date:	08/07/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	Oil Schedule
IA Follow-Up:	Information Security provided the related policies	
Project:	76 - 2391 - Azure Active Directory and Microsoft 365 Security Assessment	
PROCESS OWNER:	INFORMATION SECURITY	
Report Date:	01/19/2024	
Total Observations	: 12	
DBSERVATION #101 - D	ETAILS REMOVED - DISCUSSED IN CLOSED SESSION	CLOSED
Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item complete	
OBSERVATION #102 - D	ETAILS REMOVED - DISCUSSED IN CLOSED SESSION	CLOSED
Completion Date:	12/30/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item comleted.	
DBSERVATION #103 - D	ETAILS REMOVED - DISCUSSED IN CLOSED SESSION	CLOSED
Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
	Item Complete	
IA Follow-Up:	Tem Complete	
	On Schedule to complete MAP	



Project(s):

ALL OPEN,

CLOSED - NO FURTHER

Process Owner(s): ALL

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Completion Date:	12/24/2024		On Schedule
Action Plan:	Details Removed - Discussed in Closed Session		
IA Follow-Up:	Item is closed.		
OBSERVATION #105 - [DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	04/01/2024		On Schedule
Action Plan:	Details Removed - Discussed in Closed Session		
IA Follow-Up:	Item completed.		
DBSERVATION #106 - I	DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
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		CLOSED
Completion Date:	03/13/2024		On Schedule
Action Plan:	Details Removed - Discussed in Closed Session		
IA Follow-Up:	Item complete		
OBSERVATION #202 - I	DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	05/13/2024		On Schedule
Action Plan:	Details Removed - Discussed in Closed Session		
IA Follow-Up:	Item completed		
OBSERVATION #203 - [DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
		On Schedule to complete MAP	
uted: 5/29/2025	5:24:23 PM	Missed Due Date (1st Time), planned to complete by Revised Due Date	Doc. No. 0080-0120-R0



Management Action Plan Status Report

Project(s): Mgmt. Status: ALL

OPEN,

Process Owner(s): CLOSED - NO FURTHER

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ACTION REQUIRED **Completion Date:** 05/13/2024 On Schedule **Action Plan:** Details Removed - Discussed in Closed Session IA Follow-Up: Item completed **OBSERVATION #301 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **Completion Date:** 12/29/2023 On Schedule **Action Plan:** Details Removed - Discussed in Closed Session IA Follow-Up: Item completed **OBSERVATION #302 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED On Schedule **Completion Date:** 12/29/2023 **Action Plan:** Details Removed - Discussed in Closed Session IA Follow-Up: Item closed **OBSERVATION #303 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **Completion Date:** 12/02/2024 On Schedule **Action Plan:** Details Removed - Discussed in Closed Session IA Follow-Up: Item completed Project: 83 - 2491 - CIS Controls Assessment PROCESS OWNER: INFORMATION SECURITY Report Date: 10/09/2024 Total Observations: 5 CLOSED **OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 22 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



Project(s):

ALL

OPEN, CLOSED - NO FURTHER

Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."

	ACTION REQUIRED	
Completion Date:	12/09/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item is closed.	
DBSERVATION #2 - DE	TAILS REMOVED - DISCUSSED IN CLOSED SESSION	CLOSED
Completion Date:	12/18/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item is closed.	
DBSERVATION #3 - DE	TAILS REMOVED - DISCUSSED IN CLOSED SESSION	CLOSED
Completion Date:	12/02/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item is closed.	
Completion Date:	TAILS REMOVED - DISCUSSED IN CLOSED SESSION 01/31/2025	CLOSED On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
Action Plan: IA Follow-Up:	Details Removed - Discussed in Closed Session Item is closed.	
IA Follow-Up:		CLOSED
IA Follow-Up:	Item is closed.	CLOSED On Schedule
IA Follow-Up: DBSERVATION #5 - DE	Item is closed. TAILS REMOVED - DISCUSSED IN CLOSED SESSION	
IA Follow-Up: DBSERVATION #5 - DE Completion Date:	Item is closed. TAILS REMOVED - DISCUSSED IN CLOSED SESSION 03/10/2025	
IA Follow-Up: DBSERVATION #5 - DE Completion Date: Action Plan:	Item is closed. TAILS REMOVED - DISCUSSED IN CLOSED SESSION 03/10/2025 Details Removed - Discussed in Closed Session	
IA Follow-Up: DBSERVATION #5 - DE Completion Date: Action Plan: IA Follow-Up:	Item is closed. TAILS REMOVED - DISCUSSED IN CLOSED SESSION 03/10/2025 Details Removed - Discussed in Closed Session Item is closed.	
IA Follow-Up: DBSERVATION #5 - DE Completion Date: Action Plan: IA Follow-Up: Project: PROCESS OWNER	Item is closed. TAILS REMOVED - DISCUSSED IN CLOSED SESSION 03/10/2025 Details Removed - Discussed in Closed Session Item is closed. 26 - Audit of Orange County Fire Authority (2018)	



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

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Report Date: 10/23/2018

Total 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.

CLOSED

On Schedule

Completion Date: 01/11/2024

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.

6 - 1901 - Finance Contributions audit Project:

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 05/16/2019

Total 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.**

CLOSED

On Schedule

Completion Date: 08/07/2024

> 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:

Action Plan:

- 1.Developed the Account Management and Access Control Policies.
- 2. Created an annual User Account review process and supporting documentation.
- 3. Established a means for staff to review data

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam

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

Page 24 of 46

ALL



Management Action Plan Status Report

ACTION REQUIRED

Project(s): All Mgmt. Status: Ol

ALL OPEN,

OPEN, Process Owner(s):
CLOSED - NO FURTHER

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Project: 36 - 1943 2019 BCDR Audit

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 10/17/2019

Total Observations: 2

OBSERVATION #3 - A FORMAL PROCESS INVOLVING CRITICAL OCERS STAKEHOLDERS IS NOT IN PLACE TO TEST THE RECOVERY OF DEPENDENT IT APPLICATIONS.

CLOSED On Schedule

Completion Date: 04/10/2024

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.

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.

CLOSED

Completion Date: 04/10/2024

On Schedule

Action Plan:

IA Follow-Up:

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: 39 - 1971-IT General Controls

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 06/04/2020

Total 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.

CLOSED

Completion Date: 01/13/2022

MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 25 of 46



ALL

"We provide secure retirement and disability benefits

Project(s): with the highest standards of excellence. Mgmt. Status: OPEN. Process Owner(s): CLOSED - NO FURTHER **ACTION REQUIRED**

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

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:

Action Plan:

New financial accounting system implementation was moved to 2021 with move to production in Jan 2022.

IA confirmed that the Intranet Portal has restricted adminstrative 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.

CLOSED

MAP Status Unassigned

Completion Date: 08/23/2023

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 #3 - OCERS DOES NOT MAINTAIN DATA FLOW DIAGRAMS OR OTHER DOCUMENTATION OF INFORMATION FLOW BOTH INTERNALLY AND TO EXTERNAL PARTIES.

CLOSED

On Schedule

Completion Date: 12/11/2024

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.

IA Follow-Up: IA obtained from IT data flow diagrams and other documentation to illustrate where sensitive data, such as SSNs, that reside and flow both within the PAS and to/from external parties.

Project: 42 - 2032 - Actuarial Extract Audit

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 10/13/2020

Total Observations: 6

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 26 of 46



Project(s): Mgmt. Status: ALL

OPEN, CLOSED - NO FURTHER ACTION REQUIRED

Process Owner(s): ALL

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Completion Date:	09/22/2021	MAP Status Unassigne
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 cleans	up.
IA Follow-Up:	Member status logic recoding is complete and deployment launched.	
	IT PROGRAMMING PERFORMS LOGICAL TESTING OF THE PROGRAMMING CODE BEHIND ITS ACTUARIAL EXTRACT VALIDATION PROCESS BUT DOES NOT KEEP ENTATION EVIDENCING THE TESTING.	CLOSED
Completion Date:	03/11/2021	MAP Status Unassigne
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	
DBSERVATION #3 - 3.	FORMAL DOCUMENTATION OF THE APPROVAL OF VALIDATION PROGRAMMING CODE CHANGES DOES NOT EXIST.	CLOSED
Completion Date:	03/11/2021	MAP Status Unassigne
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 within our system.	tracked and logged
IA Follow-Up:	IT Programming has formalized the code change validations process.	
DBSERVATION #4 - NU	IMERICAL THRESHOLDS UNDER WHICH FURTHER INVESTIGATION OF VALIDATION RESULTS ARE NO LONGER CONSIDERED NECESSARY ARE NOT FORMALLY DEFINED.	CLOSED
DBSERVATION #4 - NU	IMERICAL THRESHOLDS UNDER WHICH FURTHER INVESTIGATION OF VALIDATION RESULTS ARE NO LONGER CONSIDERED NECESSARY ARE NOT FORMALLY DEFINED.	
Completion Date:	01/11/2024	
Completion Date: Action Plan: IA Follow-Up:	01/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results.	
Completion Date: Action Plan: IA Follow-Up: DBSERVATION #6 - 6.	01/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results. IT has developed threshold recommendations and updated the related procedures.	MAP Status Unassign
Completion Date: Action Plan: IA Follow-Up:	01/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results. IT has developed threshold recommendations and updated the related procedures. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY.	CLOSED MAP Status Unassigner
Completion Date: Action Plan: IA Follow-Up: BSERVATION #6 - 6. Completion Date: Action Plan:	O1/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results. IT has developed threshold recommendations and updated the related procedures. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY. 03/11/2021 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	CLOSED MAP Status Unassigner
Completion Date: Action Plan: IA Follow-Up: DBSERVATION #6 - 6. Completion Date:	O1/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results. IT has developed threshold recommendations and updated the related procedures. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY. 03/11/2021 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 Actuary. Data cleanup process has been updated and data validation has occurred.	CLOSED MAP Status Unassigne
Completion Date: Action Plan: IA Follow-Up: DBSERVATION #6 - 6. Completion Date: Action Plan: IA Follow-Up:	01/11/2024 The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results. IT has developed threshold recommendations and updated the related procedures. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY. 03/11/2021 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 Actuary.	CLOSED MAP Status Unassign

ALL



Management Action Plan Status Report

ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

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OBSERVATION #7 - 7. OCERS ACTUARIAL EXTRACT PROCESSING GUIDE DOES NOT DESCRIBE INFORMATIONAL QUERIES WHICH DO NOT REQUIRE INVESTIGATION UNLESS REQUESTED BY SEGAL.

CLOSED

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 confirmed the Actuarial Extract Processing guide has been updated with the informational queries description. IA Follow-Up:

Project: 33 - 2090 - Vulnerability and Patch Management

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 03/22/2021

Total Observations: 1

OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date: 05/27/2021 **MAP Status Unassigned**

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Closed

66 - 2171 - IT Automated Controls Project:

PROCESS OWNER: INFORMATION TECHNOLOGY

02/14/2023 Report Date:

Total 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.

CLOSED

Completion Date: 09/03/2024 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.

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

On Schedule to complete MAP

Missed Due Date (1st Time), planned to complete by Revised Due Date

Doc. No. 0080-0120-R0001

Missed Due Date (2nd Time) since latest Revised Due Date

Page 28 of 46

ALL



Management Action Plan Status Report

ACTION REQUIRED

Project(s): ALL
Mgmt. Status: OPEN,

OPEN, Process Owner(s):
CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence.

IA Follow-Up:

Action Plan:

IA Follow-Up:

Action Plan:

IT Ops received the information back from Vitech and updated the V3 Design Specs to include the information identified in the Observation.

Project: 17 - Audit of OCERS' Due Diligence Process (2015)

PROCESS OWNER: INVESTMENTS

Report Date: 08/06/2015

Total Observations: 2

OBSERVATION #1 - NO DUE DILIGENCE POLICY

CLOSED

MAP Status Unassigned

Completion Date: 01/07/2021

7/2021

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.

Checklist document.

OBSERVATION #4 - MANAGER RFP STANDARDIZED QUESTIONING

CLOSED

MAP Status Unassigned

Completion Date: 01/07/2021

Management has agreed to the recommendation: Future RFP questionnaires should include interrogatories regarding a manager's operational infrastructure and negative findings disclosed

The CIO and Investment Team developed Investment due diligence procedural documents including the Contract Due Diligence Checklist Procedure document and the Contract Due Diligence

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.

Project: 8 - Audit of OCERS' Private Equity Managers Abbott Capital and Pantheon (2016)

PROCESS OWNER: INVESTMENTS

Report Date: 03/21/2016

Total Observations: 1

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 29 of 46



Project(s): Mgmt. Status: ALL

OPEN, CLOSED - NO FURTHER

ACTION REQUIRED

Process Owner(s): ALL "We provide secure retirement and disability benefits with the highest standards of excellence.

OBSERVATION #4 - CONSIDERATION OF ILPA BEST PRACTICES

CLOSED

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: 58 - 2211 - Investment Manager Fee Report

PROCESS OWNER: INVESTMENTS

Report Date: 03/30/2022

Total Observations: 1

OBSERVATION #1 - EVIDENCE OF MANAGEMENT REVIEW OVER THE PREPARATION OF THE FEE REPORT AND THE UNDERLYING EXCEL SCHEDULE USED TO HELP COMPILE THE REPORT IS NOT FORMALIZED AND RETAINED

CLOSED

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.

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: 5 - Audit of the Benefit Setup Process (2012)

PROCESS OWNER: MEMBER SERVICES

Report Date: 12/04/2012

Total Observations: 2

OBSERVATION #1 - MANUAL FAS OVERRIDE

CLOSED

Completion Date:

09/13/2022

MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 30 of 46



Project(s): ALL
Mgmt. Status: OPEN, CLOSED - NO FURTHER
ACTION REQUIRED

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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

CLOSED

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 documenation.

Project: 16 - Audit of OCERS' Death Match Process (2016)

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/24/2016

Total Observations: 6

OBSERVATION #1 - OVERPAYMENT TO DECEASED MEMBERS

CLOSED

MAP Status Unassigned

Completion Date: 12/21/2021

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

OBSERVATION #2 - MANUAL QUERY OF V3 UNTIL NEW REPORT IS CREATED

CLOSED

Completion Date: 12/21/2021 MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 31 of 46



CLOSED - NO FURTHER

Project(s): Mgmt. Status:

ALL OPEN.

Process Owner(s):

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ACTION REQUIRED 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** CLOSED **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. 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 IA Follow-Up: 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** CLOSED **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 RFF 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 CLOSED **OBSERVATION #5 - MEMBER BANKING INFORMATION WITHIN V3 MAP Status Unassigned Completion Date:** 09/23/2021 **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. Workflow approvals were reviewed by Internal Audit. An audit in member banking to be proposed as a future audit. IA Follow-Up: **OBSERVATION #6 - PRO-RATING FINAL PAYMENT FOR DECEASED MEMBERS** CLOSED **Completion Date:** 02/25/2021 **MAP Status Unassigned** On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 32 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



CLOSED - NO FURTHER ACTION REQUIRED

Project(s): ALL Mgmt. Status: OPEN.

, Process Owner(s):

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Action Plan:

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.

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.

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

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.

Project: 20 - Audit of OCERS' Service Credit Purchase Process (2016)

PROCESS OWNER: MEMBER SERVICES

Report Date: 11/29/2016

Total Observations: 1

Action Plan:

OBSERVATION #1 - WORK IN PROCESS REPORTING

CLOSED

MAP Status Unassigned

Completion Date: 04/07/2021

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.

Project: 31 - Disability Payment Audit (2018)

PROCESS OWNER: MEMBER SERVICES

Report Date: 01/28/2019

Total Observations: 1

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 33 of 46



Project(s):

Mgmt. Status:

ALL OPEN,

OPEN, Process Owner(s): CLOSED - NO FURTHER

(s): ALL

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ACTION REQUIRED OBSERVATION #1 - DISABILITY PAYMENT CALCULATION CLOSED 01/05/2022 Completion Date: **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 that 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: 40 - 1945- FAS Pay Items Audit PROCESS OWNER: MEMBER SERVICES Report Date: 06/04/2020 Total Observations: 2 OBSERVATION #1 - A FORMAL RECONCILIATION WAS NOT PERFORMED TO ENSURE THE PAY ITEMS REPORTED TO THE BOARD ACCURATELY AND COMPLETELY CORRESPONDED WITH THE CLOSED **CONFIGURATION IN V3. MAP Status Unassigned Completion Date:** 09/16/2021 **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 reconcilation file. CLOSED OBSERVATION #3 - A PROCESS DOES NOT EXIST TO IDENTIFY UPDATES TO EMPLOYER DOCUMENTATION THAT MAY IMPACT THE LIST OF PAY ITEMS. **Completion Date:** 03/14/2023 **MAP Status Unassigned** On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 34 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



Project(s): ALL Mgmt. Status: OPE

OPEN, CLOSED - NO FURTHER

ACTION REQUIRED

Process Owner(s): ALL

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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: 42 - 2032 - Actuarial Extract Audit

05/15/2023

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/13/2020

Total Observations: 1

OBSERVATION #5 - 5. MEMBER SERVICES DOES NOT HAVE POLICIES AND PROCEDURES RELATED TO THE USE OF THE PENSION ADMINISTRATION SYSTEM MEMBER DATA VALIDATION

QUERIES.

MAP Status Unassigned

CLOSED

Action Plan:

Completion Date:

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.

Project: 47 - 2020 - Continuous Audit of Final Average Salary Calculations (Q3/Q4 2020)

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/22/2021

Total 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.

CLOSED

Completion Date:

MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM
Executed By: OCERS\plam

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

Page 35 of 46



CLOSED - NO FURTHER **ACTION REQUIRED**

Project(s): ALL Mgmt. Status:

OPEN,

Process Owner(s):

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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).

CLOSED

MAP Status Unassigned

Completion Date: 04/02/2021

Action Plan: IA Follow-Up: 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.

Internal Audit noted the checklist was included in the new FAS tool.

48 - 2132 - Continuous Audit of Final Average Salary Calculations (Q2 2021) Project:

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/04/2021

Total 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.

CLOSED

Completion Date:

05/20/2021

MAP Status Unassigned

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam

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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Page 36 of 46



CLOSED - NO FURTHER **ACTION REQUIRED**

Project(s): Mgmt. Status:

ALL OPEN.

Process Owner(s):

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Action Plan:

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.

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.

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

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).

CLOSED

Completion Date: 05/20/2021 **MAP Status Unassigned**

Action Plan:

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.

IA Follow-Up:

Internal Audit confirmed the documents have been uploaded and the feedback to the team members have been provided.

Project: 56 - 2133 - Dependent Survivor Eligibility Audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/04/2021

Total 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.

CLOSED

Completion Date:

01/05/2022

MAP Status Unassigned

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:

- Deceased Retirees with No Associated Burial Benefit nor Survivorship benefit established.
- Deceased Retirees with an Associated Burial Benefit but no Survivorship benefit established.

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 37 of 46



Project(s):

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

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DEATH IN 2018.		
Completion Date:	01/26/2023	MAP Status Unassi
Action Plan:	 Per the OCERS' Overpaid and Underpaid Plan Benefits Policy, OCERS will not recoup the overpaid funds from the surviving spouse's continuance. Current procedures requires Member Services to perform a comparison of the benefit components on both member and survivor to identify any possible discrepancies 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 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.	
DBSERVATION #3 - A L	UMP SUM BENEFICIARY PAYMENT TO A DECEASED DRO SURVIVOR PAYEE'S ESTATE WAS OVERPAID BY \$200.	CLOSE
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 developed and automated in V3. We will work to incorporate this in either a V3 upgrade or the new PAS system in the future.	rare and is not fully
IA Follow-Up:	IA reviewed new QA Process document	
Completion Date:	03/16/2022	MAP Status Unassi
•	03/16/2022 Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the tipe recalculation that the required disability documentation is within the V3 member file.	MAP Status Unassignme of disability
Action Plan:		
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 tirecalculation that the required disability documentation is within the V3 member file.	
Action Plan: IA Follow-Up: roject:	Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the trecalculation that the required disability documentation is within the V3 member file. IA confirmed the disability documents have been uploaded to V3 and a process was implemented to validate documents have been uploaded. 55 - 2135 - Quarterly FAS Review (Q4 2021)	
Action Plan: IA Follow-Up: roject: ROCESS OWNER	Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the trecalculation that the required disability documentation is within the V3 member file. IA confirmed the disability documents have been uploaded to V3 and a process was implemented to validate documents have been uploaded. 55 - 2135 - Quarterly FAS Review (Q4 2021)	
Completion Date: Action Plan: IA Follow-Up: roject: PROCESS OWNER eport Date: Total Observation	Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the trecalculation that the required disability documentation is within the V3 member file. IA confirmed the disability documents have been uploaded to V3 and a process was implemented to validate documents have been uploaded. 55 - 2135 - Quarterly FAS Review (Q4 2021) **MEMBER SERVICES** 10/04/2021	

ALL



Management Action Plan Status Report

CLOSED - NO FURTHER

Project(s): ALL Mgmt. Status: OPEN,

Process Owner(s):

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Completion Date: Action Plan:

ACTION REQUIRED 10/01/2021

MAP Status Unassigned

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: 57 - 2231 - SSA Employer Audit

PROCESS OWNER: MEMBER SERVICES

03/30/2022 Report Date:

Total 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.

CLOSED

Completion Date:

01/30/2023

MAP Status Unassigned

Action Plan:

IA Follow-Up:

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.

Internal Audit confirmed the reconciliation of job title and job codes between the County and OCERS PAS. The issue identified has been corrected.

59 - 2232 - Quarterly FAS Review (Q1 2022) Project:

PROCESS OWNER: MEMBER SERVICES

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 39 of 46



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence.

Report Date: 03/30/2022

Total 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

CLOSED

MAP Status Unassigned

Completion Date: 01/26/2023

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: 62 - 2233 - Quarterly FAS Review (Q2 2022)

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/03/2022

Total 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.

CLOSED

Completion Date: 03/17/2023 **MAP Status Unassigned**

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 confirmed Member Services provided the additional training and communicated the error with OC Sanitation District. IA Follow-Up:

Project: 67 - 2202 - Alameda Audit

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

Action Plan:

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

Page 40 of 46



Project(s):
Mgmt. Status:

ALL

OPEN, CLOSED - NO FURTHER

Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."

ACTION REQUIRED PROCESS OWNER: MEMBER SERVICES Report Date: 04/05/2023 Total Observations: 3 OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 6.7% ERROR RATE (TWO ERRORS OUT OF THE SAMPLE OF 30) WITH THE FAS CALCULATIONS SAMPLED. CLOSED **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 commuication was made to the contractors to follow the documented procedure. The payroll deadline was also extended from 30 to 45 days. 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 CLOSED RECOVERED BETWEEN THE RETIREE AND THE EMPLOYER (NOT FAS IMPACTING). **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. CLOSED OBSERVATION #3 - FOR ONE RETIREE IN OUR SAMPLE, THREE PAY ITEMS IN ONE PARTIAL PAY PERIOD WERE NOT PRORATED IN A CONSISTENT MANNER. **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. Member Services provided the updated procedure. IA Follow-Up: Project: 68 - 2334 - Member Data Maintenance_Bank Account Changes On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 41 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



Project(s): Mgmt. Status: ALL

OPEN,

CLOSED - NO FURTHER

Process Owner(s): ALL "We provide secure retirement and disability benefits with the highest standards of excellence."

ACTION REQUIRED PROCESS OWNER: MEMBER SERVICES Report Date: 06/01/2023 Total Observations: 5 CLOSED **OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION Completion Date:** 06/01/2023 **MAP Status Unassigned Action Plan:** Details Removed - Discussed in Closed Session IA Follow-Up: Internal Audit confirmed management action plan has been implemented. **OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **Completion Date:** 12/18/2023 **MAP Status Unassigned** Details Removed - Discussed in Closed Session Action Plan: Member Services provided examples of reviewed confirmation letters. IA Follow-Up: **OBSERVATION #3 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **Completion Date:** 12/18/2023 **MAP Status Unassigned** Details Removed - Discussed in Closed Session **Action Plan:** Member Services provided IT ticket to PAS vendor for letter generation. IA Follow-Up: **OBSERVATION #4 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **MAP Status Unassigned Completion Date:** 01/18/2024 **Action Plan:** Details Removed - Discussed in Closed Session Member Services confirmed direct deposit information, included reminders in meeting agendas and updated member facing information with reminders. IA Follow-Up: **OBSERVATION #5 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION** CLOSED **Completion Date:** 01/18/2024 **MAP Status Unassigned** On Schedule to complete MAP Executed: 5/29/2025 5:24:23 PM Missed Due Date (1st Time), planned to complete by Revised Due Date Doc. No. 0080-0120-R0001 Executed By: OCERS\plam Page 42 of 46 Missed Due Date (2nd Time) since latest Revised Due Date



CLOSED - NO FURTHER

ACTION REQUIRED

Project(s): ALL
Mgmt. Status: OPE

ALL OPEN,

Process Owner(s): ALL

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Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up: Member Services included reminders during team meetings and updated materials to verify information.

Project: 72 - 2301 - Alameda 2nd audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/11/2023

Total 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.

CLOSED

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: 81 - 2336 - Payroll Transmittal Process

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/28/2024

Total 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.

CLOSED

Completion Date: 09/03/2024

On Schedule

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam 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

Page 43 of 46

ALL



Management Action Plan Status Report

ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence."

over Payroll Team will develop a written policy establishing purpose, scope, and roles regarding the employers' responsibility to address employer payroll transmittal exceptions in inner. rwill 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 minimule levels of accuracy, based on the thorough review of what is a valid error. opment 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 update mittal Exceptions report (e.g., New info vs. reoccurring items). The Policy may generate a supplemental Procedure if necessary. olicy 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 Workshorough regular channels of communication between the Employer Payroll Team and employers. by has been presented to the Governance Committee on August 15, 2024 for its review. IA considers this MAP closed. See item A-9 on the agenda. TIDENTIFIED TWO TYPES OF PAYROLL EXCEPTIONS TRACKED BY THE PAS THAT GENERATE NUMEROUS FALSE POSITIVES DUE TO EITHER PAS CLOSE WHICH EMPLOYERS ARE REPORTING INCORRECT EMPLOYEE STATUS. On Schedule Receptions 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 cologic or turn off unnecessary exceptions (false positives) once exceptions are reviewed and further categorized (if needed). rwill recommend regular ongoing communication with employers, asking them to review and correct errors (that are not False Positives).
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On Schedule commend regular ongoing communication with employers, asking them to review and correct errors (that are not False Positives).
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logic or turn off unnecessary exceptions (false positives) once exceptions are reviewed and further categorized (if needed).
ormed by Member Services that a ticket resolution has been filed with the PAS vendor, Vitech.
PAYROLL TEAM'S PROCEDURE DOCUMENTATION DOES NOT PROVIDE GUIDANCE TO STAFF FOR HOW TO MONITOR IF THE EMPLOYERS ARE CORRECTING CLOSE
On Schedule
h development of Policy, procedural guidance will be developed for processing exceptions.
ed Member Services' new Employer Handbook and verified completion of the action plan.
PAYROLL TEAM'S DOCUMENTATION DOES NOT PROVIDE STAFF GUIDANCE ON PROCEDURES FOR CHECKING NEW MEMBER AFFIDAVIT FORMS FOR CLOSE R DESCRIBE ESCALATION STEPS TO TAKE WHEN MEMBER AFFIDAVIT FORMS MISSING, INCOMPLETE, OR CONTA
On Schedule
PA'



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence.

Action Plan:

A New Member Affidavit has been developed and is in the final stage of review. This version gathers more and clearer information.

We are also creating a Guidance Sheet for members and employers to assist them in completing the form.

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).

IA Follow-Up:

IA reviewed Member Services' new Member Affidavit guidance sheet and new Member Affidavit form and verified completion of the action plan.

Project: 82 - 2339 - Quarterly FAS Review (Q3 2023)

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/28/2024

Total 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.

CLOSED

On Schedule

Completion Date: 12/02/2024

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:

IA verified implemenation after reveiwing MOU training class agenda regarding, MOU training guides, an employer meeting agenda from November 2024, and recent BOT report results.

Executed: 5/29/2025 5:24:23 PM

Executed By: OCERS\plam

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

Page 45 of 46



ACTION REQUIRED

Project(s): Mgmt. Status:

ALL OPEN,

Process Owner(s): ALL CLOSED - NO FURTHER

"We provide secure retirement and disability benefits with the highest standards of excellence."

Project: 86 - 2436 - Quarterly FAS Review (Q3 2024)

PROCESS OWNER: MEMBER SERVICES

Report Date: 12/12/2024

Total Observations: 1

OBSERVATION #1 - IN OUR SAMPLE, SIX FAS CALCULATION EXCEL FILES DID NOT HAVE FORMAL EVIDENCE OF A SECONDARY QA (QUALITY ASSURANCE) REVIEW PERFORMED BY STAFF.

CLOSED

On Schedule

Completion Date: Action Plan:

Management will update our current procedure document (in process with Master Repository Project) to include a secondary review of calculation (if necessary) based on team members

Management will also add a secondary QA sign off section on the excel calculation template, so it is clear when a secondary QA review is processed.

IA Follow-Up:

Executed: 5/29/2025 5:24:23 PM Executed By: OCERS\plam

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

Page 46 of 46



MAPs that are overdue based on Initial Due Date respective of JUN's Audit Committee Meeting.

Number of Observations: 0



NO RECORDS FOUND

Executed: 5/29/2025 5:27:10 PM Executed By: OCERS\plam

Doc. No. 0080-0120-R0006



Memorandum

DATE: June 9, 2025

TO: Members of the Audit Committee

FROM: Philip Lam, Director of Internal Audit

SUBJECT: STATUS UPDATE OF 2025 AUDIT PLAN

Written Report

Background/Discussion

Attached is a comparison of budgeted 2025 audit plan hours versus the completed program actual hours, by project.

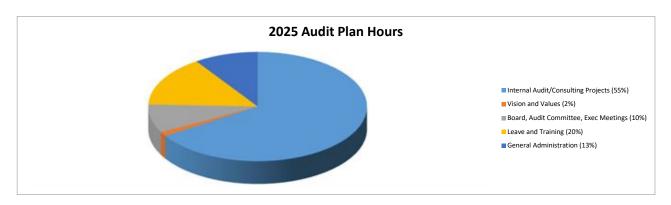
Submitted by:



PL - Approved

Philip Lam Director of Internal Audit

Orange County Employees Retirement System 2025 Internal Audit Plan



Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
Internal Audit/Consulting/Planning	4,875	1,461	3,409		
Internal Audits - Assurance		3,675	1,080	2,590	
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.	80	80	-	Completed
Payroll for Retirees	Review the Finance Department's controls over the general ledger recording of monthly benefit payments.	100	100	-	Completed
Investment Compensation Review	Perform independent review of annual investment compensation calculations.	250	195	-	Completed
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.	200	250		Completed
Finance contributions process	Review the Finance Department's controls over the recording of contributions in the general ledger.	350	-	350	Last audited in 2019
Investment due diligence	Review due diligence procedures performed by the Investment department.	375	150	225	Last audited in 2019
Service Credit Purchases	Review Member Services controls over Service Credit Purchase contracts and calculations.	375	-	375	Focus area of Audit Chair. Last audited in 2016
Continuous Audit - Final Average Salary (FAS) Calculation	Continuous audit of FAS calculations. Sample quarter TBD.	375	-	375	As directed by Audit Chair, audit one quarter in 2025.
Employer (County of Orange - District Attorney)	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.	400	20	380	First time audit
Employer (Orange County Sanitation District)	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.	375	175	200	Last audited in 2019
Employer (Orange County Cemetary District)	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.	375	15	360	Last audited in 2020

Orange County Employees Retirement System 2025 Internal Audit Plan

Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
IT Info Sec Audit	Perform an independent assessment of Information Security's controls	160	-	160	Co-sourced audit with IT audit vendor
Intenal Audit - Management	Action Plan Follow-up - Perform MAP follow-ups	260	95	165	Ongoing review of implemented MAPs
Action Plan Follow-up	with management				from completed audits
Internal Audits - Consulting		400	246	154	
Consulting/Ad-hoc projects	Open for any ad-hoc project TBD	400	246	154	Includes time to assist with ACFR, management or committee requests
Internal Audits - Planning		500	0	500	
Annual Audit Planning	Review and update Risk and Control Matrix.	200	-	200	Update throughout 2025
	Annual preparation of the Audit Plan, updates to the current Audit Plan.	300	-	300	
Internal Audits - Quality Assura	ance and Improvement Program	300	135	165	
	IA Quality Review- Self Assessment - Internal	300	135	165	Implement IIA's new Global Standards
Quality Assurance and	Quality Assurance and Improvement Program				with our QAIP program
Improvement Program	(QAIP)				
Vision and Values		90	58	32	
	Vision and Values Committee (Internal OCERS Committee)	90	58	32	
Board, AC, OCERS Executive Me	eetings	623	273	350	
	Board meetings, Audit Committee, Personnel Committee, Governance Committee, Executive meeting, Strategic Planning	510	211	299	-
	Weekly meetings with CEO	50	28	22	-
	Monthly meeting with Audit Committee Chair	63	33	30	-
General admin time		700	356	344	
	General admin time	700	356	344	13% of total hours
Leave (Holiday/Annual) and Tr	ŭ	1,104	553	551	
	Holidays (12 days), Annual Leave (15 days)	864	391	473	-
	Training and Continuing Education	240	163	77	-
	Grand Total Hours	7,392	2,700	4,687	