

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

**AUDIT COMMITTEE MEETING
MONDAY, JUNE 8, 2026
9:00 A.M.**

Members of the Committee
Adele Lopez Tagaloa, Chair
Shari Freidenrich, Vice Chair
Richard Oates, Board Member
Charles Packard, Board 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	
Join Using Zoom App (Video & Audio) Join Zoom Meeting https://ocers.zoom.us/j/83383268620 Meeting ID: 833 8326 8620 Passcode: 034614 Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.	Join by Telephone (Audio Only) Dial by your location +1 669 900 6833 US (San Jose) +1 253 215 8782 US (Tacoma) +1 346 248 7799 US (Houston) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) +1 312 626 6799 US (Chicago) Meeting ID: 833 8326 8620 Passcode: 034614
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

comment during the meeting may do so from the podium located in the OCERS Boardroom. When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

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

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

CONSENT AGENDA

C-1 AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

March 26, 2026

April 30, 2026

May 18, 2026

Recommendation: 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 2025 FINANCIAL STATEMENT AUDIT

Introduction by Brenda Shott, Deputy CEO, and Jennifer Reyes, Director of Finance

Presentation by Jennifer Reyes, Director of Finance, OCERS, and Kory Hoggan and Aaron Hamilton, Baker Tilly

Recommendations: Recommend to the Board of Retirement the following:

1. Approve OCERS’ audited financial statements for the year ended December 31, 2025
2. Direct staff to finalize OCERS’ 2025 Annual Comprehensive Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2025
4. Receive and file Baker Tilly US, LLP’s (Baker Tilly) “OCERS’ Report to the Audit Committee for the Year Ended December 31, 2025” and their “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*”

A-3 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Brenda Shott, Deputy CEO; Jennifer Reyes, Director of Finance

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, 2025
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2025 for distribution to employers

A-4 AUDIT REPORT – ORANGE COUNTY DISTRICT ATTORNEY'S OFFICE EMPLOYER AUDIT

Recommendation: Receive and File

INFORMATION ITEM

I-1 UPDATE ON THE OCERS COMPLIANCE PROGRAM

Presentation by Esther Hong, Compliance Officer

WRITTEN REPORTS

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

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 STATUS UPDATE OF 2026 AUDIT PLAN

Written Report

R-3 FORM 700 COMPLIANCE UPDATE

Written Report

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/COUNSEL/STAFF COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

**DISABILITY COMMITTEE MEETING
JUNE 15, 2026
8:30 A.M.**

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

**REGULAR BOARD MEETING
JUNE 15, 2026
9:30 A.M.**

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

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

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

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

**AUDIT COMMITTEE MEETING
THURSDAY, MARCH 26, 2026
8:30 A.M.**

MINUTES

OPEN SESSION

Chair Lopez Tagaloa called the meeting to order at 8:33 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair; Shari Freidenrich, Vice Chair; Richard Oates, Board Member; and Charles Packard, Board Member

Also Present: Steve Delaney, Chief Executive Officer; Manuel Serpa, General Counsel; Jeff Lamberson, Director of Member Services (via Zoom); Jennifer Reyes, Director of Finance; Alex McDowell, Sr. Internal Auditor; Jenny Davey, Internal Auditor; Irene Warkentine, Member Services Manager; Annabelle Wang, Finance Manager; Sandra Guevara, Benefits Analyst; Michael Rosales, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Aaron Hamilton, Baker Tilly

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

February 26, 2026

MOTION was made by Mr. Packard, **seconded** by Mr. Oates, to approve the Consent Items.

The motion passed **unanimously**.

ACTION ITEMS

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

Orange County Employees Retirement System
March 26, 2026
Audit Committee Meeting

None.

INFORMATION ITEMS

I-1 2025 FINANCIAL STATEMENT AUDIT – ENTRANCE CONFERENCE

Presentation by Aaron Hamilton, Baker Tilly

Mr. Hamilton presented the 2025 financial statement audit plan, including the scope of audit services and audit timeline. Key audit focus areas include management override of controls, pension-related disclosures, alternative investments, and investment valuation. The auditors reviewed fraud-risk considerations, respective responsibilities of management and the auditors, upcoming audit milestones, and coordination related to the Annual Comprehensive Financial Report. Upcoming GASB statements effective in fiscal year 2026 were also noted.

WRITTEN REPORTS

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

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 STATUS UPDATE OF 2026 AUDIT PLAN

Written Report

Mr. McDowell informed the Committee that the 2026 Audit Plan remains on schedule.

COMMITTEE MEMBER

None.

CHIEF EXECUTIVE OFFICER COMMENTS

Mr. Delaney reminded the committee that the Director of Internal Audit interviews will be held on April 30, 2026.

STAFF COMMENTS

None.

The committee did not adjourn to closed session.

CLOSED SESSION

E-1 PUBLIC EMPLOYEE APPOINTMENT

Title: Director of Internal Audit

(Government Code Section §54957(b))

ADJOURNMENT

Orange County Employees Retirement System
March 26, 2026
Audit Committee Meeting

Chair Lopez Tagaloa adjourned the meeting at 9:11 a.m.

Submitted by:

Approved by:

Steve Delaney,
Secretary to the Board

Adele Lopez Tagaloa,
Chairperson

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

**AUDIT COMMITTEE MEETING
THURSDAY, APRIL 30, 2026
10:30 A.M.**

MINUTES

OPEN SESSION

Chair Lopez Tagaloa called the meeting to order at 10:42 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair; Shari Freidenrich, Vice Chair; Richard Oates, Board Member; and Charles Packard, Board Member (via Zoom)

Also Present: Steve Delaney, Chief Executive Officer; Manuel Serpa, General Counsel; Markell Kuper, Interim Director of Internal Audit; Marielle Horst, Recording Secretary.

PUBLIC COMMENT

None.

The committee adjourned to closed session at 10:44 a.m.

CLOSED SESSION

E-1 INTERVIEWS OF CANDIDATES FOR OCERS' DIRECTOR OF INTERNAL AUDIT

Pursuant to Government Code Section §54957:

PUBLIC EMPLOYMENT

Title: Director of Internal Audit

The Committee will conduct interviews of candidates for the position of Director of Internal Audit.

The committee adjourned to closed session at 10:44 a.m.

The committee recessed for lunch at 12:20 p.m.

The committee reconvened from lunch and returned to closed session at 12:50 p.m.

The committee returned to open session at 3:38 p.m.

Orange County Employees Retirement System
April 30, 2026
Audit Committee Meeting

The recording secretary did not administer Roll Call, but witnessed Ms. Freidenrich, Ms. Lopez Tagaloa, Mr. Oates, and Mr. Packard present.

Report of Actions Taken in Closed Session: Mr. Serpa notes no reportable action was taken.

ADJOURNMENT

Chair Lopez Tagaloa adjourned the meeting at 3:40 p.m.

Submitted by:

Approved by:

Steve Delaney,
Secretary to the Board

Adele Lopez Tagaloa,
Chairperson

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

**AUDIT COMMITTEE MEETING
MONDAY, MAY 18, 2026
11:45 A.M. or immediately following the Board Meeting, whichever is sooner.**

MINUTES

OPEN SESSION

Chair Lopez Tagaloa called the meeting to order at 11:04 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Adele Lopez Tagaloa, Chair (via Zoom); Shari Freidenrich, Vice Chair; Richard Oates, Board Member; and Charles Packard, Board Member

Also Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Deputy CEO; Manuel Serpa, General Counsel; Markell Kuper, Interim Director of Internal Audit; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

PUBLIC COMMENT

None.

The committee adjourned to closed session at 11:05 a.m.

CLOSED SESSION

**E-1 PUBLIC EMPLOYEE APPOINTMENT
TITLE: DIRECTOR OF INTERNAL AUDIT
Pursuant to Government Code Section §54957(b))**

The committee adjourned to closed session at 10:44 a.m.

The committee returned to open session at 12:08 p.m.

The recording secretary did not administer Roll Call, but witnessed Ms. Freidenrich, Ms. Lopez Tagaloa, Mr. Oates, and Mr. Packard present.

Orange County Employees Retirement System
May 18, 2026
Audit Committee Meeting

Report of Actions Taken in Closed Session: Mr. Serpa reported that the committee voted unanimously to offer the Director of Internal Audit position to Linda Young, subject to the negotiation of terms by the CEO satisfactory to the Audit Committee.

COMMITTEE MEMBER/CEO/STAFF COMMENTS

None.

ADJOURNMENT

Chair Lopez Tagaloa adjourned the meeting at 12:09 p.m.

Submitted by:

Approved by:

Steve Delaney,
Secretary to the Board

Adele Lopez Tagaloa,
Chairperson



Memorandum

DATE: June 8, 2026
TO: Audit Committee Members
FROM: Brenda Shott, Deputy CEO; Jennifer Reyes, Director of Finance
SUBJECT: 2025 FINANCIAL STATEMENT AUDIT

Recommendation

Recommend to the Board of Retirement the following:

1. Approve OCERS' audited financial statements for the year ended December 31, 2025
2. Direct staff to finalize OCERS' 2025 Annual Comprehensive Financial Report (Annual Report)
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2025
4. Receive and file Baker Tilly US, LLP's (Baker Tilly) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2025" 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' 2025 Annual Report, which includes the audited financial statements and related notes for the year ended December 31, 2025. The report is in substantially final form and includes a draft of the unmodified (clean) audit opinion from Baker Tilly, OCERS' independent auditors. Baker Tilly 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, 2025, 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' 2025 Annual Report in compliance with GASB Statement No. 67, *Financial Reporting for Pension Plans*.

As part of the standard annual financial statement audit, Baker Tilly 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 2025 audit of OCERS. Baker Tilly 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*."

Baker Tilly will attend the Audit Committee Meeting on June 8, 2026, to provide the Committee with a verbal report on their audit. A draft of the 2025 Annual Report in substantially final form will be presented to the Board at its regularly scheduled Board meeting on June 15, 2026. 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, 2025, OCERS staff will submit the State Controller’s Report, the 2025 Annual Report, and the Actuarial Valuation (for funding purposes) as of December 31, 2024, by the June 30, 2026, 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, 2025.

Submitted by:



JR - Approved

Jennifer Reyes
Director of Finance

Approved by:



BS - Approved

Brenda Shott
Deputy CEO



2025 Financial Statement Audit

Presented on June 8, 2026

Brenda Shott and Jennifer Reyes



Recommend to the Board of Retirement the following:

ACTION 1

Approve OCERS' audited financial statements for the year ended December 31, 2025

ACTION 2

Direct staff to finalize OCERS' 2025 Annual Comprehensive Financial Report (Annual Report)

ACTION 3

Approve the GASB Statement 67 Actuarial Valuation as of December 31, 2025

ACTION 4

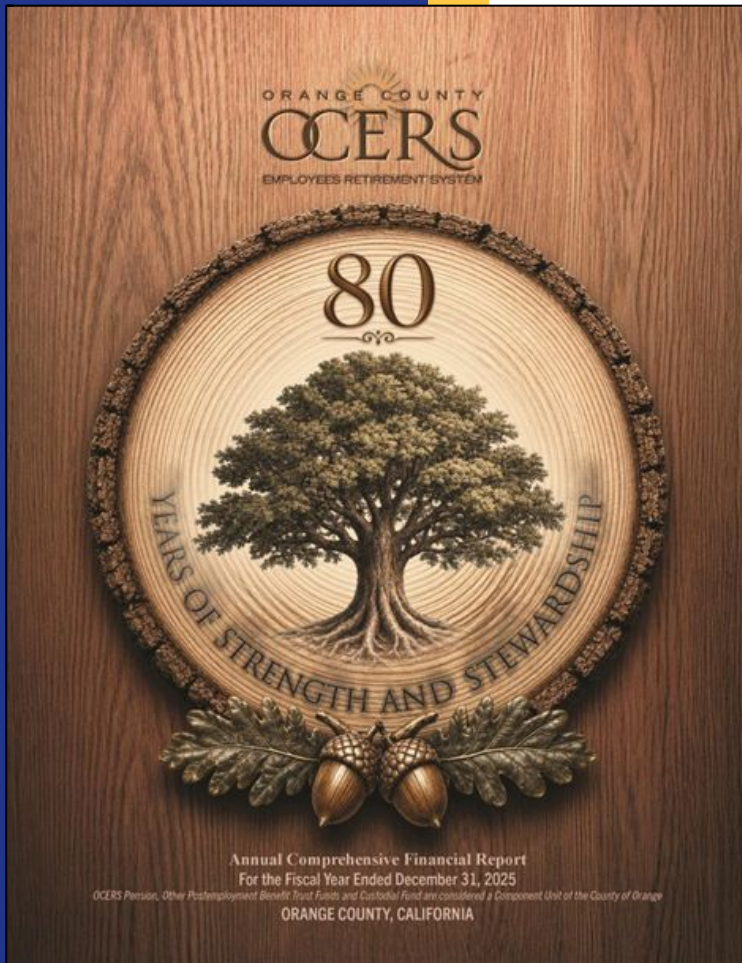
Receive and file the following reports from Baker Tilly:

- *OCERS' Report to the Audit Committee for the Year Ended December 31, 2025*
- *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*



2025 Annual Report

- Fifth year audit was performed by Baker Tilly
- Preliminary unaudited financial statements provided to the Board in March
 - No material changes reflected in final audited version included in the Annual Report
- Theme: **80 Years of Strength and Stewardship**



Financial Highlights – MD&A

Table 2 : Changes in Fiduciary Net Position
For the Years Ended December 31, 2025 and 2024
(Dollars in Thousands)

	12/31/2025	12/31/2024	Increase / (Decrease)	Percentage Change
Additions				
Employer Pension Contributions	\$ 886,888	\$ 846,363	\$ 40,525	4.8%
Employer Health Care Contributions	42,453	36,992	5,461	14.8%
Employee Pension Contributions	313,190	302,545	10,645	3.5%
Employer OPEB Contributions	1,338	17,669	(16,331)	-92.4%
Net Investment Income	3,975,618	2,387,881	1,587,737	66.5%
Total Additions	5,219,487	3,591,450	1,628,037	45.3%
Deductions				
Participant Benefits - Pension	1,338,779	1,265,617	73,162	5.8%
Participant Benefits - Health Care	44,554	43,620	934	2.1%
Death Benefits	628	1,593	(965)	-60.6%
Member Withdrawals and Refunds	16,450	18,200	(1,750)	-9.6%
Employer OPEB Payments	2,042	1,754	288	16.4%
Administrative Expenses - Pension	31,942	31,181	761	2.4%
Administrative Expenses - Health Care and Employer	68	69	(1)	-1.4%
Total Deductions	1,434,463	1,362,034	72,429	5.3%
Increase in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	3,785,024	2,229,416	1,555,608	69.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer				
Beginning of the Year	24,588,526	22,359,110		
End of the Year	\$ 28,373,550	\$ 24,588,526		

\$28.4B

Net Position
+15.4% YoY

\$5.2B

Total Additions
+45.3% vs 2024

\$4.0B

Investment Income
14.6% Return

\$1.2B

Contributions
Employer & Employee

\$1.4B

Total Deductions
2025 and 2024

\$1.3B

Pension Benefit Payments
+5.8% vs 2024

Financial Highlights – MD&A (continued)

Table 3: Membership Data
As of December 31, 2025 and 2024

	12/31/2025	12/31/2024	Increase	Percentage Change
Active Members	22,797	23,368	(571)	-2.4%
Retired Members	22,244	21,740	504	2.3%
Deferred Members	10,132	9,377	755	8.1%
Total Membership	55,173	54,485	688	1.3%

22,244
 Total Retirees Receiving Benefits
 +504 payees (+2.3%) vs. 2024

\$60,189
 Avg. Annual Benefit Paid to Retired Members
 +3.4% vs. \$58,216 in 2024

Financial Highlights – MD&A (continued)

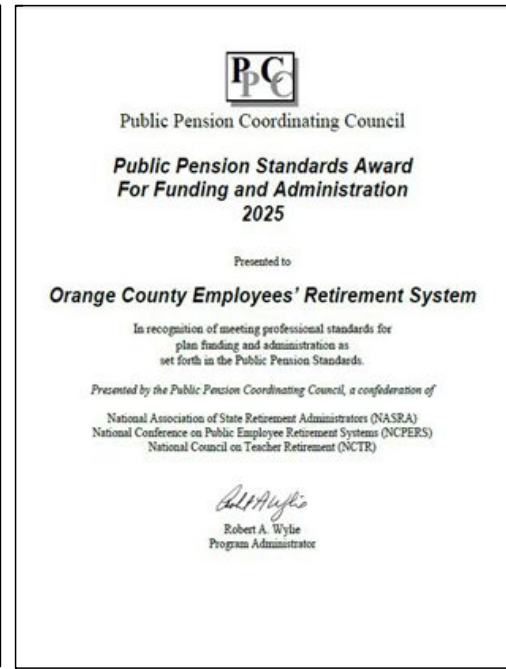
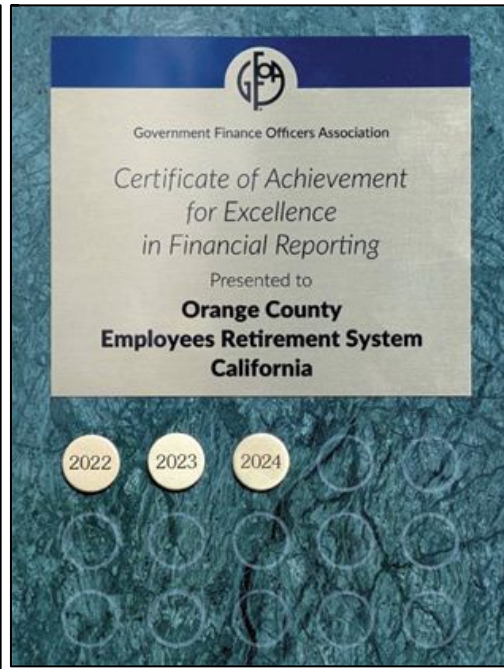
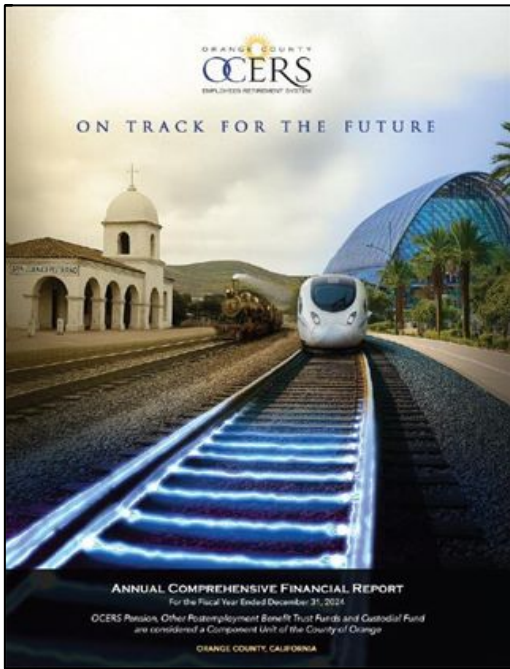
The Annual Report includes information from the December 31, 2024, valuation (most recent available at publication). The 2025 valuation will be presented at the June 16 Board meeting.

Funding Measure	2024 Valuation	2025 Valuation
Funding Status (Actuarial Value)	83.8%	86.6% ↑
Funding Status (Market Value)	84.2%	92.7% ↑

Actuarial value smooths market gains/losses over 5 years. Market value reflects immediate recognition of gains/losses.



2024 Annual Report Awards



Orange County Employees Retirement System

GASB 67

\$4.0B → \$1.8B

Net Pension Liability (NPL) decreased 55% in 2025, driven by higher-than-expected investment returns

2025 NPL is the amount used in GASB 68 proportionate share calculation

- 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 2024 valuation to the December 31, 2025, measurement date



Conclusion

Questions?



Thank you!

Brenda Shott

Deputy CEO

☎ (714) 558-6201

✉ bshott@ocers.org

Jennifer Reyes

Director of Finance

☎ (714) 558-6231

✉ jreyes@ocers.org



www.ocers.org

    @myOCERS



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2025

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





Orange County Employees Retirement System
Annual Comprehensive Financial Report

For the Year Ended December 31, 2025

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

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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

Secure and Sustainable

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SECTION 1 INTRODUCTORY

The Roots

Grounded in Responsibility



The roots of the oak tree represent the enduring foundation of OCERS—built on sound governance, fiduciary care, and financial discipline. Though often unseen, these foundational elements sustain everything above them, creating the strength and stability needed to support generations of members. Just as roots anchor a great tree through changing seasons, the principles that shaped OCERS from the beginning continue to guide its mission today.

The historical Board of Supervisors image woven into this spread serves as a reminder that strong institutions begin with responsible public leadership. Before OCERS officially came into being in 1945, the Orange County Board of Supervisors placed the retirement question before voters, helping set in motion the creation of the system. That early commitment to stewardship still echoes through OCERS today in the work of its Board of Retirement, which oversees policy, benefits, and investment direction on behalf of the members and beneficiaries it serves.

Pictured above: 1964 Board of Supervisors

- *Alton E. Allen*
- *C. M. (Cecil M.) Featherly*
- *William J. Phillips*
- *David L. Baker*
- *William H. Hirstein*



Letter of Transmittal

June 8, 2026

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, 2025. 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, 2025. It also includes information from the current actuarial valuations as of December 31, 2024.

OCERS HISTORY, PARTICIPANTS, AND SERVICES

In 2025, OCERS proudly celebrated its 80th anniversary, marking eight decades of dedicated service in providing retirement, disability, death, and survivor benefits to our members since 1945. Like the steady growth of an oak tree, these benefits continue to be administered in accordance with the County Employees Retirement Law of 1937 (CERL) and the California Public Employees’ Pension Reform Act of 2013 (PEPRA). As we enter our 81st year of service, this milestone reflects not only our enduring legacy, but also the continued trust and partnership of our members and stakeholders.

Though a "county employees retirement system," established under the CERL, OCERS is not a county agency but a separate local agency known as a "special district." The California Constitution gives the Board of Retirement full authority over the administration of the System, which includes administering plan benefits for over 55,000 members, managing \$27 billion in net assets, and serving 13 participating employers. A complete listing of both active and inactive employers as of December 31, 2025, can be found on page 30, Section 2 of the Annual Report, under Note 1: Plan Descriptions.

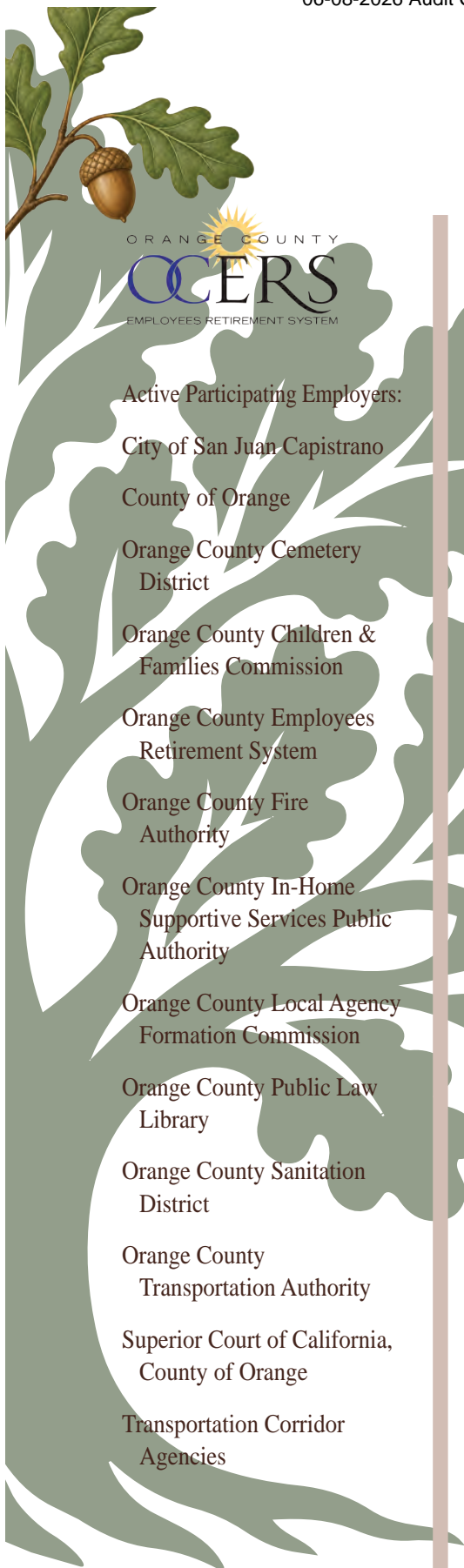
Throughout 2025, OCERS continued to uphold its commitment to exceptional service while advancing key multi-year initiatives aligned with our technology-forward Vision 2030. Notable progress included completion of the Alameda Implementation Project, advancement of the next-generation Pension Administration 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, “80 Years of Strength and Stewardship,” reflects both this milestone anniversary and the enduring strength of an oak tree. As a central metaphor for OCERS, the oak symbolizes longevity, resilience, and steady growth. Its deep roots represent the strong foundation built through decades of responsible governance and financial stewardship since our establishment in 1945.

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

Vision 2030

During 2025, 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



Letter of Transmittal

(continued)

Artificial Intelligence (AI). In addition, OCERS has business procedure documentation services to assist staff with a comprehensive standardized library of business processes and procedure across the organization. This will ensure consistent application of rules and procedures by OCERS staff, as well as laying a foundation for programming a new pension administration system that will support Vision 2030.

Replacement OCERS Headquarters

OCERS has begun sitework for a new headquarters facility in Santa Ana to better support members, employers, and staff. The new, modern administrative building will replace OCERS' current location and provide a more functional, efficient space to support long-term operations and public service.

New Pension Administration System

In 2025, OCERS advanced OCERS Horizon, its multi-year initiative to implement a modern Pension Administration System (PAS). Following foundational planning efforts completed in 2024, the organization conducted a comprehensive procurement process, including issuance of a Request for Proposal, evaluation of vendor responses, and due diligence activities. OCERS identified a preferred vendor based on functional and technical alignment, implementation approach, cost, and long-term viability, with Board approval obtained in November 2025. Contract negotiations progressed through the end of the year, with contractual alignment reached in April 2026. OCERS looks forward to advancing into the implementation phase of this critical initiative.

Staffing

On October 20, 2025, the Board of Retirement approved updates to the 2026 Staffing Plan, including the addition of four career ladders and one career ladder series across the Investments Division, Disability, Human Resources, and the Enterprise Project Management Office (EPMO) Departments. These changes support OCERS' Strategic and Business Plan for Talent Management by strengthening career development pathways and promoting employee retention.

In support of the OCERS Horizon project, a total of 23 limited-term positions were approved across 2025 and 2026. These roles provide critical support during implementation, ensuring continuity of operations while staff are temporarily reassigned to the project.

Key Staff Additions

In 2025, OCERS strengthened its leadership team with the addition of Darren Dang as Chief Technology Officer, reinforcing the organization's commitment to innovation and positioning it to strategically advance the use of artificial intelligence in support of member service and operational excellence. The organization also promoted Mark Adviento to Director of Member Services & Employer Relations and Jennifer Reyes to Director of Finance, ensuring continued leadership continuity following recent retirements.

Alameda Decision

In July 2020, the California Supreme Court issued its decision in Alameda County Deputy Sheriffs Association et al. v. Alameda County Employees Retirement Association (S247095), clarifying the treatment of certain pay items in determining pensionable compensation. In response, OCERS implemented the required changes to ensure all benefit calculations align with the Court's ruling, as the System does not have discretion to administer benefits inconsistently with applicable law. Approximately 3,600 active, deferred, and retired members were impacted.

In 2025, OCERS completed the multi-phase Alameda Implementation Project, which included recalculating benefits, updating systems, and addressing subsequent adjustments. The effort required more than 18,000 staff hours and included over 500 manual recalculations, more than 3,000 contribution and interest refunds, and extensive data and transaction reviews. A final summary was presented to the Board of Retirement on December 15, 2025, and OCERS extends its appreciation to participating employers and stakeholders for their collaboration throughout this massive effort.

Letter of Transmittal

(continued)

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 reported in a manner designed to fairly present the financial position and operating results of OCERS. Baker Tilly US, 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.

The Annual Report was prepared in accordance with GAAP and reporting guidelines set forth by the Governmental Accounting Standards Board (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 that 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.

During 2025, OCERS' Investments Team conducted 1,047 total meetings and virtual calls with current and prospective investment managers. OCERS' Investment Team continued to expand its co-investment program across private markets asset classes committing \$163 million to co-investment opportunities in 2025. The OCERS Investments Team completed its risk management system RFP process during 2025. OCERS retained MSCI Total Plan Manager as the risk management system provider.

For the year ended December 31, 2025, OCERS' investment portfolio had a gain of 14.6%, 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 22 years for safety members, our net annualized return of 7.2% over the last 20 years exceeds 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.

Letter of Transmittal

(continued)

The Board adopted 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, 2024, OCERS' funding status was 83.8% on a valuation value of assets basis, versus 84.2% on a market value of assets basis, with an Unfunded Actuarial Accrued Liability (UAAL) of \$4.6 billion. Average employer and employee contribution rates for the year ended December 31, 2024, were 36.9% and 11.6%, 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' 2025 allowable administrative expense of \$33.9 million was 0.09% 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, 2024. 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, 2024. 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, Tracy Bowman, former Director of Finance, has received the GFOA Outstanding Public Service Award for her leadership in advancing efficiency, accountability, and financial reporting at OCERS. Her contributions to modernizing financial systems, mentoring staff, and strengthening cross-department collaboration have enhanced organizational performance and reinforced OCERS' commitment to excellence in public service.

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 ensure the System's continued success.

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, 2025



Charles Packard
Chair Person
Appointed by
the Board of Supervisors



Richard Oates
Vice Chair Person
Elected by
the Safety Members




Iriss Barriga
Elected by
the General Members



Shawn Dewane
Appointed by
the Board of Supervisors




Shari L. Freidenrich
Treasurer-Tax Collector
County of Orange



Arthur Hidalgo
Appointed by
the Board of Supervisors



Roger Hilton
Elected by
the Retired Members



Wayne Lindholm
Appointed by
the Board of Supervisors



Adele Lopez Tagaloa
Elected by
the General Board Members



Jeremy Vallone
Alternate Elected by
the Safety Members

Organization of OCERS



Board of Retirement

The Board of Retirement establishes policies governing the administration of the retirement system, including benefit administration, disability determinations, investment policy, and oversight of system operations.

The Board consists of nine members and one alternate: four members appointed by the Orange County Board of Supervisors; four members elected by active system members (two general members and two safety members, one of whom serves as the alternate); one member elected by retirees; and the Orange County Treasurer, who serves as an ex officio member.

Executive Division

The Executive Division is led by the Chief Executive Officer (CEO), who implements policies adopted by the Board of Retirement and oversees system operations. The CEO is supported by two Assistant CEOs, the Chief Investment Officer, Chief Technology Officer, and General Counsel.

This Executive Division includes Internal Audit, Enterprise Project Management Office, and Communications.

- Internal Audit provides independent and objective assurance and advisory services to evaluate OCERS' governance, risk management, and internal control framework.
- Enterprise Project Management Office (EPMO) aligns enterprise projects with strategic objectives by establishing standardized project management methodologies, governance frameworks, and best practice execution standards.
- Communications develops and coordinates member and employer communications through publications, educational programs, digital media, and website content.

Investment Division

The Investment Division administers and manages the investment program in accordance with policies and guidelines established by the Board of Retirement. Responsibilities include investment manager selection and monitoring, performance oversight, compliance with investment guidelines, due diligence activities, and coordination with external investment consultants. 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

The External Operations Division includes Member Services and Disabilities.

- Member Services provides benefit services to members, including benefit calculations, retirement application support, retiree payroll preparation, contributions processing, counseling for members, and retirement seminars.
- Disabilities reviews disability retirement applications, evaluates medical records, prepares findings and recommendations, and presents cases to the Disability Committee and the Board of Retirement.

Internal Operations Division

The Internal Operations Division includes Finance, Human Resources, and Operations Support Services.

- Finance is responsible for OCERS' financial records and reporting, including preparation of the Annual Comprehensive Financial Report, quarterly financial statements, and the annual operating budget. Finance also administers internal controls; processes retiree payroll and refunds of contributions and interest to members; accounts for member and employer contributions; reconciles investment activity; and processes vendor payments.
- Human Resources provides recruitment, onboarding, training, workforce development, health and safety, and labor relations services.
- Operations Support Services manages procurement and contract administration, operational risk management, facilities management, building safety and security, mail services, and business continuity and disaster recovery.

Information Technology and Security Division

The Information Technology and Security Division includes Information Technology and Information Security.

- Information Technology manages and supports OCERS' technology infrastructure and enterprise systems.
- Information Security oversees the protection of OCERS' data and systems, with a focus on safeguarding member information and supporting secure operations.

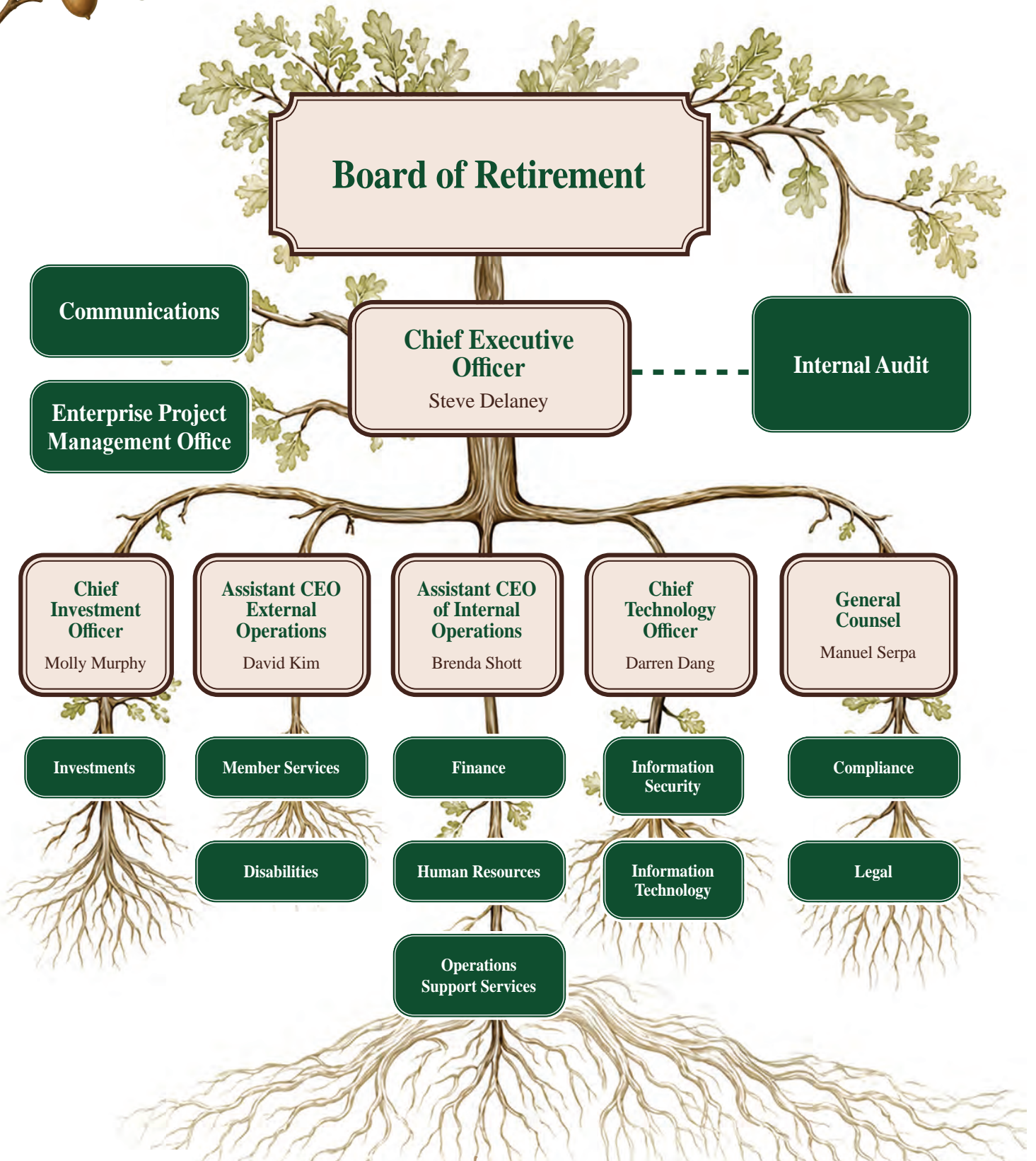
Legal Division

The Legal Division provides legal advice and representation to the Board of Retirement and OCERS and administers the compliance program. Legal services include matters related to pension benefits, disability retirements, investments, legislation, and vendor contracts.



Administrative Organizational Chart

As of December 31, 2025



List of Professional Consultants

As of December 31, 2025

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

Baker Tilly US, 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

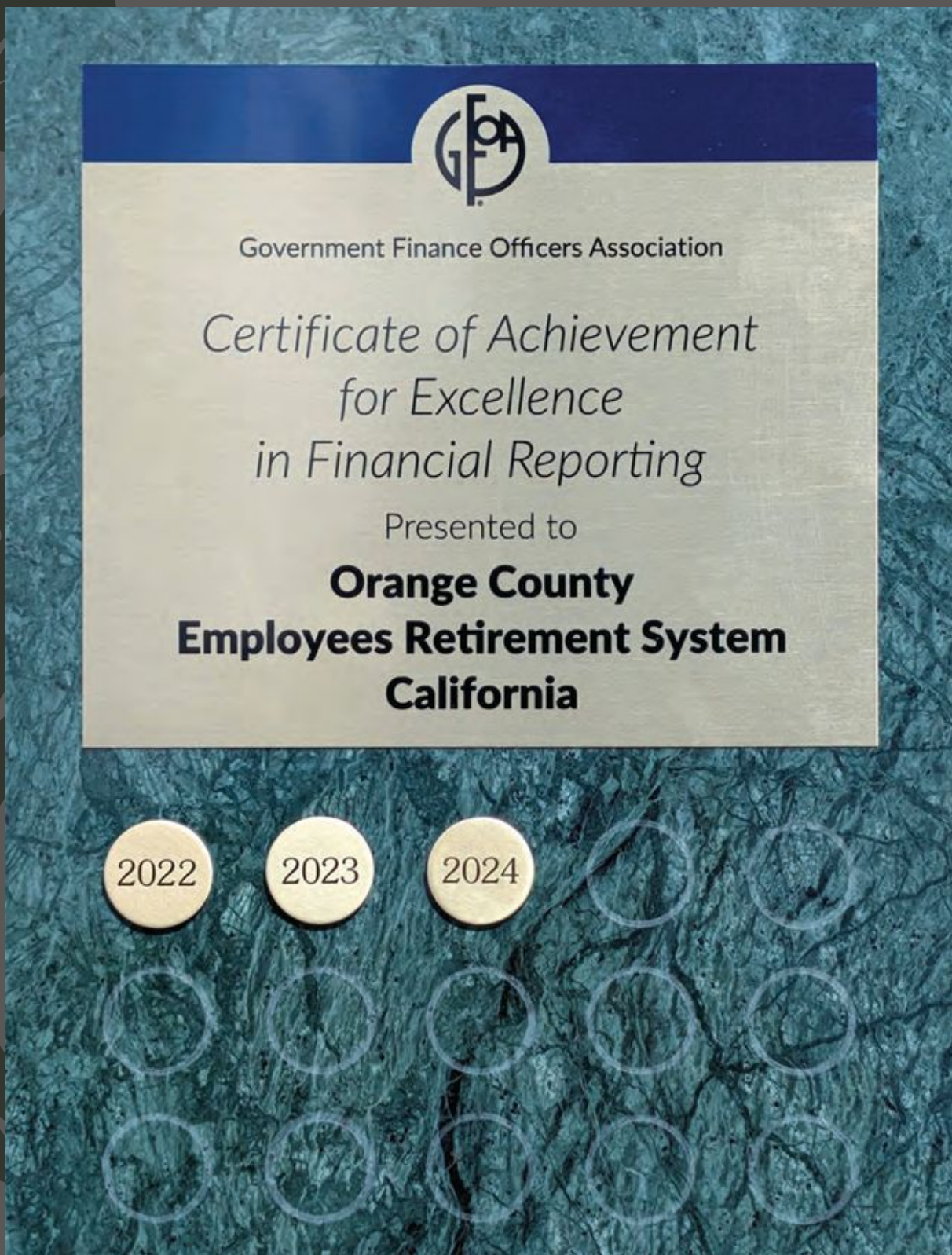
Custodian

State Street Bank and Trust Company

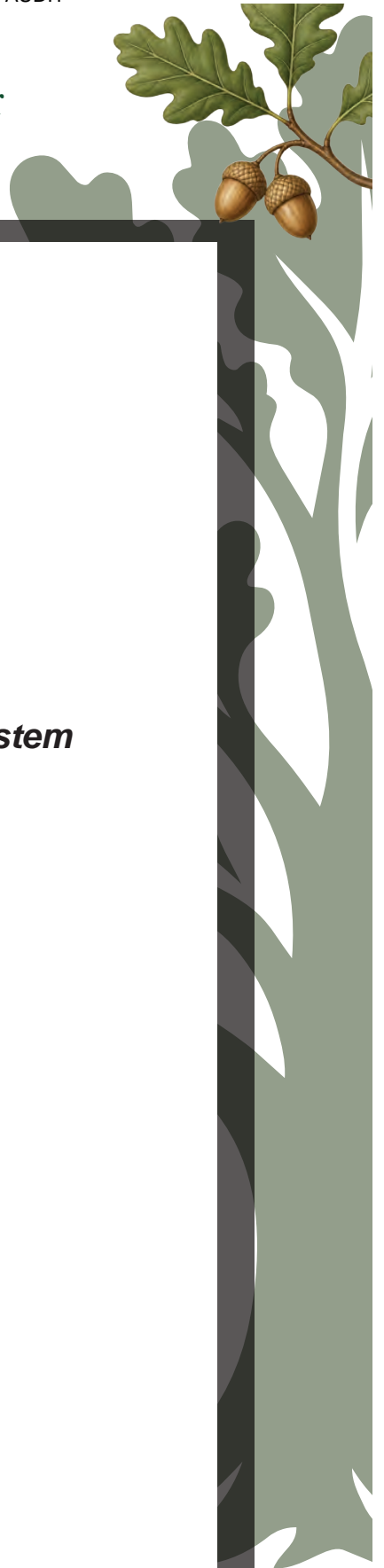
Note: Please refer to pages 91-93 in the Investment Section for the Schedule of Commissions, Schedule of Investment Expenses and Investment Summary and List of Investment Managers.



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
2025**

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)

Robert A. Wylie
Program Administrator



SECTION 2 FINANCIAL

The Trunk

Steadfast in Stewardship

The trunk of an oak is its central strength — the solid structure that rises from deep roots and supports everything above it. It carries weight, endures pressure, and remains steady through changing seasons. In the same way, this section represents the enduring framework of OCERS: the governance, financial discipline, and operational integrity that sustain the organization and uphold its promises to members.

From its earliest years, OCERS has grown from a small retirement system into an independent institution serving more than 55,000 members and payees. That growth has required more than size. It has required structure. Guided by the Board of Retirement, supported by fiduciary oversight, and grounded in sound financial reporting and long-term planning, OCERS has built a framework designed to remain resilient in both calm and uncertain times.

The financial section reflects that strength in action. Here, stewardship takes form through accountability, transparency, and prudent management of resources. In 2025, OCERS reported net position restricted for pension, other postemployment benefits, and employer funds of \$28.4 billion, with continued growth driven by contributions and investment performance. These numbers are more than measurements — they are evidence of a system built to stand firm, support generations of members, and endure well into the future.





Independent Auditor's Report

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, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of fiduciary net position of Orange County Employees Retirement System (the System) as of December 31, 2025, and the related pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of changes in fiduciary net position for the year then ended, and the related notes to the basic 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, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System as of December 31, 2025, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, 2025, 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.

Independent Auditor's Report

(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 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 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 2024 financial statements, and we expressed an unmodified opinion on the pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System, which are summarized in the comparative totals 2024 column, in our report dated June 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Independent Auditor's Report

(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 GAAS, 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 GAAS. 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.

Independent Auditor's Report

(continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2026 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe 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.

Irvine, California
June 8, 2026

No Assurance Provided

Management's Discussion and Analysis

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, 2025. 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 \$28.4 billion as of December 31, 2025, an increase of \$3.8 billion, or 15.4%, 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 \$1.6 billion or 45.3%, from \$3.6 billion in 2024 to \$5.2 billion in 2025.
 - **Contributions:** Total contributions from employers and employees remained consistent year over year, totaling approximately \$1.2 billion in 2025 and 2024.
 - **Investment Income:** Net investment income totaled \$4.0 billion in 2025, reflecting a significant increase of \$1.6 billion or 66.5% from 2024. The net return on investments for the year was 14.6% in 2025 versus 10.0% in 2024.
- **Deductions:** Total deductions from fiduciary net position remained consistent year over year, totaling \$1.4 billion in 2025 and 2024.
 - **Benefit Payments:** Pension benefits paid to members totaled \$1.3 billion, which increased by \$73.2 million, or 5.8%, from 2024 to 2025, reflecting higher benefit payments to retirees. The average annual benefit paid to retired members and beneficiaries during 2025 was \$60,186, an increase of 3.4% over the average annual benefit payment of \$58,216 in 2024.
 - **Membership Growth:** Total membership grew by 688 members to 55,173. Active members decreased by 571 (-2.4%), while retired members increased by 504 (2.3%) and deferred members increased by 755 (8.1%), reflecting continued system maturity and normal workforce transitions.
- The annual actuarial funding valuation as of December 31, 2025 is not yet available at this time. Based upon the most recent actuarial funding valuation dated as of December 31, 2024, 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 83.8% versus 84.2% if market gains and losses were recognized immediately.
- The net pension liability of participating employers as calculated in the December 31, 2025, Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation used for financial reporting purposes is \$1.8 billion, which as a percentage of covered payroll is 76.1%. The plan fiduciary net position of the pension trust fund of \$27.7 billion as a percentage of the total pension liability of \$29.5 billion is 93.8%.

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.

Management's Discussion and Analysis

(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.

Management's Discussion and Analysis

(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, 2025 and 2024

(Dollars in Thousands)

	12/31/2025	12/31/2024	Increase / (Decrease)	Percentage Change
Assets				
Cash and Cash Equivalents	\$ 1,539,364	\$ 1,550,753	\$ (11,389)	-0.7%
Securities Lending Collateral	158,128	172,042	(13,914)	-8.1%
Receivables	267,477	383,287	(115,810)	-30.2%
Investments at Fair Value	27,058,574	23,186,548	3,872,026	16.7%
Capital Assets, Net	9,842	6,259	3,583	57.2%
Total Assets	29,033,385	25,298,889	3,734,496	14.8%
Liabilities				
Obligations Under Securities Lending Program	158,128	172,041	(13,913)	-8.1%
Securities Purchased	307,895	313,006	(5,111)	-1.6%
Other	193,812	225,316	(31,504)	-14.0%
Total Liabilities	659,835	710,363	(50,528)	-7.1%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$ 28,373,550	\$ 24,588,526	\$ 3,785,024	15.4%

As of December 31, 2025, OCERS reported a Net Position Restricted for Pension, Other Postemployment Benefits and Employer of \$28.4 billion. This reflects a \$3.8 billion increase, or 15.4% growth, compared to 2024. The increase in net position was driven mainly by a \$3.7 billion increase in total assets and a \$50.5 million decrease in total liabilities.

Total assets increased by \$3.7 billion, primarily driven by a \$3.9 billion increase in investments at fair value, reflecting strong portfolio performance with a net return of 14.6% for the one-year period. This increase was partially offset by decreases of \$115.8 million in receivables due to the timing of investment-related activity, \$13.9 million in securities lending collateral reflecting reduced market demand for OCERS' U.S. and non-U.S. corporate bond and equity holdings, and \$11.4 million in cash and cash equivalents due to the timing of investing employee and employer contributions.

Total liabilities decreased by \$50.5 million, primarily due to reductions in securities lending and investment-related liabilities. Obligations under the securities lending program declined by \$13.9 million, corresponding with the previously noted decrease in securities lending collateral. Other liabilities decreased by \$31.5 million, largely attributable to a significant reduction in investment-related liabilities, including financial futures payables, partially offset by increases in retiree payroll payable and unearned contributions, driven by the timing of retiree payroll and contribution activity at year-end.

Management's Discussion and Analysis

(continued)

Table 2 : Changes in Fiduciary Net Position

For the Years Ended December 31, 2025 and 2024

(Dollars in Thousands)

	12/31/2025	12/31/2024	Increase / (Decrease)	Percentage Change
Additions				
Employer Pension Contributions	\$ 886,888	\$ 846,363	\$ 40,525	4.8%
Employer Health Care Contributions	42,453	36,992	5,461	14.8%
Employee Pension Contributions	313,190	302,545	10,645	3.5%
Employer OPEB Contributions	1,338	17,669	(16,331)	-92.4%
Net Investment Income	<u>3,975,618</u>	<u>2,387,881</u>	<u>1,587,737</u>	66.5%
Total Additions	<u>5,219,487</u>	<u>3,591,450</u>	<u>1,628,037</u>	45.3%
Deductions				
Participant Benefits - Pension	1,338,779	1,265,617	73,162	5.8%
Participant Benefits - Health Care	44,554	43,620	934	2.1%
Death Benefits	628	1,593	(965)	-60.6%
Member Withdrawals and Refunds	16,450	18,200	(1,750)	-9.6%
Employer OPEB Payments	2,042	1,754	288	16.4%
Administrative Expenses - Pension	31,942	31,181	761	2.4%
Administrative Expenses - Health Care and Employer	<u>68</u>	<u>69</u>	<u>(1)</u>	-1.4%
Total Deductions	<u>1,434,463</u>	<u>1,362,034</u>	<u>72,429</u>	5.3%
Increase in Net Position Restricted for Pension, Other Postemployment Benefits and Employer	3,785,024	2,229,416	1,555,608	69.8%
Net Position Restricted for Pension, Other Postemployment Benefits and Employer				
Beginning of the Year	<u>24,588,526</u>	<u>22,359,110</u>		
End of the Year	<u>\$ 28,373,550</u>	<u>\$ 24,588,526</u>		

Management’s Discussion and Analysis

(continued)

Additions to Fiduciary Net Position

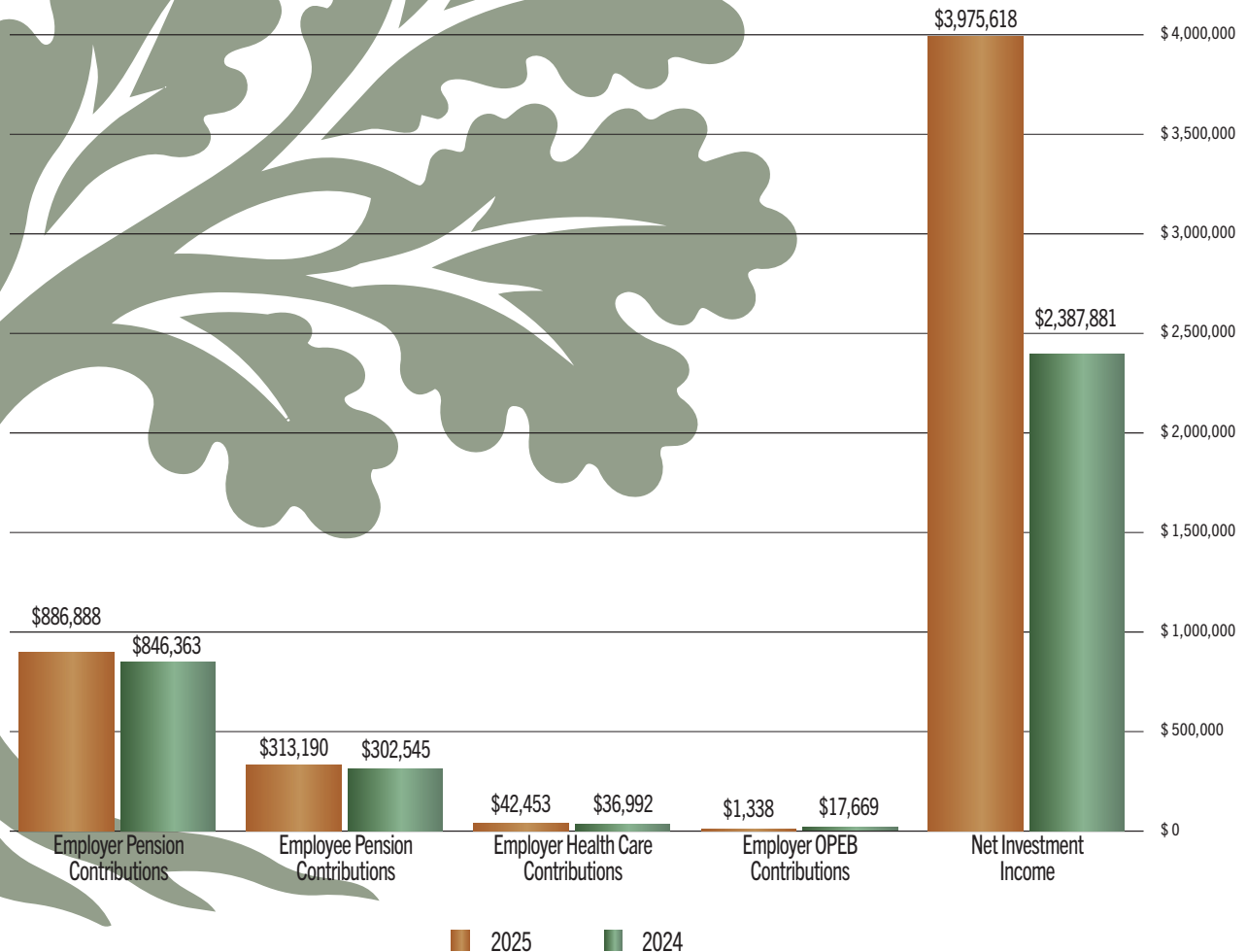
The primary funding sources of pension benefits are participating employer and member contributions, along with investment earnings, net of investment expenses. Total additions for the year ended December 31, 2025, were \$5.2 billion, compared to \$3.6 billion for the year ended December 31, 2024, representing an increase of \$1.6 billion, or 45.3%. The increase was primarily driven by higher net investment income and increased contributions.

Total contributions increased \$40.3 million over the prior year, largely due to a \$46.0 million rise in employer pension contributions and a \$10.6 million increase in employee pension contributions, reflecting higher pension contribution rates. These increases were partially offset by a \$16.3 million decrease in employer OPEB contributions.

Net investment income increased by \$1.6 billion, or 66.5%, from the prior year, reflecting strong investment performance. The net investment return for the year was 14.6% in 2025, compared to 10.0% in 2024, driven primarily by higher net appreciation in fair value of investments, as well as increased dividends, interest, and other investment income.

Additions to Fiduciary Net Position

(Dollars in Thousands)



Management’s Discussion and Analysis

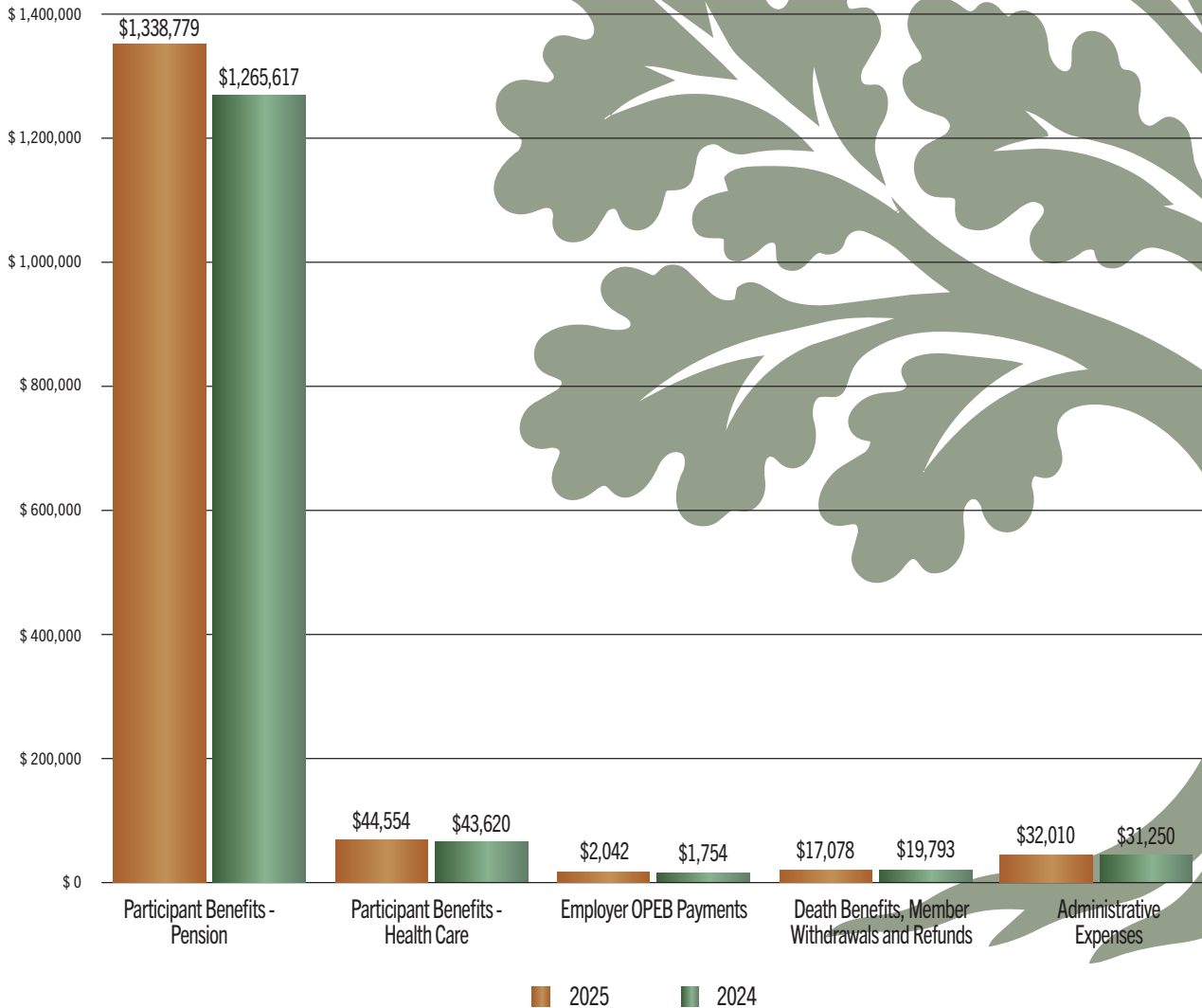
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Deductions from Fiduciary Net Position

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 \$72.4 million, or 5.3%, compared to the prior year, primarily due to continued growth in pension benefit payments. Participant pension benefits increased by \$73.2 million, reflecting both an increase in the number of retired members receiving benefits and higher average benefit payments primarily caused by COLA increases. Total retirement benefit recipients increased by 504, from 21,740 to 22,244, while the average annual pension benefit increased from \$58,216 to \$60,186.

Deductions from Fiduciary Net Position

(Dollars in Thousands)



Management's Discussion and Analysis

(continued)

OCERS Membership

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

Table 3 : Membership Data

As of December 31, 2025 and 2024

	12/31/2025	12/31/2024	Increase	Percentage Change
Active Members	22,797	23,368	(571)	-2.4%
Retired Members	22,244	21,740	504	2.3%
Deferred Members	10,132	9,377	755	8.1%
Total Membership	55,173	54,485	688	1.3%

Total OCERS' membership increased by 688 members (1.3%) in 2025, reflecting continued plan maturity. Active members decreased by 571 members (-2.4%), reflecting routine workforce changes, including retirements, separations, and other employment transitions. Retired membership increased by 504 members (2.3%), consistent with ongoing retirements as members reach eligibility and begin receiving benefits. Deferred membership increased by 755 members (8.1%), reflecting members who separated from service but are not yet eligible to retire. Overall, the increase in retired and deferred membership more than offset the decline in active members, resulting in net positive growth in total plan membership as of December 31, 2025.

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, 2024 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 GASB 67 Actuarial Valuation as of December 31, 2025, 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, 2024 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 mortality rates assumptions were not changed.

Management's Discussion and Analysis

(continued)

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, 2024 valuation as the basis for calculating the total pension liability (TPL) and rolled forward to December 31, 2025. Based on this actuarial valuation, the TPL was \$29.5 billion compared to a fiduciary net position of \$27.7 billion, resulting in the employers' net pension liability (NPL) of \$1.8 billion and a fiduciary net position as a percentage of the TPL of 93.8%. The NPL as a percentage of covered payroll was 76.1%.

In the actuarial funding valuation for the pension plan as of December 31, 2024, the funding ratio of the valuation value of assets to actuarial accrued liabilities was 83.8%. 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 84.2% in 2024.

Investment Summary

OCERS' portfolio gained 14.6%, net of fees, for calendar year 2025, driven largely by an impressive year for public and private equity markets. OCERS' 2025 calendar year return ranked in the top 23% versus peers¹. Over the trailing three-, five-, and ten-year periods, OCERS had returns of 12.0%, 8.6%, and 8.9% annualized, net of fees, ranking in the top 40%, 11%, and 22% of the peer group, respectively. OCERS' portfolio ended 2025 with a fair value of \$27.6 billion, up from \$24.3 billion at the end of 2024.

In 2025, global public equities delivered a very strong year of returns despite tariff shocks that triggered a sharp drawdown in April. Markets recovered powerfully as tariffs were partially rolled back, inflation pressures moderated, and the Fed delivered three 25 basis point rate cuts. Corporations experienced strong and broad-based earnings growth, while the AI buildout continued to provide a structural tailwind.

OCERS' global public equity portfolio earned 21.2% in 2025. Non-U.S. developed market equities led the way, gaining 29.9% during 2025, driven by a weaker U.S. dollar, attractive starting valuations, and broadening global earnings growth. U.S. equities returned 17.1%, while OCERS' emerging market equity portfolio earned 26.5% during the year.

Calendar year 2025 was a strong year for fixed income. Elevated starting yields provided a strong income cushion; Fed rate cuts supported shorter-duration bonds; credit spreads tightened further; and emerging market debt delivered outsized returns on the back of dollar weakness and improving fundamentals. The OCERS income strategies asset class produced a 7.9% return in 2025.

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 equity portfolio gained 15.9% in 2025 buoyed by extremely strong performance from the co-investment program. OCERS' real assets portfolio delivered strong results in 2025, with energy returning 10.8% and infrastructure gaining 9.4%, driven by continued demand for digital infrastructure, AI-related power needs, energy transition projects, and upstream oil and gas assets.

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.

SECTION 2 FINANCIAL | BASIC FINANCIAL INFORMATION

The Bark

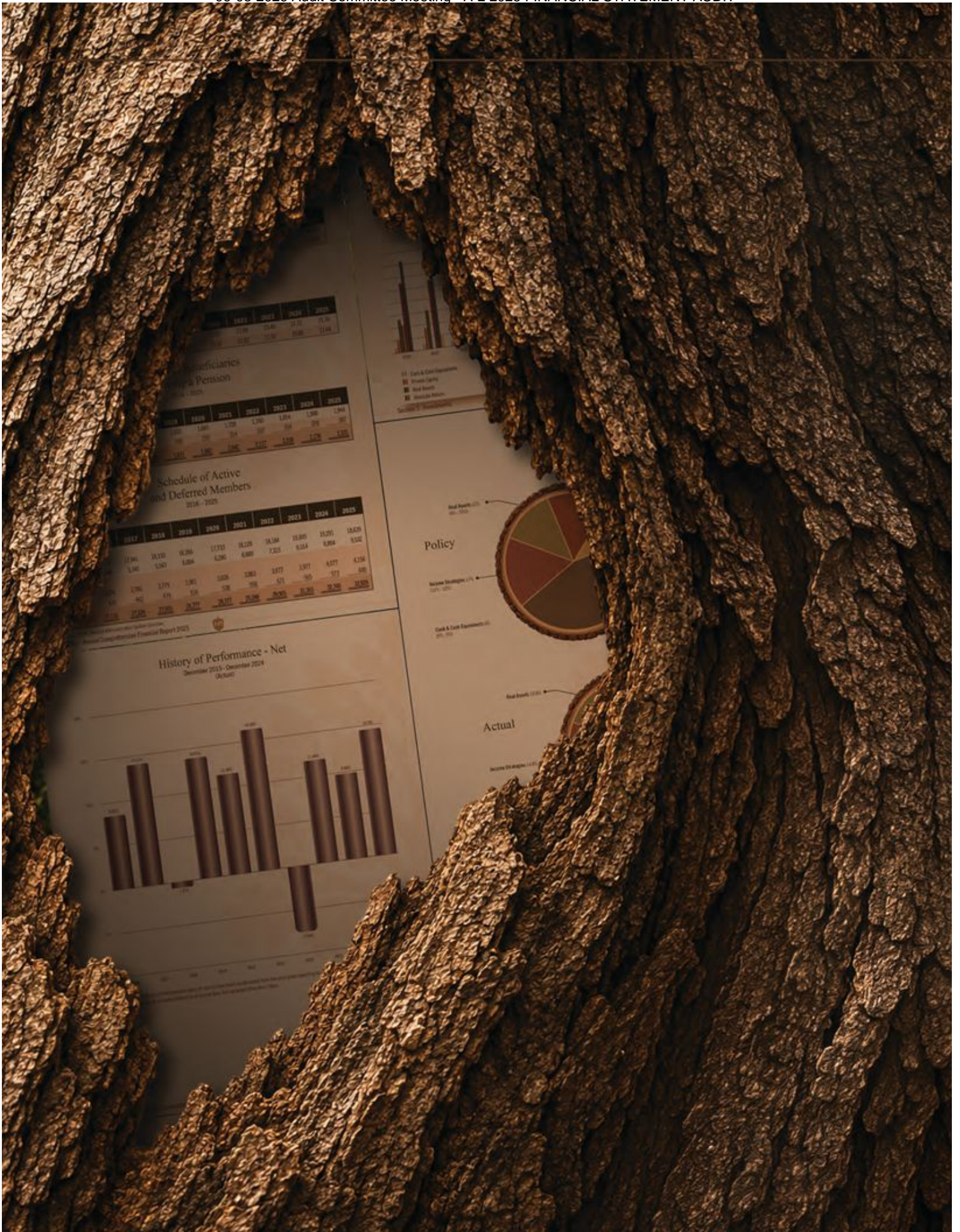
Protection in the Details

Rugged bark of an oak tree protects what cannot always be seen. Layer by layer, it shields the living structure beneath, helping the tree withstand changing seasons, outside pressures, and the passage of time. Its strength is not ornamental; it is essential to the health and stability of the whole tree.

For OCERS, reporting and data serve a similar purpose. Financial statements, tables, charts, actuarial analysis, investment results, and long-term trends all help create a clearer view of the System’s condition. Together, these details provide the structure needed to monitor performance, identify risk, support sound decisions, and protect the trust placed in OCERS by its members, employers, and beneficiaries.

Like bark, this work forms a protective layer around something vital. Through careful reporting, disciplined review, and transparent presentation of information, OCERS strengthens its ability to serve today’s members while preserving stability for generations to come.





Beneficiaries and a Pension

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
11,000	12,500	14,000	15,500	17,000	18,500	20,000	21,500	23,000	24,500

Schedule of Active and Deferred Members

2017	2018	2019	2020	2021	2022	2023	2024	2025
18,941	18,120	18,286	17,710	18,128	18,188	18,890	18,291	18,626
5,340	5,567	5,884	6,286	6,880	7,323	8,124	8,864	9,512



Statement of Fiduciary Net Position

As of December 31, 2025

(with summarized comparative amounts as of December 31, 2024)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2024
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	\$ 1,501,901	\$ 28,721	\$ 7,889	\$ 853	\$ 1,539,364	\$ 1,550,753
Securities Lending Collateral	154,365	2,952	811	-	158,128	172,042
Total Cash and Short-Term Investments	1,656,266	31,673	8,700	853	1,697,492	1,722,795
Receivables						
Investment Income	33,795	646	178	-	34,619	22,591
Securities Sales	159,291	3,046	837	-	163,174	210,257
Contributions	59,563	-	-	-	59,563	59,339
Foreign Currency Forward Contracts	-	-	-	-	-	901
Other Receivables	9,880	189	52	-	10,121	90,199
Total Receivables	262,529	3,881	1,067	-	267,477	383,287
Investments at Fair Value						
Global Public Equity	11,488,577	219,697	60,350	23,481	11,792,105	10,145,710
Private Equity	5,138,432	98,263	26,992	-	5,263,687	4,079,878
Income Strategies	4,102,238	78,447	21,549	18,459	4,220,693	3,828,089
Real Assets	3,431,108	65,613	18,024	-	3,514,745	3,053,551
Risk Mitigation	1,941,805	37,133	10,200	-	1,989,138	1,875,533
Unique Strategies	271,585	5,194	1,427	-	278,206	203,787
Total Investments at Fair Value	26,373,745	504,347	138,542	41,940	27,058,574	23,186,548
Capital Assets, Net	9,842	-	-	-	9,842	6,259
Total Assets	28,302,382	539,901	148,309	42,793	29,033,385	25,298,889
Liabilities						
Obligations Under Securities Lending Program	154,365	2,952	811	-	158,128	172,041
Securities Purchased	300,568	5,748	1,579	-	307,895	313,006
Unearned Contributions	41,549	-	-	-	41,549	40,624
Foreign Currency Forward Contracts	2,361	45	12	-	2,418	261
Retiree Payroll Payable	110,819	5,047	780	-	116,646	110,012
Other	32,409	620	170	-	33,199	74,419
Total Liabilities	642,071	14,412	3,352	-	659,835	710,363
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$27,660,311	\$ 525,489	\$ 144,957	\$ 42,793	\$ 28,373,550	\$ 24,588,526

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

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2025

(with summarized comparative amounts as of December 31, 2024)

(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2024
Additions						
Contributions						
Employer	\$ 886,888	\$ 16,401	\$ 26,052	\$ -	\$ 929,341	\$ 883,355
Employee	313,190	-	-	-	313,190	302,545
Employer OPEB Contributions	-	-	-	1,338	1,338	17,669
Total Contributions	1,200,078	16,401	26,052	1,338	1,243,869	1,203,569
Investment Income						
Net Appreciation in Fair Value of Investments	3,621,452	60,839	16,690	5,587	3,704,568	2,158,337
Dividends, Interest, and Other Investment Income	465,684	8,905	2,446	19	477,054	416,582
Securities Lending Income						
Gross Earnings	8,063	154	42	-	8,259	11,887
Less: Borrower Rebates and Bank Charges	(7,375)	(141)	(39)	-	(7,555)	(11,100)
Net Securities Lending Income	688	13	3	-	704	787
Total Investment Income	4,087,824	69,757	19,139	5,606	4,182,326	2,575,706
Investment Fees and Expenses	(201,783)	(3,859)	(1,060)	(6)	(206,708)	(187,825)
Net Investment Income	3,886,041	65,898	18,079	5,600	3,975,618	2,387,881
Total Additions	5,086,119	82,299	44,131	6,938	5,219,487	3,591,450
Deductions						
Participant Benefits	1,338,779	36,269	8,285	-	1,383,333	1,309,237
Death Benefits	628	-	-	-	628	1,593
Member Withdrawals and Refunds	16,450	-	-	-	16,450	18,200
Employer OPEB Payments	-	-	-	2,042	2,042	1,754
Administrative Expenses	31,942	23	22	23	32,010	31,250
Total Deductions	1,387,799	36,292	8,307	2,065	1,434,463	1,362,034
Net Increase	3,698,320	46,007	35,824	4,873	3,785,024	2,229,416
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	23,961,991	479,482	109,133	37,920	24,588,526	22,359,110
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	\$ 27,660,311	\$ 525,489	\$ 144,957	\$ 42,793	\$ 28,373,550	\$ 24,588,526

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

Notes to the Basic 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 Plan Description that is available on the web at <https://www.ocers.org/summary-plan-description>.

The following table is a summary of OCERS' general and safety membership as of December 31, 2025, 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):

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

OCERS Membership - General Members

As of December 31, 2025

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
1	A	I	-	-	240	1	241
1	B	II	370	4	599	265	1,238
1	U	II-PEPRA	424	886	33	758	2,101
Rate Group 1 Total			794	890	872	1,024	3,580
2	A	I	-	-	2,062	1	2,063
2	B	II	-	-	1,763	448	2,211
2	I	I	4	-	1,083	-	1,087
2	J	II	5,437	52	9,003	2,323	16,815
2	P	II	126	18	26	111	281
2	S	II	3	3	7	13	26
2	T	II-PEPRA	3,450	3,999	102	3,827	11,378
2	U	II-PEPRA	551	838	14	353	1,756
2	W	II-PEPRA	1	-	-	1	2
Rate Group 2 Total			9,572	4,910	14,060	7,077	35,619
3	A	I	-	-	56	-	56
3	B	II	41	8	76	39	164
3	G	I	-	-	30	-	30
3	H	II	160	-	488	49	697
3	U	II-PEPRA	234	192	14	89	529
Rate Group 3 Total			435	200	664	177	1,476
4	H	II	-	-	1	-	1
Rate Group 4 Total			-	-	1	-	1
5	A	I	1	-	318	2	321
5	B	II	561	12	1,367	453	2,393
5	U	II-PEPRA	260	567	18	381	1,226
Rate Group 5 Total			822	579	1,703	836	3,940
9	A	I	-	-	3	-	3
9	B	II	-	-	10	12	22
9	N	II	15	3	61	35	114
9	U	II-PEPRA	16	28	6	31	81
Rate Group 9 Total			31	31	80	78	220
10	A	I	-	-	5	-	5
10	B	II	-	-	38	5	43
10	I	I	-	-	15	-	15
10	J	II	52	-	204	82	338
10	N	II	26	8	11	27	72
10	U	II-PEPRA	123	125	8	220	476
Rate Group 10 Total			201	133	281	334	949
11	A	I	-	-	3	-	3
11	B	II	-	-	3	-	3
11	N	II	12	-	9	2	23
11	U	II-PEPRA	8	8	1	2	19
Rate Group 11 Total			20	8	16	4	48
12	B	II	-	-	3	1	4
12	H	II	9	-	11	1	21
12	U	II-PEPRA	2	2	-	-	4
Rate Group 12 Total			11	2	14	2	29
Total General Members			11,886	6,753	17,691	9,532	45,862

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

OCERS Membership - Safety Members

As of December 31, 2025

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
6	C	I	-	-	84	-	84
6	D	II	-	-	42	33	75
6	E	I	-	-	44	-	44
6	F	II	418	10	521	153	1,102
6	V	II-PEPRA	63	113	-	36	212
Rate Group 6 Total			481	123	691	222	1,517
7	C	I	-	-	368	-	368
7	D	II	-	-	287	15	302
7	E	I	-	-	271	-	271
7	F	II	535	1	1,778	69	2,383
7	R	II	341	24	40	47	452
7	V	II-PEPRA	699	681	53	87	1,520
Rate Group 7 Total			1,575	706	2,797	218	5,296
8	C	I	-	-	25	-	25
8	D	II	-	-	68	2	70
8	E	I	-	-	16	-	16
8	F	II	416	-	937	35	1,388
8	R	II	147	12	12	14	185
8	V	II-PEPRA	326	372	7	109	814
Rate Group 8 Total			889	384	1,065	160	2,498
Total Safety Members			2,945	1,213	4,553	600	9,311
Grand Total			<u>14,831</u>	<u>7,966</u>	<u>22,244</u>	<u>10,132</u>	<u>55,173</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, 2025, are as follows:

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Rate Groups and Benefit Plans

As of December 31, 2025

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Employers
#1	General	A	2.0% @ 57	County of Orange and OC In-Home Supportive Services Public Authority (OC Department of Education, UCI Medical Center and Campus, Capistrano Beach Sanitary District, Cypress Recreation & Parks District, and OC Mosquito and Vector Control District are no longer active employers)
		B	1.67% @ 57.5	
		U	2.5% @ 67 PEPRA	
#2	General	A	2.0% @ 57	County of Orange; City of San Juan Capistrano; Orange County LAFCO; OCERS; Orange County Superior Court of California; and Children and Families Commission of Orange County
		B	1.67% @ 57.5	
		I	2.7% @ 55	
		J	2.7% @ 55	
		P	1.62% @ 65	
		S	2.0% @ 57	
		T	1.62% @ 65 PEPRA Compliant	
		U	2.5% @ 67 PEPRA	
W	1.62% @ 65 PEPRA Alternative			
#3	General	A	2.0% @ 57	OC Sanitation District
		B	1.67% @ 57.5	
		G	2.5% @ 55	
		H	2.5% @ 55	
		U	2.5% @ 67 PEPRA	
#4	General	H	2.5% @ 55	City of Rancho Santa Margarita (no longer an active employer)
#5	General	A	2.0% @ 57	OC Transportation Authority
		B	1.67% @ 57.5	
		U	2.5% @ 67 PEPRA	
#6	Safety	C	2.0% @ 50	County of Orange (Probation)
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		V	2.7% @ 57 PEPRA	
#7	Safety	C	2.0% @ 50	County of Orange (Law Enforcement)
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		R	3.0% @ 55	
#8	Safety	C	2.0% @ 50	OC Fire Authority
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		V	2.7% @ 57 PEPRA	

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Rate Groups and Benefit Plans (continued)

As of December 31, 2025

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Employers
#9	General	A	2.0% @ 57	Transportation Corridor Agencies
		B	1.67% @ 57.5	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#10	General	A	2.0% @ 57	OC Fire Authority
		B	1.67% @ 57.5	
		I	2.7% @ 55	
		J	2.7% @ 55	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#11	General	A	2.0% @ 57	OC Cemetery District
		B	1.67% @ 57.5	
		N	2.0% @ 55	
		U	2.5% @ 67 PEPRA	
#12	General	B	1.67% @ 57.5	OC Law Library
		H	2.5% @ 55	
		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).

Notes to the Basic Financial Statements

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 2025 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, 2025, 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.

Notes to the Basic Financial Statements

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 and is a legally separate entity. OCERS is a fiduciary component unit of the County of Orange (County).

Due to the nature of the relationship between OCERS and the County, and in accordance with GASB Statement No. 84, *Fiduciary Activities*, OCERS' Pension Plan, Other Postemployment Benefits Trust Funds, and Custodial Fund are reflected as fiduciary funds within the County's basic financial statements.

Notes to the Basic Financial Statements

NOTE 2 : Summary of Significant Accounting Policies (continued)

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.

Investment Policy and Valuation

State Street Bank and Trust (State Street) maintains custody of the majority of OCERS' investments held as of December 31, 2025. 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, 2025, 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 Cash Equivalents

Cash and cash equivalents 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. Cash equivalents 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 AAA by Standard & Poor's (S&P). 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.

Notes to the Basic Financial Statements

NOTE 2 : Summary of Significant Accounting Policies (continued)

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.

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

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 have shorter durations and their value 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.

Notes to the Basic Financial Statements

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, 2025
(Dollars in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 604	\$ -	\$ -	\$ 604
Construction-In-Progress	2,196	6,096	-	8,292
Total Capital Assets Not Being Depreciated	2,800	6,096	-	8,896
Capital Assets Being Depreciated and Amortized				
Building and Improvements	4,752	-	-	4,752
Computer Software - Pension Administration System	21,854	-	-	21,854
Data Center	1,234	-	-	1,234
Furniture and Equipment	891	-	-	891
Total Capital Assets Being Depreciated and Amortized	28,731	-	-	28,731
Less: Accumulated Depreciation and Amortization				
Building and Improvements	(3,994)	(149)	-	(4,143)
Computer Software - Pension Administration System	(19,668)	(2,186)	-	(21,854)
Data Center	(1,234)	-	-	(1,234)
Furniture and Equipment	(376)	(178)	-	(554)
Total Accumulated Depreciation and Amortization	(25,272)	(2,513)	-	(27,785)
Total Capital Assets Being Depreciated and Amortized (Net of Depreciation and Amortization)	3,459	(2,513)	-	946
Total Capital Assets (Net of Depreciation and Amortization)	\$ 6,259	\$ 3,583	\$ -	\$ 9,842

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, 2024, from which the summarized information was derived.

Notes to the Basic 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, 2025:

Investment Allocation

As of December 31, 2025

Investment Category	Policy	Target Ranges	Actual
Global Public Equity	45%	38% - 52%	42%
Private Equity	15%	10% - 20%	18%
Income Strategies	17%	12% - 22%	15%
Real Assets	13%	8% - 18%	12%
Risk Mitigation	10%	6% - 14%	7%
Unique Strategies	0%	0% - 5%	1%
Cash*	0%	0% - 5%	5%
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 2025, no changes were made to the investment allocation policy or target ranges.

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, 2025, 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 \$123.7 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.

Notes to the Basic Financial Statements

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, 2025, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Credit Ratings

As of December 31, 2025
(Dollars in Thousands)

Rating	Pooled	U.S. Treasuries	Corporates	Mortgages	Asset- Backed	Municipals	Agencies	International	Swaps	Total
AAA	\$ -	\$ -	\$ 3,484	\$ 4,317	\$ 28,662	\$ 14,545	\$ -	\$ 3,375	\$ -	\$ 54,383
AA	-	-	14,501	489,446	10,039	28,012	2,063	878	-	544,939
A	-	-	66,790	2,462	7,999	11,867	-	41,422	-	130,540
BBB	-	-	202,163	79	10,464	1,479	-	81,872	-	296,057
BB	-	-	9,906	829	826	1,014	-	7,349	-	19,924
B	-	-	-	175	-	-	-	625	-	800
CCC	-	-	-	1,086	1,009	-	-	-	-	2,095
NR	905,345	-	7,443	74,424	60,392	30,318	2,494	13,112	1,678	1,095,206
NA	-	332,954	-	54,670	-	-	-	-	-	387,624
Total	\$ 905,345	\$ 332,954	\$ 304,287	\$ 627,488	\$ 119,391	\$ 87,235	\$ 4,557	\$ 148,633	\$ 1,678	\$ 2,531,568

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$113.2 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

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, 2025, the durations of these indices are 5.79 years and 6.34 years, respectively for a blended duration of 5.87 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, 2025:

Interest Rate Risk Schedule

As of December 31, 2025
(Dollars in Thousands)

Category	Amount	Duration (in Years)	Percent
Pooled	\$ 905,345	6.02	36%
U.S. Treasuries	332,954	8.96	13%
Corporates	301,080	5.26	12%
Mortgages	619,916	5.16	24%
Asset-Backed	117,142	2.87	5%
Municipals	87,235	8.70	3%
Agencies	4,557	10.41	0%
International	148,633	4.64	6%
No Effective Duration:			
Corporates	3,207	N/A	1%
Mortgages	7,572	N/A	0%
Asset-Backed	2,249	N/A	0%
Swaps	1,678	N/A	0%
Total	\$ 2,531,568	5.95	100%

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes \$113.2 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

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, 2025:

Foreign Currency Risk Schedule

As of December 31, 2025
(Dollars in Thousands)

Currency in U.S. Dollar	Cash	Equity	Fixed Income	Options	Forward Contracts	Swaps	Total
Australian Dollar	\$ 505	\$ 35,659	\$ 3,268	\$ -	\$ (489)	\$ (135)	\$ 38,808
Brazilian Real	106	753	7,926	-	(125)	(303)	8,357
Canadian Dollar	2,588	33,294	5,882	-	(139)	(79)	41,546
Chinese Yuan	10	-	-	-	1	-	11
Danish Krone	27	25,225	-	-	5	-	25,257
Euro Currency	50,978	806,172	9,536	(1)	338	(62)	866,961
Hong Kong Dollar	5	19,194	-	-	(4)	159	19,354
Indian Rupee	-	-	-	-	2	-	2
Japanese Yen	(10)	202,386	2,764	-	(664)	77	204,553
Mexican Peso	10	-	229	-	(5)	-	234
New Israeli Shekel	-	1,324	-	-	98	-	1,422
New Taiwan Dollar	-	-	-	-	5	-	5
New Zealand Dollar	10	1,149	-	-	(42)	-	1,117
Norwegian Krone	10	5,360	-	-	182	-	5,552
Polish Zloty	-	-	-	-	3	-	3
Pound Sterling	209	142,444	1,106	-	(855)	29	142,933
Russian Ruble	-	4,640	-	-	-	-	4,640
Singapore Dollar	335	5,426	-	-	35	-	5,796
SOL	-	-	741	-	(2)	-	739
South African Rand	-	3,005	1,263	-	(47)	-	4,221
South Korean Won	1	13,256	-	-	-	-	13,257
Swedish Krona	4	29,340	-	-	(348)	-	28,996
Swiss Franc	168	56,612	-	-	(370)	(21)	56,389
Thailand Baht	-	-	-	-	2	-	2
Yuan Renminbi	-	5	-	-	-	-	5
Amount Exposed to Foreign Currency Risk	\$ 54,956	\$ 1,385,244	\$ 32,715	\$ (1)	\$ (2,419)	\$ (335)	\$ 1,470,160

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, 2025.

Notes to the Basic Financial Statements

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, 2025, 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, 2025, 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, 2025:



Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Derivative Instruments

As of December 31, 2025

(Amounts in Thousands)

Derivative Instruments	Changes in Fair Value Net Appreciation/ (Depreciation) ⁴	Fair Value at December 31, 2025		Notional ³
		Amount ¹	Classification	
Commodity Futures Long	\$ 426	Cash	\$ -	\$ 699
Commodity Futures Short	(138)	Cash	-	-
Credit Default Swaps Written	(5)	Income Strategies	553	24,100
Fixed Income Futures Long	3,593	Cash/Income Strategies	-	241,945
Fixed Income Futures Short	(936)	Income Strategies	-	(38,828)
Fixed Income Options Bought	(121)	Income Strategies	39	78,400
Fixed Income Options Written	353	Income Strategies	(3)	(8,200)
Foreign Currency Futures Long	(10)	Cash	-	100
Foreign Currency Options Bought	(65)	Cash	3	600
Futures Options Written	147	Income Strategies	(8)	(46)
FX Forwards	(11,711)	Foreign Currency Contracts Receivables and Payables	(2,419)	395,781
Index Futures Long	270,932	Cash/Global Public Equity	-	1,624
Index Futures Short	(5,962)	Global Public Equity	-	(3)
Pay Fixed Interest Rate Swaps	(444)	Income Strategies	1,617	83,716
Receive Fixed Interest Rate Swaps	(148)	Income Strategies	(492)	28,044
Rights	(5)	Global Public Equity	-	-
Total Return Swaps Bond	(3,676)	Global Public Equity	(206)	14,051
Total Return Swaps Equity	4,919	Global Public Equity	287	(19,746)
Grand Totals	\$ 257,149		\$ (629)	

¹ Negative values (in brackets) refer to losses² Negative values refer to liabilities and are reported net of investments³ Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions⁴ Excludes futures margin payments

Notes to the Basic Financial Statements

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, 2025. 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, 2025.

Custodial Credit Risk – Derivative Instruments

As of December 31, 2025, 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.

Notes to the Basic Financial Statements

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, 2025 is as follows:

Counterparty Credit Risk Schedule for Derivative Instruments

As of December 31, 2025
(Dollars in Thousands)

Counterparty Name	S&P Rating	Foreign Currency Forward Contracts	Swaps	Total Fair Value
Australia and New Zealand Banking Group	AA-	\$ 11	\$ -	\$ 11
Banco Santander Central Hispano	A+	10	-	10
Bank of America, CME	A-	-	1,053	1,053
Bank of America, ICE	A-	-	566	566
Bank of America Merrill Lynch Securities Inc.	A-	-	1,123	1,123
Bank of America, N.A.	A+	1	-	1
BNP Paribas SA	A+	2	-	2
Citibank N.A.	A+	513	5	518
Deutsche Bank AG	A	1	-	1
Goldman Sachs Bank USA	BBB+	13	-	13
HSBC Bank PLC	A-	3	-	3
JP Morgan Chase Bank, N.A.	AA-	511	28	539
Morgan Stanley Co Incorporated	A-	-	288	288
Standard Chartered Bank	A+	8	-	8
Wells Fargo Bank NA	A+	1	-	1
Total Non-Exchange Traded Derivatives in Asset Position		<u>\$ 1,074</u>	<u>\$ 3,063</u>	<u>\$ 4,137</u>

Notes to the Basic Financial Statements

NOTE 3: Investments (continued)

Interest Rate Risk – Derivatives

At December 31, 2025, OCERS is exposed to interest rate risk on its investments in various swap arrangements based on daily interest rates for AUD (Australian Dollar Rate), BRCDI (Brazilian Certificate of Deposit Interbank), CAD (Canadian Dollar Rate), SONIA (Sterling Overnight Index Average), SOFR (Secured Overnight Financing Rate), YEN (Japanese Yen 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, 2025
(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
Credit Default Swaps Written	\$ 553	\$ 40	\$ 558	\$ -	\$ (45)
Fixed Income Options Bought	39	39	-	-	-
Fixed Income Options Written	(3)	(3)	-	-	-
Pay Fixed Interest Rate Swaps	1,617	(59)	(146)	(226)	2,048
Receive Fixed Interest Rate Swaps	(492)	-	(341)	(103)	(48)
Total Return Swaps Bond	(206)	(206)	-	-	-
Total Return Swaps Equity	287	287	-	-	-
Total	\$ 1,795	\$ 98	\$ 71	\$ (329)	\$ 1,955

Derivative Instruments Highly Sensitive to Interest Rate Changes

As of December 31, 2025
(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%	\$ 285	\$ 720
Pay Fixed Interest Swaps	Variable 12-month SOFR	Fixed 1.75%-4.50%	1,321	59,100
Pay Fixed Interest Swaps	Variable 6-month CAD	Fixed 3.50%-3.75%	(79)	5,034
Pay Fixed Interest Swaps	Variable 6-month EUR	Fixed 3.50%-3.75%	13	2,466
Pay Fixed Interest Swaps	Variable 12-month YEN	Fixed 3.50%-3.75%	77	16,396
Total Pay Fixed Interest Rate Swaps			1,617	
Received Fixed Interest Rate Swaps	Fixed 4.50%	Variable 6-month AUD	(79)	4,134
Received Fixed Interest Rate Swaps	Fixed 11.49%-11.56%	Variable 0-month BRCDI	(303)	8,084
Received Fixed Interest Rate Swaps	Fixed 0.65%-2.75%	Variable 6-month EURIB	(124)	8,303
Received Fixed Interest Rate Swaps	Fixed 3.40%-3.45%	Variable 12-month SOFR	(15)	1,200
Received Fixed Interest Rate Swaps	Fixed 3.75%-3.93%	Variable 12-month SONIA	29	6,322
Total Receive Fixed Interest Rate Swaps			(492)	
Total Interest Rate Swaps			\$ 1,125	

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Foreign Currency Risk – Derivatives

At December 31, 2025, 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, 2025
(Dollars in Thousands)

Currency Name	Options	Currency Forward Contracts		Swaps	Total Exposure
		Net Receivables	Net Payables		
Australian Dollar	\$ -	\$ 13	\$ (502)	\$ (135)	\$ (624)
Brazilian Real	-	15	(140)	(303)	(428)
Canadian Dollar	-	29	(168)	(79)	(218)
Chinese Yuan	-	1	-	-	1
Danish Krone	-	11	(6)	-	5
Euro Currency	(1)	501	(163)	(62)	275
Hong Kong Dollar	-	-	(4)	159	155
Indian Rupee	-	2	-	-	2
Japanese Yen	-	132	(796)	77	(587)
Mexican Peso	-	-	(5)	-	(5)
New Israeli Shekel	-	102	(4)	-	98
New Taiwan Dollar	-	5	-	-	5
New Zealand Dollar	-	5	(47)	-	(42)
Norwegian Krone	-	208	(26)	-	182
Polish Zloty	-	3	-	-	3
Pound Sterling	-	5	(860)	29	(826)
Singapore Dollar	-	38	(3)	-	35
SOL	-	-	(2)	-	(2)
South African Rand	-	-	(47)	-	(47)
Swedish Krona	-	1	(349)	-	(348)
Swiss Franc	-	1	(371)	(21)	(391)
Thailand Baht	-	2	-	-	2
Total Foreign Currency	\$ (1)	\$ 1,074	\$ (3,493)	\$ (335)	\$ (2,755)
U.S. Dollar	32	-	-	2,094	2,126
Total	\$ 31	\$ 1,074	\$ (3,493)	\$ 1,759	\$ (629)

Notes to the Basic Financial Statements

NOTE 3: Investments (continued)

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 14.6%. 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.

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. OCERS is authorized to receive either cash or securities as collateral for securities on loan; however, all collateral held as of December 31, 2025 consisted solely of cash. 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, 2025, the liquidity pool had an average duration of 98 days and a weighted average maturity of 14 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 2025, 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 collateral held as of December 31, 2025 was \$152.8 million and \$158.1 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, 2025
(Dollars in Thousands)

Security Lent for Cash Collateral	Fair Value of OCERS' Securities Lent	Cash Collateral Received	Collateral Investment Value
Global Public Equity	\$ 96,999	\$ 101,067	\$ 101,067
Income Strategies	55,806	57,061	57,061
Total	\$ 152,805	\$ 158,128	\$ 158,128

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.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

The following table represents the fair value measurements as of December 31, 2025:

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2025
(Dollars in Thousands)

	12/31/2025	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	\$ 905,345	\$ -	\$ 905,345	\$ -
U.S. Treasuries	332,954	-	332,954	-
Corporates	304,287	-	304,287	-
Mortgages	627,488	-	627,488	-
Asset-backed	119,391	-	119,391	-
Municipals	87,235	-	87,235	-
Agencies	4,557	-	4,557	-
International	148,633	-	148,633	-
Total Income Strategies	2,529,890	-	2,529,890	-
Global Public Equity Investments:				
Domestic Equity	8,168,031	674,883	7,493,148	-
International Equity	1,362,613	931,184	431,429	-
Emerging Markets Equity	682,355	75,347	607,008	-
Total Global Public Equity	10,212,999	1,681,414	8,531,585	-
Real Assets:				
Real Estate	10,992	-	-	10,992
Total Real Assets	10,992	-	-	10,992
Other Investments:				
Risk Mitigation	629,043	-	629,043	-
Total Other Investments	629,043	-	629,043	-
Total Investments at Fair Value Level	\$ 13,382,924	\$ 1,681,414	\$ 11,690,518	\$ 10,992

Notes to the Basic Financial Statements

NOTE 3: Investments (continued)

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2025

(Dollars in Thousands)

(Continued)

	12/31/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at the Net Asset Value (NAV)				
Global Public Equity:				
Domestic Equity	\$ 204,403			
International Equity	577,064			
Emerging Markets Equity	910,768			
Total Global Public Equity	1,692,235			
Real Assets:				
Agriculture	2,645			
Energy	619,704			
Infrastructure	1,010,642			
Real Estate	1,870,762			
Total Real Assets	3,503,753			
Other Investments:				
Income Strategies	1,575,884			
Private Equity	5,263,687			
Risk Mitigation	1,360,095			
Unique Strategies	278,206			
Total Other Investments	8,477,872			
Total Investments Measured at the NAV	\$ 13,673,860			
Investments Derivative Instruments				
Swaps:				
Interest Rate Swaps	\$ 1,125	\$ -	\$ 1,125	\$ -
Credit Default Swaps	553	-	553	-
Total Return Swaps	81	-	81	-
Options	31	-	31	-
Total Investment Derivative Instruments	1,790	\$ -	\$ 1,790	\$ -
Total Investments Measured at Fair Value	\$ 27,058,574			

Income Strategies in the above schedule exclude \$113.2 million of non-fixed income securities classified under Domestic Equity, which are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

Notes to the Basic Financial Statements

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.

Notes to the Basic Financial Statements

NOTE 3: Investments (continued)

Investments Measured at NAV, Unfunded Commitments and Redemption Terms

As of December 31, 2025

(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:				
Domestic Equity	\$ 204,403	\$ -	S	60 days
International Equity	577,064	-	D, W, M	1-15 days
Emerging Markets Equity	<u>910,768</u>	<u>-</u>	D, M	10-30 days
Total Global Public Equity	<u>1,692,235</u>	<u>-</u>		
Real Assets:				
Agriculture	2,645	-	N/A	N/A
Energy	619,704	446,442	N/A	N/A
Infrastructure	1,010,642	527,224	N/A	N/A
Real Estate	<u>1,870,762</u>	<u>646,451</u>	Q, N/A	7-90 days, N/A
Total Real Assets	<u>3,503,753</u>	<u>1,620,117</u>		
Other Investments:				
Income Strategies	1,575,884	664,209	D, Q, N/A	1-90 days, N/A
Private Equity	5,263,687	2,120,540	N/A	N/A
Risk Mitigation	1,360,095	-	D, W, M, Q	1-75 days
Unique Strategies	<u>278,206</u>	<u>801,297</u>	Q, N/A	60 days, N/A
Total Other Investments	<u>8,477,872</u>	<u>3,586,046</u>		
Total Investments Measured at the NAV	<u>\$ 13,673,860</u>	<u>\$ 5,206,163</u>		

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

Notes to the Basic Financial Statements

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 six institutional funds. Two funds focus on international securities, one fund focuses on domestic equity, and three funds focus on emerging market 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 nineteen 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 sixteen 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-eight 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-nine limited partnership funds and one equity fund. Twenty-one of these funds are considered private credit investments, which are closed-end funds and are considered illiquid funds. These investments represent approximately 59% of the value. The remaining eight 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 eight 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.

Notes to the Basic Financial Statements

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, 2025 was \$2.3 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, 2022 established the contribution rates for the first six months of calendar year 2025 (second half of fiscal year 2024-2025), and the actuarial valuation report as of December 31, 2023 established the contribution rates for the last six months of calendar year 2025 (first half of fiscal year 2025-2026). For the year ended December 31, 2025, employer contribution rates ranged from 11.65% to 58.18% of payroll depending upon the benefit plan type. Employer pension contributions were \$886.9 million for the year ended December 31, 2025 of which approximately \$690 million and \$88.8 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 \$313.2 million in employee pension contributions for the year ended December 31, 2025. Average employee contribution rates for the year ended December 31, 2025 ranged between 9.92% and 17.19%.

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.

Notes to the Basic Financial Statements

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 2025, \$15.5 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, 2025
(Dollars in Thousands)

Valuation Reserves	
Pension Reserve	\$ 14,433,955
Employee Contribution Reserve	4,286,057
Employer Contribution Reserve	4,068,499
Annuity Reserve	3,414,208
Contra Account	(549,720)
Non-Valuation Reserves	
County Investment Account (POB Proceeds) Reserve	161,418
OCSD UAAL Deferred Reserve	20,136
Total Pension Fund Reserves (smoothed actuarial fair value)	25,834,553
Actuarial Deferred Return/(Loss)	1,825,758
Net Position Restricted for Pension	27,660,311
Net Position Restricted for Other Postemployment Benefits	
Health Care Plan Reserves	670,446
Net Position Restricted for Employer	
Custodial Fund Reserve	42,793
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	\$ 28,373,550

Notes to the Basic Financial Statements

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 2025 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, 2025.

Administrative Expense Compared to Actuarial Accrued Liability

For the Year Ended December 31, 2025

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of December 31, 2025	\$ 29,463,085
Maximum Allowed for Administrative Expense (AAL * 0.21%)	61,872
Actual Administrative Expense ¹	27,956
Excess of Allowed Over Actual Expense	\$ 33,916
Actual Administrative Expense for the year ended December 31, 2025 as a Percentage of Actuarial Accrued Liability as of December 31, 2025	0.09%
¹ Administrative Expense Reconciliation	
Administrative Expense per Statement of Changes in Fiduciary Net Position	\$ 31,942
Less: Administrative Expense Not Considered per CERL Section 31596.1	(3,986)
Administrative Expense Allowable Under CERL Section 31580.2	\$ 27,956

NOTE 7: Contingencies

At December 31, 2025, 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.

Notes to the Basic Financial Statements

NOTE 8 : Pension Disclosures

The net pension liability was measured as of December 31, 2025. 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, 2024. The components of the net pension liability as of December 31, 2025 are as follows:

Net Pension Liability

As of December 31, 2025
(Dollars in Thousands)

Total Pension Liability	\$ 29,479,871
Less: Plan Fiduciary Net Position	(27,660,311)
Net Pension Liability	\$ 1,819,560
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.83%

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, 2025 was determined by rolling forward the liability as determined in the actuarial valuation as of December 31, 2024. 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, 2025 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

Notes to the Basic Financial Statements

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, 2025 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, 2025

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	1.50%	8.96%
Total	100.00%	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.

Notes to the Basic Financial Statements

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, 2025. 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 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, 2025.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following table represents the net pension liability as of December 31, 2025, of participating employers calculated using the discount rate 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 (Asset) Liability to Changes in the Discount Rate

As of December 31, 2025
(Dollars in Thousands)

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$5,830,120	\$1,819,560	\$(1,459,754)

SECTION 2 FINANCIAL | REQUIRED SUPPLEMENTARY INFORMATION

The Grain

Structure Beneath the Surface

The grain of an oak reveals the tree's inner structure, the fibers that grow together over time to provide strength, direction, and resilience. While bark protects the tree from the outside, the grain shows what lies beneath: the organized framework that supports continued growth. Its lines, knots, and patterns tell a deeper story of how each layer contributes to the whole.

For OCERS, Required Supplementary Information serves a similar purpose. It expands upon the Basic Financial Statements by providing additional schedules, actuarial context, and long-term financial data that help explain the System's condition beyond the surface view. These details offer important perspective on funding progress, investment returns, employer contributions, and other measures that support transparency and informed decision-making.

Through this deeper level of reporting, OCERS gives members, employers, and stakeholders a clearer understanding of the structure behind the numbers. Like the grain of the oak, these required details reveal the strength within the System and demonstrate how disciplined stewardship, careful analysis, and consistent reporting help guide OCERS forward.



Ernie Wooster
Deputy Orange County Auditor (1948)



Schedule of Changes in Net Pension Liability of Participating Employers

For the Years Ended December 31, 2016 through 2025
(Dollars in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability					
Service Cost	\$ 604,439	\$ 564,606	\$ 536,400	\$ 526,769	\$ 510,863
Interest	1,950,424	1,859,623	1,750,651	1,675,053	1,609,891
Differences Between Expected and Actual Experience	344,180	153,725	326,785	46,500	(113,046)
Changes of Assumptions	-	-	165,526	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,355,857)	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)
Other	-	-	-	-	-
Net Change in Total Pension Liability	1,543,186	1,292,544	1,563,114	1,108,607	961,970
Total Pension Liability - Beginning	27,936,685	26,644,141	25,081,027	23,972,420	23,010,450
Total Pension Liability - Ending (a)	\$ 29,479,871	\$ 27,936,685	\$ 26,644,141	\$ 25,081,027	\$ 23,972,420
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 886,888	\$ 846,363	\$ 749,776	\$ 719,691	\$ 698,791
Contributions - Employee	313,190	302,545	277,455	269,999	271,334
Net Investment Income/(Loss)	3,886,041	2,332,245	2,325,481	(2,058,590)	3,222,065
Benefit Payments, Including Refunds of Employee Contributions	(1,355,857)	(1,285,410)	(1,216,248)	(1,139,715)	(1,045,738)
Administrative Expense	(31,942)	(31,181)	(29,056)	(23,546)	(21,473)
Net Change in Plan Fiduciary Net Position	3,698,320	2,164,562	2,107,408	(2,232,161)	3,124,979
Plan Fiduciary Net Position - Beginning	23,961,991	21,797,429	19,690,021	21,922,182	18,797,203
Plan Fiduciary Net Position - Ending (b)	27,660,311	23,961,991	21,797,429	19,690,021	21,922,182
Net Pension Liability (a) - (b) = (c)	\$ 1,819,560	\$ 3,974,694	\$ 4,846,712	\$ 5,391,006	\$ 2,050,238
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	93.83%	85.77%	81.81%	78.51%	91.45%
Covered Payroll (d) ⁴	\$ 2,389,757	\$ 2,252,414	\$ 2,042,240	\$ 1,932,374	\$ 1,870,387
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	76.14%	176.46%	237.32%	278.98%	109.62%

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, 2016 through 2025
(Dollars in Thousands)
(continued)

	2020	2019	2018	2017	2016
Total Pension Liability					
Service Cost	\$ 512,255	\$ 499,256	\$ 491,373	\$ 452,412	\$ 427,473
Interest	1,535,954	1,452,644	1,379,917	1,305,268	1,241,080
Differences Between Expected and Actual Experience	162,336	24,383	(118,124)	(66,964)	(323,566)
Changes of Assumptions	18,967	-	-	827,197	-
Benefit Payments, Including Refunds of Employee Contributions	(973,325)	(900,902)	(828,278)	(764,344)	(717,976)
Other	-	-	-	-	(509) ¹
Net Change in Total Pension Liability	1,256,187	1,075,381	924,888	1,753,569	626,502
Total Pension Liability - Beginning	21,754,263	20,678,882	19,753,994	18,000,425	17,373,923
Total Pension Liability - Ending (a)	<u>\$ 23,010,450</u>	<u>\$ 21,754,263</u>	<u>\$ 20,678,882</u>	<u>\$ 19,753,994</u>	<u>\$ 18,000,425</u>
Plan Fiduciary Net Position					
Contributions - Employer ²	\$ 659,807	\$ 653,793 ³	\$ 580,905 ³	\$ 572,104 ³	\$ 567,196
Contributions - Employee	279,384	279,373	270,070	262,294	258,297
Net Investment Income/(Loss)	2,173,184	2,183,808	(324,628)	1,939,635	1,061,243
Benefit Payments, Including Refunds of Employee Contributions	(973,325)	(900,902)	(828,278)	(764,344)	(717,976)
Administrative Expense	(20,428)	(19,171)	(18,284)	(17,002)	(16,870)
Net Change in Plan Fiduciary Net Position	2,118,622	2,196,901	(320,215)	1,992,687	1,151,890
Plan Fiduciary Net Position - Beginning	16,678,581	14,481,680	14,801,895	12,809,208	11,657,318
Plan Fiduciary Net Position - Ending (b)	18,797,203	16,678,581	14,481,680	14,801,895	12,809,208
Net Pension Liability (a) - (b) = (c)	<u>\$ 4,213,247</u>	<u>\$ 5,075,682</u>	<u>\$ 6,197,202</u>	<u>\$ 4,952,099</u>	<u>\$ 5,191,217</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	81.69%	76.67%	70.03%	74.93%	71.16%
Covered Payroll (d) ⁴	\$ 1,909,268	\$ 1,783,054	\$ 1,718,798	\$ 1,678,322	\$ 1,602,675
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	220.67%	284.66%	360.55%	295.06%	323.91%

Schedule of Investment Returns

For the Years Ended December 31, 2016 Through 2025

Year Ended December 31	Annual Money Weighted Rate of Return, Net of Investment Expense
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%
2025	14.60%

Schedule of Employer Contributions

For the Years Ended December 31, 2016 through 2025
(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}
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%
2025	869,286	886,888	(17,602)	2,389,757	37.11%

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
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	-
2020	24,731	5,000	-	2025	6,858	15,462	-

² 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, 2025:

Valuation Date	Actuarially determined contribution rates for the first six months of calendar year 2025 or the second half of fiscal year 2024-2025 are calculated based on the December 31, 2022 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 are calculated based on the December 31, 2023 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 fair value 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, 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
December 31, 2023 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: 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
Other Assumptions	Same as those used in the December 31, 2023 funding actuarial valuation

Significant Factors Affecting Trends in Actuarial Information – Pension Plan

Changes in Benefit Terms

- 2021
- Superior Court of California, County of Orange adopted Plan U (2.5% at 67 PEPRAs) on a go forward basis for all existing employees in Plan T and any future PEPRAs 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.
- 2016
- 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 PEPRAs Plan U (2.5% at 67 PEPRAs – General) or the alternate plan formula, Plan W (1.62% at 65 PEPRAs – 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

- 2023
- 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.
- 2020
- 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 4.60% 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.
- 2017
- 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

The Rings

Our History Lives Through Our People

Rings within an oak create a visible record of its life, marking each year of growth, change, and endurance. Some years bring ideal conditions, while others bring challenge, but every ring becomes part of the tree's history. Together, they tell the story of steady development over time and reveal how strength is built year after year.

For OCERS, Other Supplementary Information serves a similar role. These schedules and supporting details provide a deeper record of the System's financial activity, documenting contributions, administrative expenses, investment expenses, and professional services that support responsible management. This information adds transparency and context, helping members, employers, and stakeholders see how OCERS continues to steward its resources with care.

Like the rings of the oak, these records reflect more than numbers on a page. They represent the ongoing work of people, decisions, and disciplined processes that have helped OCERS grow stronger across generations. Through careful reporting and continued transparency, OCERS preserves its history while supporting the trust placed in the System today and into the future.



Orange County Auditors Staff (1966)



Schedule of Contributions

For the Year Ended December 31, 2025
(Dollars in Thousands)

	Employee	Employer
Pension Trust Fund Contributions		
County of Orange	\$ 233,758	\$ 691,028
Orange County Fire Authority	34,490	91,117 ¹
Orange County Superior Court of California	17,276	49,505
Orange County Transportation Authority	13,810	38,433
Orange County Sanitation District	9,633	10,126
Orange County Employees Retirement System	1,618	5,546
UCI Medical Center & Campus	-	2,928 ²
City of San Juan Capistrano	714	2,493
Transportation Corridor Agencies	975	1,086
Orange County Department of Education	-	339 ²
Orange County Cemetery District	249	311
Orange County Local Agency Formation Commission	37	293
Orange County In-Home Supportive Services Public Authority	206	152
Orange County Children & Families Commission	241	248
Orange County Public Law Library	183	141
Contributions Before Prepaid Discount	313,190	893,746
Prepaid Employer Contribution Discount	-	(6,858)
Total Pension Trust Fund Contributions	313,190	886,888
Health Care Fund - County Contributions	-	16,401
Health Care Fund - OCFA Contributions	-	26,052
Custodial Fund - OCTA Employer OPEB Contributions	-	1,338
Total Contributions	\$ 313,190	\$ 930,679

¹ Unfunded actuarial accrued liability payments were made for \$17.6 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, 2025
(Dollars in Thousands)

Pension Trust Fund Administrative Expenses	
Expenses Subject to the Statutory Limit	
Personnel Services	
Employee Salaries and Benefits	\$ 21,266
Board Members' Allowance	11
Total Personnel Services	<u>21,277</u>
Office Operating Expenses	
Depreciation/Amortization	2,513
Professional Services	2,074
General Office and Administrative Expenses	1,270
Rent/Leased Real Property	822
Total Office Operating Expenses	<u>6,679</u>
Total Expenses Subject to the Statutory Limit	<u>27,956</u>
Expenses Not Subject to the Statutory Limit	
Information Technology Professional Services	3,134
Actuarial Fees	386
Equipment / Software	262
Information Security Professional Services	195
Finance Professional Services	9
Total Expenses Not Subject to the Statutory Limit	<u>3,986</u>
Total Pension Trust Fund Administrative Expenses	31,942
Health Care Fund - County Administrative Expenses	23
Health Care Fund - OCFA Administrative Expenses	22
Custodial Fund - OCTA Administrative Expenses	<u>23</u>
Total Administrative Expenses	<u><u>\$ 32,010</u></u>

Schedule of Investment Expenses

For the Year Ended December 31, 2025
(Dollars in Thousands)

Investment Management Fees*	
Global Public Equity	\$ 18,586
Income Strategies	19,940
Real Assets	38,386
Private Equity	50,753
Risk Mitigation	10,635
Unique Strategies	5,814
Short-Term Investments	40
Total Investment Management Fees	<u>144,154</u>
Other Fund Expenses¹	<u>53,400</u>
Other Investment Expenses	
Consulting/Research Fees	2,429
Investment Department Expenses	5,431
Legal Services	677
Custodian Services	580
Investment Service Providers	31
Total Other Investment Expenses	<u>9,148</u>
Security Lending Activity	
Security Lending Fees	170
Rebate Fees	7,385
Total Security Lending Activity	<u>7,555</u>
Custodial Fund - OCTA Investment Fees and Expenses	<u>6</u>
Total Investment Expenses	<u>\$ 214,263</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.

Schedule of Payments for Professional Services

For the Year Ended December 31, 2025
(Dollars in Thousands)

Type of Services*	
Professional Expenses Subject to the Statutory Limit	
Legal Counsel	\$ 501
Other Consulting/Services	367
Operations Support Services	364
Medical/Disability Services	344
Information Technology Services	156
Audit Services	120
Human Resources Services	97
Other Legal Services	74
Finance Services	<u>51</u>
Total Professional Expenses Subject to the Statutory Limit	<u>2,074</u>
Professional Expenses Not Subject to the Statutory Limit	
Information Technology Consultants	3,134
Consulting/Research Fees	2,429
Investment Legal Services	677
Custodian Services	580
Actuarial Services	386
Information Security Consultants	195
Investment Service Providers	31
Finance Software Consultants	<u>9</u>
Total Professional Expenses Not Subject to the Statutory Limit	<u>7,441</u>
Total Payments for Professional Expenses	<u>\$ 9,515</u>

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

SECTION 3 INVESTMENTS

The Branches

Growth, Expansion & Opportunity

The branches of an oak extend outward from the strength of the trunk, reaching toward the sky while carrying the life of the tree into new directions. Each branch represents growth, connection, and opportunity, supported by the foundation below yet always expanding toward what comes next. Together, they form a canopy that provides shade, shelter, and continuity for generations.

For OCERS, the Investments section reflects this same outward growth. Through disciplined strategy, careful oversight, and a diversified portfolio, OCERS seeks to support the long-term security of the System while responding to changing markets and emerging opportunities. Investment decisions are guided by purpose, balancing growth with resilience and opportunity with responsibility.

Like the branches of the oak, OCERS' investment program reaches beyond the present moment. Its strength comes from thoughtful planning, experienced stewardship, and a commitment to sustaining benefits for current and future generations of public employees. As markets shift and the needs of members evolve, OCERS continues to grow with intention, extending its reach while remaining firmly connected to its mission.





Investment Consultant's Statement



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

MEMORANDUM

TO: Board Members, Orange County Employees Retirement System
FROM: Stephen McCourt, Allan Emkin, Laura Wirick, Stephanie Sorg, Meketa Investment Group
DATE: March 25, 2026
RE: Investment Consultant's Statement for 2025 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, 2025.

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 2025 Year in Review

At the start of calendar year 2025, the global economy was navigating heightened uncertainty surrounding a new US administration whose anticipated policy shifts, particularly in trade and supply-chain strategy, had the potential to reshape global commerce. Inflation in the United States remained above the Federal Reserve's 2% target, while economic growth continued to show resilience despite the Fed's target interest rate still above 4%. Globally, growth prospects were steady: forecasts called for a 3.3%¹ expansion in 2026, and 3.2% in 2027, broadly consistent with previous forecasts.

Quarter ended March 31, 2025

During the first quarter of 2025 the global economy was characterized by uneven performance across regions, shaped by geopolitical tensions and shifting economic conditions. Uncertainty surrounding the US administration's tariffs, economic policies, and inflationary pressures shaped market sentiment. In the US, domestic equities sold off during the first quarter, with the Russell 3000 Index declining by 4.7%. Growth stocks underperformed value stocks, while small-cap stocks trailed large-cap stocks. Defensive sectors outperformed, reflecting cautious investor sentiment.

Internationally, non-US developed market stocks, as measured by the MSCI EAFE Index, rose by 6.9%, bolstered by rate cuts from the European Central Bank, planned increases in EU defense spending, and a weakening US dollar. Emerging market equities, tracked by the MSCI Emerging Markets Index, returned 2.9%, with notable gains in Chinese equities (+15.0%), driven by enthusiasm around DeepSeek Artificial Intelligence (AI) and stimulus measures introduced by the Chinese government. The divergence in the returns across asset classes highlighted the benefits of diversification, following a prolonged period of US Large Cap Equity dominance.

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Investment Consultant's Statement

(continued)



March 25, 2026

In the fixed income market, most segments posted positive returns. The broad US bond market (Bloomberg Aggregate Index) gained 2.8%, supported by a falling rate environment. Long-term treasuries were the best performers, with the Bloomberg Long US Treasury Index returning 4.7%. High yield bonds, as represented by the Bloomberg High Yield Index, posted modest gains (+1.0%) primarily due to prevailing economic uncertainties. Both bond and equity volatility increased during the quarter amid policy and trade uncertainty. The US Equity Volatility Index (VIX) and the US Bond Market Volatility Index (MOVE) both finished above their respective long-term averages.

Quarter ended June 30, 2025

In the second quarter, the global economy exhibited uneven performance amid trade developments, fiscal concerns, inflationary pressures, and improving risk sentiment across asset classes. In early April, President Trump unveiled the Liberation Day tariffs, which sent shockwaves throughout global markets, before a 90-day pause was announced a week later. The quarter underscored the benefits of diversification across asset classes, with varying performance driven by fiscal and inflationary dynamics alongside improving risk sentiment.

In the US, equity markets posted strong returns during the quarter, with the Russell 3000 Index gaining 11.0%, driven by stabilizing tariff concerns, robust corporate earnings, and a resilient US economy. Growth stocks significantly outperformed value stocks, particularly in the large-cap segment (Russell 1000 Growth Index: +17.8% versus Russell 1000 Value Index: +3.8%), bolstered by gains in AI-related mega-cap technology companies. Small-cap stocks (Russell 2000 Index) also performed well, rising 8.5%, though they trailed large-cap stocks (Russell 1000 Index) which gained 11.1%.

Developed international equities outpaced US peers during the quarter, with the MSCI EAFE Index returning +11.8% as continued weakness in the US dollar acted as a significant tailwind to local returns. Emerging markets ended the quarter slightly ahead of developed peers at +12.0% (MSCI Emerging Markets Index), benefitting from the weakening US dollar and dialogue between the US and China post the Liberation Day selloff.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 1.2%, supported by stable or declining treasury yields. Longer duration treasuries underperformed (Bloomberg Long US Government Index: -1.5%) primarily due to fiscal concerns driving yields higher at the long end of the curve. Inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), with the Bloomberg TIPS Index gaining 0.5%.

Quarter ended September 30, 2025

The global economy demonstrated uneven performance due to monetary policy shifts, geopolitical developments, and evolving risk sentiment across asset classes. In late August, Federal Reserve Chair Powell's comments at Jackson Hole signaled potential rate cuts, which buoyed market expectations for additional cuts and supported asset prices. The quarter highlighted the benefits of diversification across asset classes, with varied performance driven by monetary policy dynamics, resilient economic growth, and strong earnings.

In the US, equity markets posted strong returns, with the Russell 3000 Index gaining 8.2%, driven by robust corporate earnings, continued demand for AI investments, and a resilient US economy. Small-cap stocks outperformed large-cap stocks, reversing prior trends, while growth and value stocks delivered mixed results across market capitalizations. Technology and materials sectors were key contributors to the rally, with materials benefitting from a rally in precious and industrial metals.

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Investment Consultant's Statement

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March 25, 2026

Non-US developed equity markets (MSCI EAFE Index) rose 4.8%, supported by easing monetary policy and strong corporate earnings. Japan was a standout performer, benefiting from a weaker yen, robust tech exports, and favorable political shifts. However, the strengthening US dollar tempered returns for US investors.

Emerging market equities (MSCI Emerging Markets Index) outperformed developed markets, gaining 10.6% during the quarter. China (MSCI China Index) led the way with a remarkable 20.7% return, driven by domestic chipmaker support, accelerating AI spending, and optimism surrounding policy changes. Despite these gains, the stronger dollar posed a slight headwind for US investors.

In the fixed income market, most segments posted positive returns, with the Bloomberg Aggregate Index gaining 2.0%, supported by softer labor data and dovish central bank policies. Longer-dated treasuries and high-yield bonds performed slightly better, each returning 2.5%, while inflation-related risks contributed to gains in Treasury Inflation-Protected Securities (TIPS), which rose 2.1%.

Quarter ended December 31, 2025

Global markets delivered positive returns despite ongoing policy and trade uncertainty. The quarter was marked by cautious optimism as the US government reopened in mid-November following the longest shutdown on record. The shutdown weighed on near-term economic activity and added uncertainty for policymakers and financial markets, underscoring the benefits of staying invested across asset classes.

In the US, equity markets posted modest gains during the quarter, with the Russell 3000 Index rising 2.4%, bringing the full-year return to 17.1%. Value stocks outperformed growth stocks as market sentiment shifted toward economically sensitive areas and away from AI-related mega-cap technology companies. Healthcare stocks led the rebound in Q4, contributing significantly to the overall gains.

Non-US developed equity markets (MSCI EAFE Index) outperformed US equities, gaining 4.9% in the quarter and 31.2% for the year. These returns were supported by attractive valuations, a rotation out of US tech stocks, and increased defense and infrastructure spending.

Emerging market equities (MSCI Emerging Markets Index) rose 4.7% in the quarter, contributing to a full-year return of 33.6%. While Chinese equities declined in Q4 (MSCI China Index: -7.4%) primarily due to domestic challenges, strong returns in South Korea and Taiwan drove the broader emerging market rally.

In the fixed income market, most segments posted positive returns for the quarter, with the Bloomberg Aggregate Index gaining 1.1%. Riskier bonds outperformed, as emerging market debt and US high-yield bonds returned 1.6% and 1.3%, respectively. Cooling inflation contributed to modest gains in Treasury Inflation-Protected Securities (TIPS), with short-term TIPS rising 0.4% and longer-dated TIPS up 0.1%.

Summary

Overall, global economies exhibited divergent growth and inflation outcomes in 2025. The US saw an annual GDP growth of 2.1% for the full calendar year, using the second estimate of economic growth from the Bureau of Economic Analysis.² Headline inflation in the US remained at 2.7% over the trailing 12 months through December 2025, and the Fed Funds rate declined from a range of 4.25-4.50% to start the calendar year, down to 3.50-3.75% by year end. The Eurozone's GDP grew by 1.2%³ in calendar year 2025, with inflation stabilizing at 2.0% for the trailing 12 months ending in December. Japan's economy expanded by 0.4% in calendar year 2025 (preliminary), with an annual inflation rate of 2.1%,

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March 25, 2026

and was the only major economy to raise interest rates during the year. China's official government numbers showed it grew GDP by 4.5%,⁴ supported by resilient exports, and inflation increased to 0.8% at the end of the calendar year.

Unemployment rates also varied across these regions. In the US, the unemployment rate was 4.4%⁵ in December 2025, slightly up from 12 months ago at 4.1%. The Eurozone's unemployment rate remained relatively stable, ending at 6.2%.⁶ Japan's unemployment rate was low, at approximately 2.6%,⁷ up from 2.4% at the end of last calendar year. In China, the unemployment rate hovered around 5.1%,⁸ with government policies aimed at maintaining employment stability.

Calendar Year 2026 Outlook

In calendar year 2025, the US economy outpaced other developed markets, maintaining robust growth despite elevated interest rates. The federal funds rate ended the year below 4% and roughly 75 basis points lower than where it began. The economy and markets showed resilience in the face of new and often changing tariffs. That resilience, coupled with sustained enthusiasm for AI innovation, contributed to strong performance in equity markets. Fixed income markets also delivered positive returns, supported by risk sentiment and lower volatility.

Calendar year 2026 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:

→ US Growth

- Resilient consumer demand and AI-led investment are expected to support economic growth in 2026, but risks are increasing as labor markets cool and inflation remains sensitive to policy shocks and more recently energy prices.
- The base case for 2026 anticipates continued normalization: growth slows but remains positive, inflation continues to cool but stays vulnerable to tariffs and supply-side shocks.
- A constructive outcome could involve gradual labor-market cooling and predictable easing, enabling broader market contribution to returns. Conversely, a bear case might see inflation re-accelerating alongside rising unemployment, pushing markets into a higher volatility regime and forcing difficult trade-offs for policymakers.
- The interaction of policy and markets will be critical, with the Fed's dual mandate, policy divergence among central banks, and AI-driven equity market dynamics amplifying both upside and downside risks.

→ Federal Reserve

- Lower rates are expected in 2026, but the pace and timing of cuts will be critical to managing volatility and financial conditions. The Federal Reserve may adopt a stop-and-start easing cycle, pausing to reassess progress and adjusting policy based on evolving inflation dynamics and financial conditions.
- The appointment of a new Federal Reserve Chair could introduce communication and credibility risks, complicating efforts to balance price stability with maximum employment. In late January

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Investment Consultant's Statement

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2026, President Trump nominated former Federal Reserve member Kevin Warsh to replace chair Jerome Powell when his term is up in May. He is a candidate with broad experience within the Federal Reserve during the Global Financial Crisis.

- Inflation has moderated but remains above target with some risks to the upside, while labor market conditions are gradually cooling. Policymakers face a wide distribution of potential outcomes, particularly if tariff-related price shocks re-emerge, energy prices remain elevated, or services inflation stays sticky.
- Elevated asset valuations flagged in the November 2025 Financial Stability Report⁹ highlight vulnerabilities, reinforcing the concern that easier monetary policy could encourage greater risk-taking even when macroeconomic signals are mixed.

→ Global Central Banks

- Monetary policy divergence is widening across regions, driving currency movements, capital flows, and uneven duration (interest rate sensitivity) outcomes. Major central banks are at different points in their cycles, a dynamic that could amplify global economic and market volatility. Given resilient economic activity in the euro area, the European Central Bank is likely to reach the end of its easing cycle. In contrast, with above-target inflation and persistence in wage growth in Japan, the policy rate may continue to be raised in 2026. China on the other hand continues to maintain a supportive policy stance.
- These divergences will be closely monitored for their impact on financial stability, international economic dynamics, and the distribution of outcomes across global markets.
- The interaction of global monetary policies with US policy decisions could further complicate the economic landscape, influencing trade flows and investment strategies.

→ Geopolitical Tensions

- In late February 2026, the US and Israel launched coordinated military strikes on Iran following failed nuclear talks, prompting Iranian retaliation across the region and triggering a sharp escalation in geopolitical risk.
- The conflict disrupted oil transit through the Strait of Hormuz, which typically handles about 20% of global crude shipments,¹⁰ leading to a spike in Brent crude prices from around \$65 in January to over \$100 by early March.¹¹
- The resulting energy shock has reignited inflation concerns, pushed up gasoline prices, and increased volatility across equity and credit markets, raising downside risks for global growth.
- Iran has publicly rejected ceasefire proposals, and the US has reinforced its pressure campaign with new sanctions targeting Iran's oil shipping network, suggesting that tensions are likely to persist.
- Going forward, the trajectory of the US–Iran conflict will be a key variable for markets and the global economy, with particular focus on energy supply stability, regional security, and the potential for renewed diplomacy.

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→ AI and Equity Markets

- AI remains transformative, but equity markets are entering a more selective phase characterized by valuation discipline, sector rotation, and episodic volatility. Market focus may shift from which companies spend the most on AI to which are integrating it most effectively. With immigration policy and demographic issues reducing the workforce, AI's impact on productivity gains will remain key to maintaining positive economic growth.
- AI-driven concentration in US equities, particularly among mega-cap tech firms, could amplify both upside and downside market outcomes. Concerns started mounting toward the end of 2025 over stretched valuations for the Magnificent 7 companies¹² and what the return on investment would be on the massive capex spent on data centers. This concentration raises questions about broader market participation, future dispersion of returns among these companies, and the sustainability of gains.
 - As of 12/31/2024, the Magnificent 7 stocks made up 33.5% of the S&P 500 Index which increased to 34.9% by 12/31/2025. In calendar year 2025, the Magnificent 7 stocks returned 24.9%, with the S&P 500 Index excluding those stocks only returning 15.6% for the year.
 - During the first two months of 2026, market leadership broadened beyond the narrow, concentrated trends observed in prior quarters. International equities significantly outperformed US large-cap stocks, supported by continued US dollar weakness, sustained AI-related momentum in several Asian markets, and relatively attractive valuations. Within the US equity market, energy and materials led sector performance, returning +23.4% and +22.8%, respectively, for the year-to-date period ending February 28, 2026. Over the same period, the S&P 500 Equal Weighted Index returned +7.1%, outperforming the capitalization-weighted S&P 500 Index, which returned +0.7%. Style and size leadership also shifted, with value outperforming growth and small-cap stocks outperforming large-cap stocks globally, reversing trends observed in the prior year.
 - Key indicators to watch include AI monetization, margin progression, productivity gains, and labor displacement signals, as well as broader earnings impacts beyond mega-cap technology firms.
 - Financing conditions and valuation dynamics will play a significant role in shaping equity market outcomes, with AI-driven sectors potentially leading the way while increasing vulnerability to macroeconomic shocks.

OCERS 2025 Performance

OCERS' portfolio returned 14.6% in 2025, compared to the Policy Index's trailing 12-month return of 14.1%. The portfolio return ranked in the top 23% of the Public Defined Benefit > \$1 Billion peer universe. Global Public Equity had the strongest absolute performance of all asset classes, returning 21.2%, while the Risk Mitigation asset class had the weakest 2025 performance of 3.5%. 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 12.0% and 8.6% on average annually. For the trailing three years, OCERS' performance ranked in the 40th percentile compared to peers, and over the trailing five years, ranked in the 11th percentile.

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

LBW/SBS/lv

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Return, inflation, and treasury rate data from Bloomberg unless otherwise indicated.

¹ Source: International Monetary Fund: <https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

² Source: Bureau of Economic Analysis: <https://www.bea.gov/news/2026/gdp-second-estimate-4th-quarter-and-year-2025>

³ Source: Eurostat.

⁴ Source: National Bureau of Statistics of China via Bloomberg.

⁵ Source: Source: FRED and BLS.

⁶ Source: Eurostat.

⁷ Source: Ministry of Internal Affairs and Communications via Bloomberg.

⁸ Source: National Bureau of Statistics of China via Bloomberg.

⁹ Source: Federal Reserve: <https://www.federalreserve.gov/publications/november-2025-financial-stability-report-asset-valuations.htm>

¹⁰ Source: Gulf News: <https://gulfnnews.com/business/energy/oil-prices-brent-surges-to-9262-wti-hits-9072-amid-iran-war-1.500466461>

¹¹ Source: U.S. News & World Report: <https://www.usnews.com/news/us/articles/2026-03-08/crude-oil-prices-surpass-100-a-barrel-as-the-iran-war-impedes-production-and-shipping>

¹² The Magnificent 7 companies refer to Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

Investment Returns

The table below details the annualized rates of return for the different asset categories over various time periods ended December 31, 2025. 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 time-weighted approximation.

	1 Year	3 Year	5 Year
Global Public Equity (%)	21.17	20.30	10.81
<i>MSCI ACWI IMI (%)</i>	22.06	19.98	10.75
Private Equity (%)	15.93	8.43	13.99
<i>Private Equity Custom Index ⁽¹⁾ (%)</i>	10.78	9.08	14.84
Income Strategies (%)	7.92	6.44	2.46
<i>Income Strategies Benchmark ⁽²⁾ (%)</i>	7.96	N/A	N/A
Real Asset (%)	5.63	2.37	8.69
<i>Real Asset Custom Index ⁽³⁾ (%)</i>	5.57	1.87	7.61
Risk Mitigation (%)	3.48	1.10	2.80
<i>Risk Mitigation Custom Index ⁽⁴⁾ (%)</i>	5.32	2.64	2.54
Unique Strategies (%)	18.54	9.84	7.23
<i>Short Term Investments (%)</i>	4.64	5.46	3.58
Cash Overlay (%)	11.04	6.90	1.99
<i>91-day Treasury Bill (%)</i>	4.18	4.81	3.17
Total Fund (%)	14.60	11.98	8.57
<i>Composite Policy Benchmark ⁽⁵⁾ (%)</i>	14.07	11.98	8.46

¹ Private Equity Custom Index = 100% Cambridge Private Equity Energy Lagged through 6/30/2025, 100% MSCI Global PE Lagged thereafter.

² Income Strategies Benchmark = 60% Bloomberg U.S. Aggregate + 11% Bloomberg U.S. TIPS Index + 17% S&P UBS Leveraged Loan Index + 12% S&P UBS Western European Leveraged Loan Index.

³ 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 through 6/30/2025, 54% NCREIF ODCE Index + 16% MSCI Global PE Lagged + 30% MSCI Global Infrastructure Lagged thereafter.

⁴ 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.

⁵ Policy Benchmark = 45% MSCI ACWI IMI Index + 15% Private Equity Custom Index ¹ + 17% Income Strategies Benchmark ² + 13% Real Assets Custom Index ³ + 10% Risk Mitigation Custom Index ⁴

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 frame work for the management 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 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.

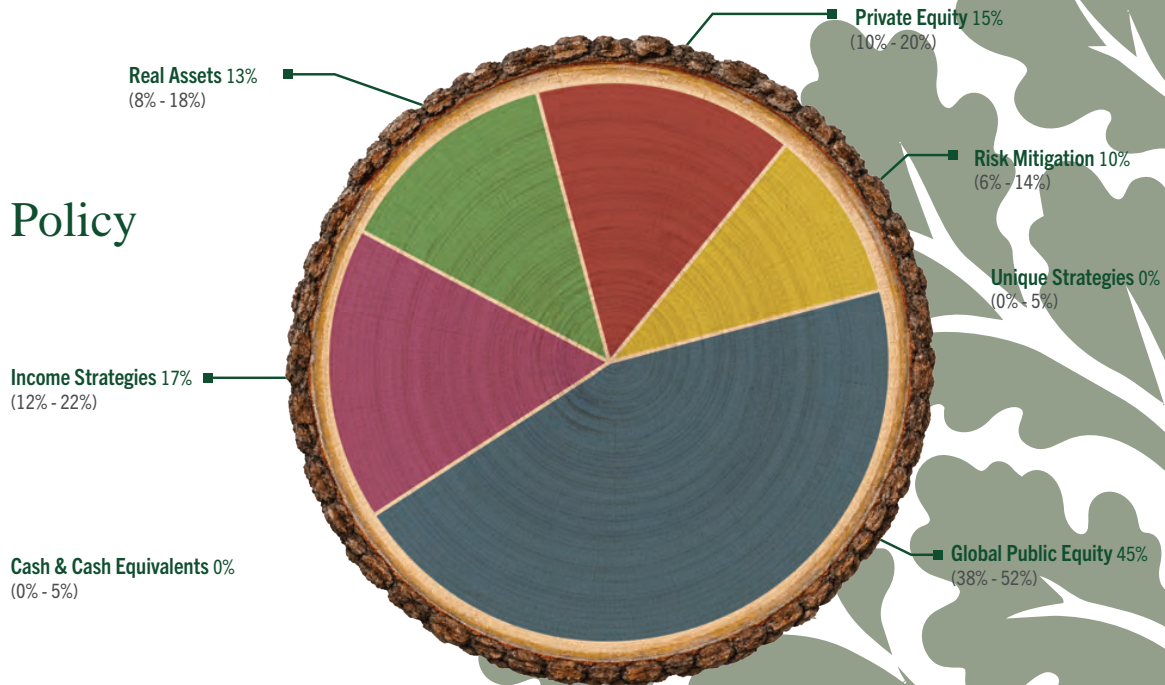
Use of Proxies

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.

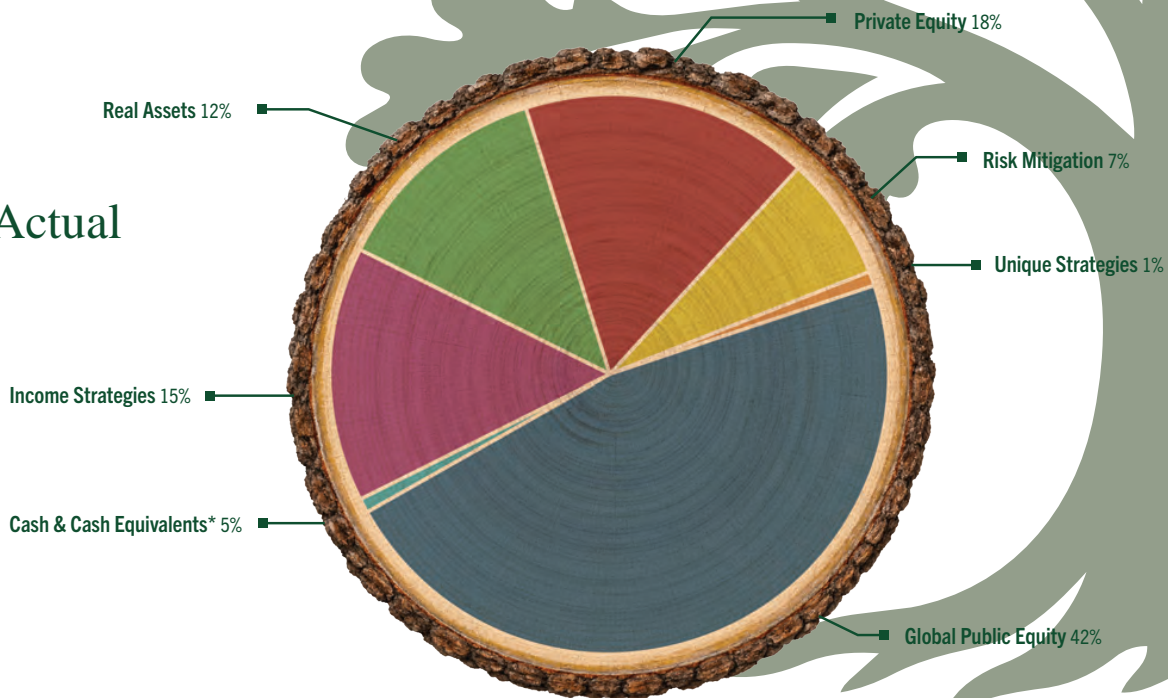
Asset Diversification

December 31, 2025

Policy



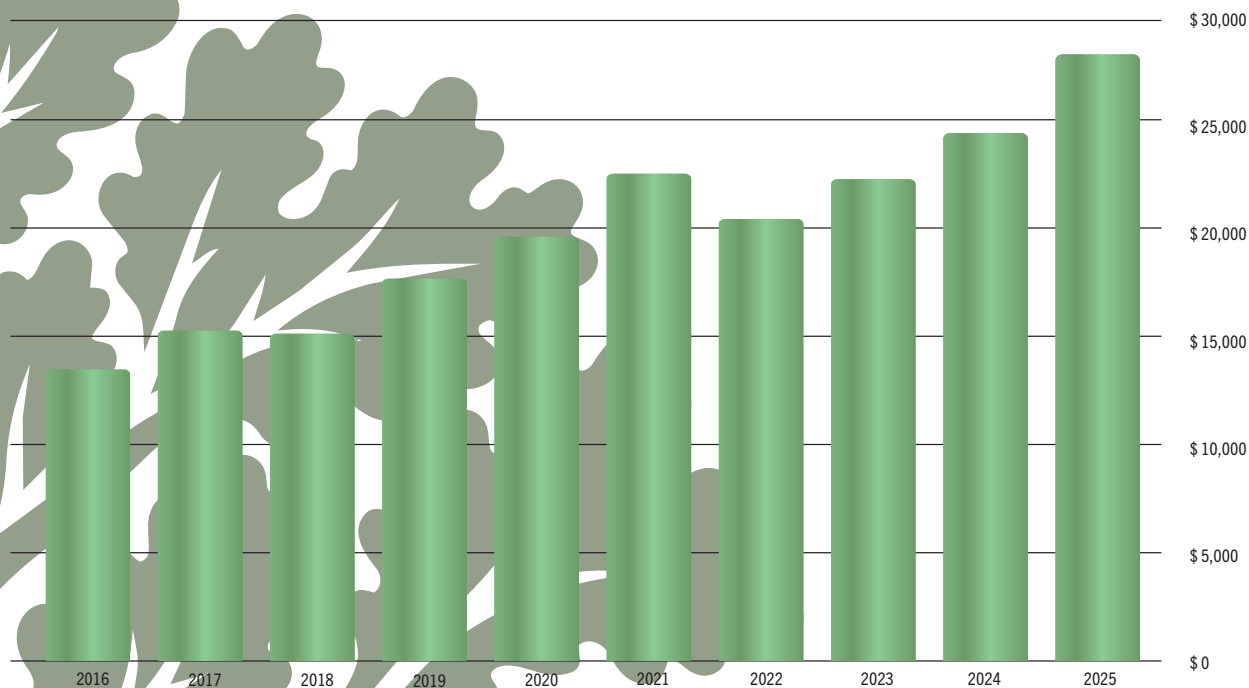
Actual



* 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.

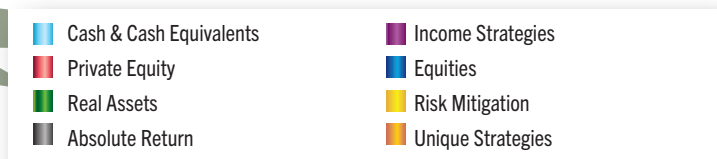
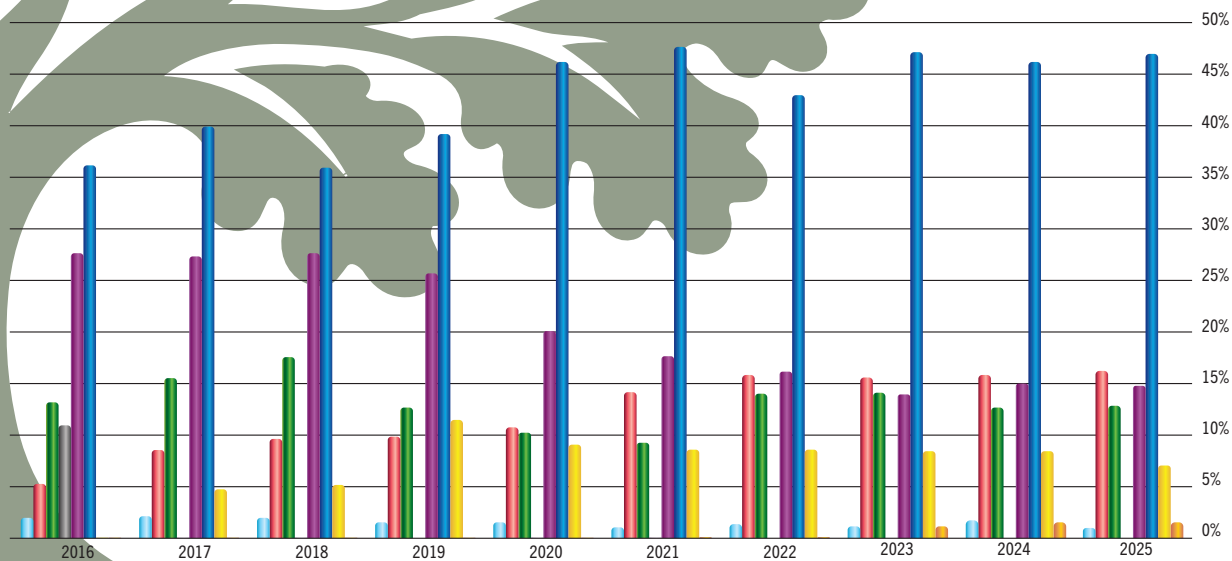
Growth of System Net Investments at Fair Value

For the Ten Years Ended December 31, 2025
(in Millions of Dollars)



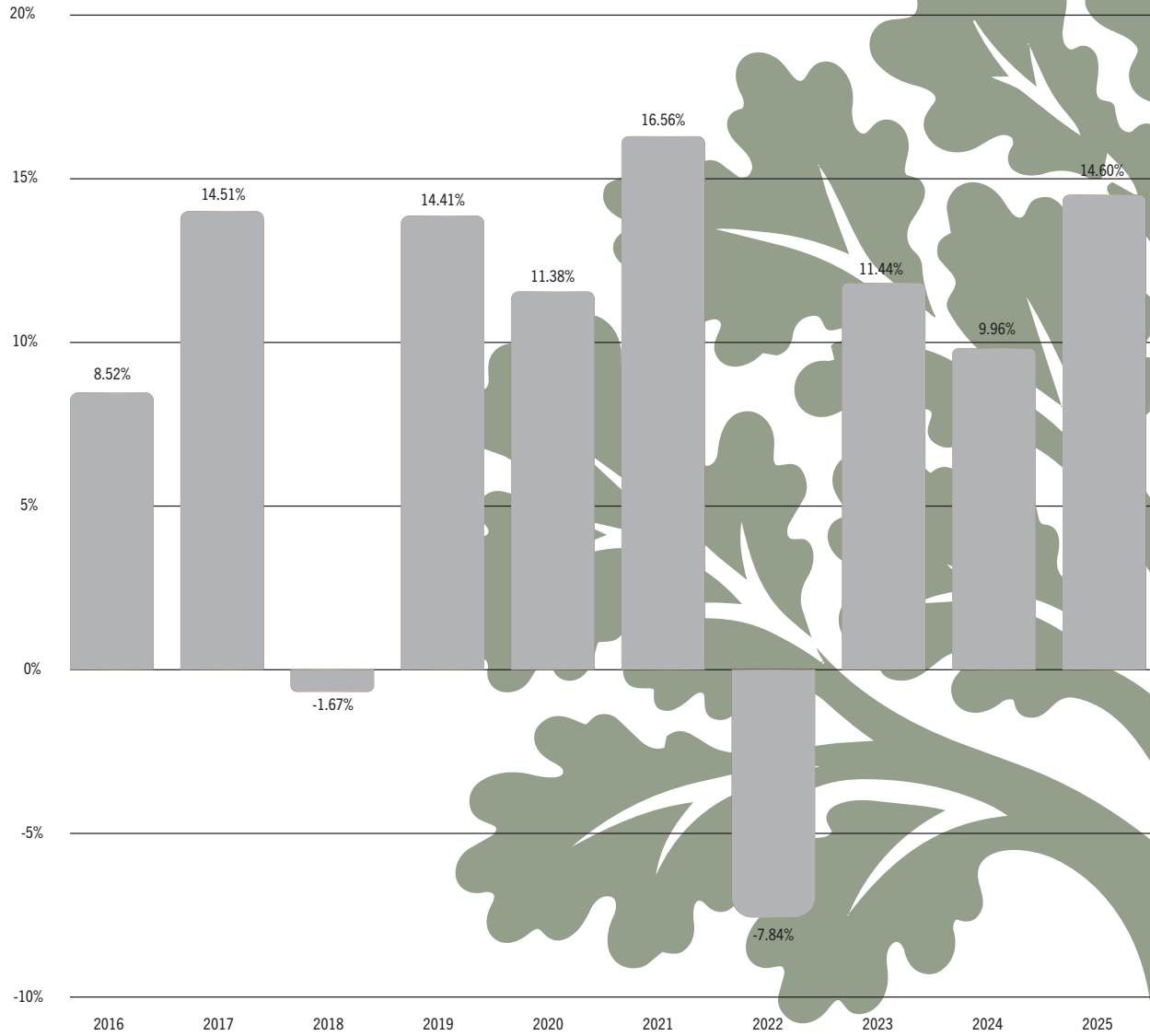
Historical Asset Allocation

December 2016 - December 2025
(Actual)



History of Performance - Net

December 2016 - December 2025
(Actual)



Schedule of Largest Equity Holdings

(by Fair Value)^{1, 2}

As of December 31, 2025
(Amounts in Thousands)

Common Stock	Shares	Fair Value
BLUE OWL TECHNOLOGY FINANCE	8,012	\$ 116,497
GOLDMAN SACHS INDIA EQUITY ETF	2,854	75,347
ASML HOLDING NV	15	16,071
SAFRAN SA	45	15,625
ROLLS ROYCE HOLDINGS PLC	823	12,735
NATWEST GROUP PLC	1,387	12,162
NESTLE SA REG	113	11,219
UNICREDIT SPA	128	10,662
ASTRAZENECA PLC	56	10,374
RECRUIT HOLDINGS CO LTD	183	10,329

Schedule of Largest Fixed Income Holdings

(by Fair Value)¹

As of December 31, 2025
(Amounts in Thousands)

Asset	CPN/ Maturity	Fair Value
FNMA TBA 30 YR 5.5	5.5%/05-13-2056	\$ 38,183
BWU02FLV1 IRS JPY R V 12MTONAR	1.0%/03-18-2028	32,642
US TREASURY N/B	1.5%/02-15-2030	29,009
FSMIH26FS TRS CHF R F .00000	0.0%/03-20-2026	26,713
FNMA TBA 30 YR 6.5	6.5%/04-13-2056	22,889
US TREASURY N/B	3.5%/02-15-2033	22,558
FNMA TBA 30 YR 4.5	4.5%/05-13-2056	22,517
FNMA TBA 30 YR 4	4.0%/04-13-2056	18,420
US TREASURY N/B	1.3%/05-15-2050	17,645
US TREASURY N/B	2.0%/11-15-2041	16,426

¹ A complete list of portfolio holdings is available upon request.

² The Holdings 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, 2025
(Amounts in Thousands)

Broker Name	Number of Shares Traded	Commission per Share (in cents)	Total Commission
Barclays Capital	836	1.79	\$ 15
BESTEX Research Securities, LLC	505	0.99	5
BNP Paribas Securities	7,429	0.28	21
BTIG Hong Kong Limited	904	1.55	14
Citigroup Global Markets, Inc.	2,820	0.53	15
Cowen and Company, LLC	2,120	2.31	49
Goldman Sachs	16,001	0.29	46
Instinet	16,166	0.20	33
J.P. Morgan Securities	18,771	0.25	46
Jefferies	4,387	1.05	46
Liquidnet	1,151	1.56	18
MacQuarie	631	0.32	2
Merrill Lynch	18,007	0.15	27
Morgan Stanley & Company, Inc.	11,834	0.30	35
Piper Jaffray & Co.	674	3.86	27
Proof Trading	950	2.00	19
Raymond James	2,145	3.17	68
RBC	1,397	1.57	22
Robert W. Baird Co.Incorporated	862	3.02	26
State Street Global Markets, LLC	3,058	1.60	49
Stifel Nicolaus	878	3.30	29
UBS	8,521	0.38	32
Virtu	1,886	1.48	28
Other*	12,348	2.33	288
Total	<u>134,281</u>	0.71	<u>\$ 960</u>

* Other includes 79 additional firms that comprise approximately 30% of total commissions and approximately 9% of the total number of shares traded. The average commission per share is 2.33 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, 2025
(Dollars in Thousands)

Type of Investment Expenses	Assets Under Management at Fair Value	Percentage	Fees
Investment Management Fees*			
Investments at Fair Value:			
Global Public Equity	\$ 11,792,105	42%	\$ 18,586
Income Strategies	4,220,693	15%	19,940
Real Assets	3,514,745	12%	38,386
Private Equity	5,263,687	18%	50,753
Risk Mitigation	1,989,138	7%	10,635
Unique Strategies	<u>278,206</u>	1%	<u>5,814</u>
Total Investments at Fair Value	27,058,574		144,114
Short-Term Investments	<u>37,502</u>	<u>5%</u>	<u>40</u>
Total Investment Management Fees	<u>\$ 27,096,076</u>	<u>100%</u>	<u>144,154</u>
Other Fund Expenses ¹			<u>53,400</u>
Other Investment Expenses			
Consulting/Research Fees			2,429
Investment Department Expenses			5,431
Legal Services			677
Custodian Services			580
Investment Service Providers			<u>31</u>
Total Other Investment Expenses			<u>9,148</u>
Securities Lending Activity			
Securities Lending Fees			170
Rebate Fees			<u>7,385</u>
Total Securities Lending Activity			<u>7,555</u>
Custodial Fund - OCTA Investment Fees and Expenses			<u>6</u>
Total Investment Expenses			<u>\$ 214,263</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, 2025

Cash Overlay

Parametric

Income Strategies

Arcmont Asset Management
 Ares Management
 Bayview Asset Management, LLC
 Beach Point Capital Management
 BlackRock Institutional Trust Company
 Blue Owl Capital
 CarVal Investors
 Castletlake
 Crayhill
 Cross Ocean Partners
 CBC Group
 Dodge & Cox
 HPS
 Longfellow Investment Management Co., LLC
 Loomis, Sayles & Company, L.P.
 Monroe Capital
 NXT Capital
 OCP Asia
 Pacific Investment Management Company
 Pathlight Capital
 Schroders
 Silver Rock Financial
 Strategic Value Partners
 Wellington Trust Company, NA

Global Public Equity

Acadian Asset Management
 AQR Capital Management, LLC
 Artisan Partners
 BlackRock Institutional Trust Company
 Capital Group
 City of London
 Driehaus Capital Management
 Fidelity Institutional Asset Management
 Goldman Sachs
 GQG Partners
 Harris Associates
 Kotak
 Parametric
 Systematic Financial Management
 William Blair & Co.

Private Equity

Abbott Capital
 Accel-KKR
 Adams Street Partners, LLC.
 Advent International Corporation
 Alcentra

Private Equity (continued)

Altaris Partners
 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
 Lightspeed Ventures Partners
 Mayfield
 Mesirow Financial
 Monroe Capital
 NEA
 Nordic Capital
 Oak HC/FT
 Oakley Capital
 One Rock Capital Partners
 OCP Asia
 Orchid Asia Group
 PAI Partners
 Pantheon Ventures
 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

Real Assets (continued)

Blackstone
 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 Asset Management
 Quantum Energy Partners
 Stonepeak Infrastructure Partners
 The Carlyle Group
 TPG Real Estate
 True North Management Group
 Warwick Group
 Waterton Associates
 Westbrook Partners

Risk Mitigation

Alpha Simplex Group, LLC
 AQR Capital Management, LLC
 Brevan Howard - DG Partners
 BlackRock Institutional Trust Company
 Graham Capital Management, L.P.
 Kepos Capital
 Pacific Investment Management Company
 Systematica Investments
 Two Sigma Investments

Unique Strategies

Blackstone
 Capital Constellation
 Collective Global Management
 SVP Global
 TCG Crossover Management

SECTION 4 ACTUARIAL

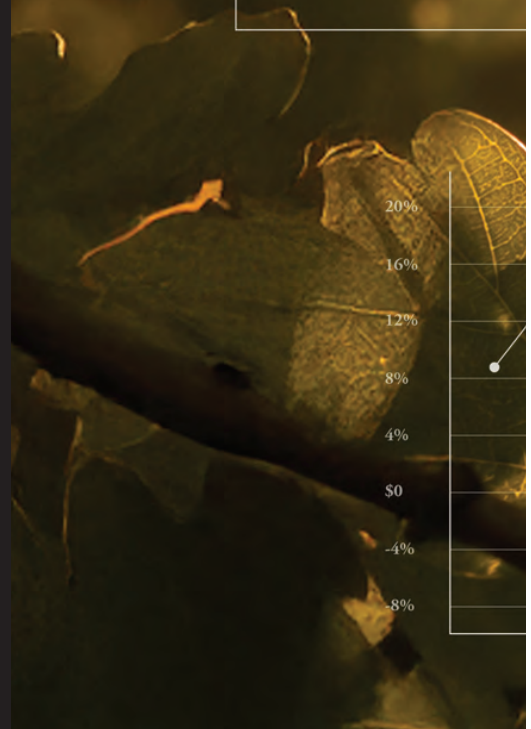
The Leaves

Measuring Today to Protect Tomorrow

Leaves act as a living gauge of a tree’s condition, responding to changes in light, temperature, water, and time. In the same way, the Actuarial section reflects OCERS’ ongoing commitment to measure, evaluate, and adapt. Through annual valuations, experience studies, demographic assumptions, funding schedules, and long-term projections, OCERS monitors the health of the system and uses that insight to support sound decisions for the future.

This section shows how careful analysis helps sustain the promise of secure retirement benefits across generations. Like leaves that reveal the vitality of an oak, actuarial information provides visible indicators of strength, resilience, and areas that require attention. It connects today’s conditions with tomorrow’s obligations, helping ensure that OCERS remains rooted in prudent stewardship while continuing to grow with the members, employers, and communities it serves.

Valuation Date	Actuarial Accrued Liability	V
12/31/2015	17,050,357	12
12/31/2016	17,933,461	13
12/31/2017	19,635,427	14
12/31/2018	20,703,349	14
12/31/2019	21,916,730	16
12/31/2020	22,904,975	17
12/31/2021	24,016,073	19
12/31/2022	25,386,669	20
12/31/2023	26,788,041	22
12/31/2024	28,258,622	23



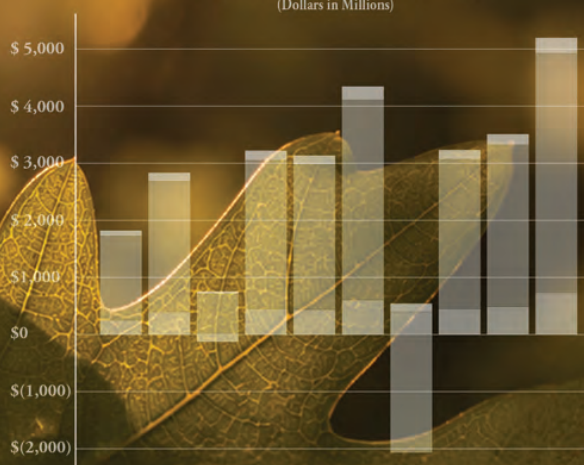
Schedule of Funding Progress
(Dollars in Thousands)

Valuation Value of Assets	Unfunded Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability	Ratio of Assets to Actuarial Accrued Liability
2,228,009	4,822,348	71.72%	1.00%	
6,102,978	4,830,000	73.06%		
4,197,125	5,438,302			
4,994,420	5,708,929			
6,036,869	5,879,861			
7,525,117	5,379,858	70.57%		
9,488,761	4,527,312	81.15%		
9,691,659	4,695,010	81.51%		
2,135,285	4,652,756		2.27%	
6,688,986	4,569,636	83.11%		

History of Performance - Net



Graph of Fiduciary Revenue by Sources
(Dollars in Millions)



Actuary's Certification Letter



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segalco.com

May 18, 2026

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, 2024**

Dear Members of the Board and Retirement System:

Segal prepared the December 31, 2024 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, 2025 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, 2024 actuarial valuation for funding purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2024. 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, 2024 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.

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Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
Page 2

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 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, 2024 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, 2024 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, 2024 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, 2024 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
6. Schedule of funded liabilities by type
7. Actuarial methods and assumptions
8. Summary of major plan provisions
9. Experience analysis

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Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
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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.¹ 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, 2024 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 82.63% to 83.83%. The aggregate employer rate (average of the County and all special districts rates combined) has changed from 38.08% of payroll to 36.88% of payroll. The aggregate member's rate has changed from 11.63% of payroll to 11.61% of payroll.

In the December 31, 2024 valuation, the actuarial value of assets excluded \$100.0 million in unrecognized investment gains, which represented 0.4% of the fair value of assets. If these deferred investment gains were recognized immediately in the actuarial value of assets, the funded percentage would increase from 83.83% to 84.18% and the aggregate employer contribution rate, expressed as a percent of payroll would decrease from 36.88% to 36.58%.

To the best of our knowledge, the December 31, 2024 funding valuation report is complete and accurate and, in our opinion, presents the Plan's current funding information.

December 31, 2025 GASB Statement 67 actuarial valuation for financial reporting purposes

Segal prepared the December 31, 2025 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, 2025 and December 31, 2024 have been determined by rolling forward the Total Pension Liabilities (TPLs) for the statutory Retirement Plan benefits as of December 31, 2024 and December 31, 2023, respectively. In addition, any changes in actuarial assumptions or plan

¹ There was one refinement included in our January 1, 2020 through December 31, 2022 Actuarial Experience Study report dated August 11, 2023 that has been deferred to allow for further discussion with OCERS, involving a change in allocation of the normal cost associated with providing COLA benefits for legacy Safety members with 30 or more years of service.

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Actuary's Certification Letter

(Continued)

Board of Retirement
Orange County Employees Retirement System
May 18, 2026
Page 4

provisions that occurred between the valuation date and the measurement date have been reflected.

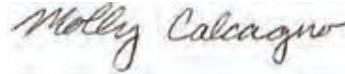
Note number 8 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the ACFR was prepared by the System based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2025 prepared by Segal.

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



Molly Calcagno, ASA, MAAA, EA
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 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.

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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
12/31/15	\$ 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%
12/31/24	28,258,622	23,688,986	4,569,636	83.83%	2,478,139	184.40%

The Schedule of employer contributions in the Required Supplemental Information (RSI) included in the Financial Section were prepared by the System based on the results of the GASB 67 actuarial valuation prepared by Segal.

Notes:

- **There were no assumption or plan changes in the December 31, 2024 valuation.**
- **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.**

Schedule of Funding Progress

(continued)

- **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.

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).

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, December 31, 2023, and December 31, 2024 the assets also exclude amounts in the O.C. Sanitation District UAAL Deferred Account.

Valuation Date	Amount Excluded from Assets		
	County Investment Account	Prepaid Employer Contributions	O.C. Sanitation District UAAL Deferred Account
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
12/31/24	155,101,000	40,624,000	17,594,000

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
12/31/15	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%
12/31/24	84.18%



History of Employer Contribution Rates

Employer Contribution Rate (% of pay)

Valuation Date	General (Non-OCTA, Non-OCSD)		General (1.62% @ 65, Non-OCTA)		General (2.7% @ 55)		General (2.0% @ 57)		General (OCTA)		General (2.5% @ 55, OCSD)	
	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL
12/31/15	NC	9.58%	NC	5.46%	NC	13.19%	NC	11.40%	NC	10.70%	NC	12.33%
	UAAL ¹	9.22	UAAL	22.45	UAAL	22.45	UAAL	22.45	UAAL	15.52	UAAL ²	1.42
	Total	18.80%	Total	27.91%	Total	35.64%	Total	33.85%	Total	26.22%	Total	13.75%
With 3-Year Phase-In		N/A		N/A		N/A		N/A		N/A		N/A
	NC	9.51%	NC	5.53%	NC	13.19%	NC	10.35%	NC	10.76%	NC	12.28%
	UAAL ³	7.25	UAAL	21.72	UAAL ⁴	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	NC	10.73%	NC	6.21%	NC	14.39%	NC	11.51%	NC	12.10%	NC	13.30%
	UAAL ⁵	9.58	UAAL	25.05	UAAL ⁶	25.05	UAAL	25.05	UAAL	18.26	UAAL	0.00
	Total	20.31%	Total	31.26%	Total	39.44%	Total	36.56%	Total	30.36%	Total	13.30%
With 3-Year Phase-In		18.62%		28.88%		37.06%		34.18%		28.04%		N/A
	NC	10.73%	NC	6.23%	NC	14.36%	NC	12.13%	NC	12.03%	NC	13.24%
	UAAL ⁷	9.40	UAAL	26.24	UAAL ⁸	26.24	UAAL	26.24	UAAL	19.76	UAAL ⁹	0.86
Total	20.13%	Total	32.47%	Total	40.60%	Total	38.37%	Total	31.79%	Total	14.10%	
With 3-Year Phase-In		19.28%		31.28%		39.41%		37.18%		30.63%		N/A
	NC	10.68%	NC	6.10%	NC	14.34%	NC	12.61%	NC	11.97%	NC	13.22%
	UAAL ¹¹	5.16	UAAL	27.38	UAAL ¹²	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 ¹¹	5.03	UAAL	28.97	UAAL ¹³	28.97	UAAL	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 ¹¹	3.33	UAAL	26.14	UAAL ¹⁴	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%
	UAAL ¹¹	3.61	UAAL	27.14	UAAL ¹⁵	27.14	UAAL	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 ¹¹	2.93	UAAL	26.78	UAAL ¹⁶	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%
12/31/24	NC	10.39%	NC	6.68%	NC	15.29%	NC	16.00%	NC	12.53%	NC	14.03%
	UAAL ¹¹	3.01	UAAL	25.96	UAAL ¹⁷	25.96	UAAL	25.96	UAAL	16.71	UAAL	0.00
	Total	13.40%	Total	32.64%	Total	41.25%	Total	41.96%	Total	29.24%	Total	14.03%

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	General (1.64% @ 57, OCSD)		General (2.0% @ 55, TCA)		General (2.0% @ 55, Cemetery, future service)		General (2.7% @ 55, OCFA)		General (2.0% @ 55, OCFA)		General (2.5% @ 55, Law Library)	
12/31/15	NC	10.30%	NC	13.44%	NC	11.33%	NC	13.44%	NC	12.72%	NC	12.33%
	UAAL ²	1.42	UAAL	13.79	UAAL	0.00	UAAL	20.53	UAAL	20.53	UAAL ¹⁸	22.08
	Total	11.72%	Total	27.23%	Total	11.33%	Total	33.97%	Total	33.25%	Total	34.41%
With 3-Year Phase-In		N/A		N/A		N/A		N/A		N/A		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 ¹⁹	9.69
	Total	10.21%	Total	24.76%	Total	11.09%	Total	31.96%	Total	30.99%	Total	23.01%
12/31/17	NC	11.25%	NC	14.51%	NC	11.98%	NC	14.72%	NC	13.46%	NC	14.11%
	UAAL	0.00	UAAL	12.74	UAAL	1.44	UAAL	17.62	UAAL	17.62	UAAL	0.00
	Total	11.25%	Total	27.25%	Total	13.42%	Total	32.34%	Total	31.08%	Total	14.11%
With 3-Year Phase-In		N/A		26.00%		12.46%		30.46%		29.20%		N/A
12/31/18	NC	11.11%	NC	14.51%	NC	12.05%	NC	14.71%	NC	13.50%	NC	14.28%
	UAAL ⁹	0.86	UAAL ¹⁰	15.29	UAAL	0.22	UAAL	15.90	UAAL	15.90	UAAL	1.77
	Total	11.97%	Total	29.80%	Total	12.27%	Total	30.61%	Total	29.40%	Total	16.05%
With 3-Year Phase-In		N/A		29.17%		12.05%		29.67%		28.46%		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%
12/31/24	NC	13.25%	NC	16.08%	NC	12.96%	NC	15.54%	NC	17.84%	NC	14.39%
	UAAL	0.00	UAAL	0.00	UAAL	1.72	UAAL	10.08	UAAL	10.08	UAAL	0.00
	Total	13.25%	Total	16.08%	Total	14.68%	Total	25.62%	Total	27.92%	Total	14.39%

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	Safety Law Enforcement (3% @ 50)		Safety Law Enforcement (3% @ 55)		Safety Fire Authority (3% @ 50)		Safety Fire Authority (3% @ 55)		Safety Probation	
	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL	NC	UAAL
12/31/15 With 3-Year Phase-In	25.56%	39.16	23.24%	39.16	26.87%	23.81	22.10%	23.81	21.92%	25.32
	Total	64.72%	Total	62.40%	Total	50.68%	Total	45.91%	Total	47.24%
		62.55%		60.34%		49.24%		44.47%		45.07%
12/31/16	25.63%	38.19	23.00%	38.19	26.84%	22.27	21.86%	22.27	21.87%	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	26.69%	41.07	23.69%	41.07	27.24%	23.09	21.97%	23.09	23.71%	33.00
	Total	67.76%	Total	64.76%	Total	50.33%	Total	45.06%	Total	56.71%
		64.05%		61.05%		48.04%		42.77%		52.45%
12/31/18 With 3-Year Phase-In	26.64%	42.56	23.48%	42.56	26.97%	24.99	21.83%	24.99	23.45%	34.41
	Total	69.20%	Total	66.04%	Total	51.96%	Total	46.82%	Total	57.86%
		67.35%		64.19%		50.81%		45.67%		55.73%
12/31/19	26.57%	43.65	23.58%	43.65	27.48%	23.79	25.77%	23.79	23.25%	36.92
	Total	70.22%	Total	67.23%	Total	51.27%	Total	49.56%	Total	60.17%
12/31/20	26.66%	39.73	24.23%	39.73	27.31%	16.36	27.25%	16.36	23.39%	34.06
	Total	66.39%	Total	63.96%	Total	43.67%	Total	43.61%	Total	57.45%
12/31/21	26.62%	35.53	24.74%	35.53	27.09%	12.35	26.65%	12.35	23.16%	30.55
	Total	62.15%	Total	60.27%	Total	39.44%	Total	39.00%	Total	53.71%
12/31/22	26.26%	37.86	24.38%	37.86	25.93%	12.96	26.48%	12.96	22.65%	36.48
	Total	64.12%	Total	62.24%	Total	38.89%	Total	39.44%	Total	59.13%
12/31/23	26.65%	36.26	23.84%	36.26	25.38%	12.62	26.38%	12.62	23.81%	37.76
	Total	62.91%	Total	60.10%	Total	38.00%	Total	39.00%	Total	61.57%
12/31/24	26.64%	33.32	23.69%	33.32	25.09%	10.60	26.20%	10.60	23.97%	38.12
	Total	59.96%	Total	57.01%	Total	35.69%	Total	36.80%	Total	62.09%

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	CalPEPRA Rate Group #1 2.5% @ 67		CalPEPRA Rate Group #2 1.62% @ 65 (Plan T)		CalPEPRA Rate Group #2 2.5% @ 67		CalPEPRA Rate Group #2 1.62% @ 65 (Plan W)		CalPEPRA Rate Group #3 2.5% @ 67		CalPEPRA Rate Group #5 2.5% @ 67	
12/31/15	NC	8.92%	NC	6.56%	NC	8.35%	NC	6.68%	NC	9.25%	NC	10.12%
	UAAL ¹	9.22	UAAL	22.45	UAAL	22.45	UAAL	22.45	UAAL ²	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	N/A		N/A		N/A		N/A		N/A		N/A	
12/31/16	NC	8.63%	NC	6.58%	NC	8.28%	NC	6.68%	NC	9.27%	NC	10.25%
	UAAL ³	7.25	UAAL	21.72	UAAL ⁴	21.72	UAAL	21.72	UAAL	0.00	UAAL	14.76
	Total	15.88%	Total	28.30%	Total	30.00%	Total	28.40%	Total	9.27%	Total	25.01%
12/31/17	NC	9.93%	NC	7.11%	NC	8.78%	NC	8.56%	NC	10.37%	NC	11.32%
	UAAL ⁵	9.58	UAAL	25.05	UAAL ⁶	25.05	UAAL	25.05	UAAL	0.00	UAAL	18.26
	Total	19.51%	Total	32.16%	Total	33.83%	Total	33.61%	Total	10.37%	Total	29.58%
With 3-Year Phase-In	17.82%		29.78%		31.45%		31.23%		N/A		27.26%	
12/31/18	NC	9.93%	NC	7.12%	NC	8.78%	NC	8.73%	NC	10.02%	NC	11.32%
	UAAL ⁷	9.40	UAAL	26.24	UAAL ⁸	26.24	UAAL	26.24	UAAL ⁹	0.86	UAAL	19.76
	Total	19.33%	Total	33.36%	Total	35.02%	Total	34.97%	Total	10.88%	Total	31.08%
With 3-Year Phase-In	18.48%		32.17%		33.83%		33.78%		N/A		29.92%	
12/31/19	NC	10.05%	NC	7.14%	NC	8.81%	NC	8.54%	NC	9.88%	NC	11.59%
	UAAL ¹¹	5.16	UAAL	27.38	UAAL ¹²	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 ¹¹	5.03	UAAL	28.97	UAAL ¹³	28.97	UAAL	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 ²⁰	7.09%	NC ²⁰	9.17%	NC	8.95%	NC	9.82%	NC	11.99%
	UAAL ¹¹	3.33	UAAL	26.14	UAAL ¹⁴	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 ¹¹	3.61	UAAL	27.14	UAAL ¹⁵	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 ¹¹	2.93	UAAL	26.78	UAAL ¹⁶	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%
12/31/24	NC	10.47%	NC	7.37%	NC	9.09%	NC	9.27%	NC	9.87%	NC	12.06%
	UAAL ¹¹	3.01	UAAL	25.96	UAAL ¹⁷	25.96	UAAL	25.96	UAAL	0.00	UAAL	16.71
	Total	13.48%	Total	33.33%	Total	35.05%	Total	35.23%	Total	9.87%	Total	28.77%

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 5.57% as of December 31, 2015.

² 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.

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 4.18% as of December 31, 2016.

⁴ 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.

⁵ 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.

⁶ The 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.

⁷ 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.

⁸ 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.

⁹ 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.

History of Employer Contribution Rates

(continued)

Employer Contribution Rate (% of pay)

Valuation Date	CalPEPRA Rate Group #9 2.5% @ 67		CalPEPRA Rate Group #10 2.5% @ 67		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	
12/31/15 With 3-Year Phase-In	NC	10.57%	NC	8.81%	NC	12.23%	NC	9.25%	NC	15.00%	NC	20.04%	NC	15.30%
	UAAL	13.79	UAAL	20.53	UAAL	0.00	UAAL ¹⁸	22.08	UAAL	25.32	UAAL	39.16	UAAL	23.81
	Total	24.36%	Total	29.34%	Total	12.23%	Total	31.33%	Total	40.32%	Total	59.20%	Total	39.11%
	N/A		N/A		N/A		N/A		38.20%		57.42%		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 ¹⁹	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	11.02%	NC	10.41%	NC	12.03%	NC	9.36%	NC	16.63%	NC	19.29%	NC	15.44%
	UAAL	12.74	UAAL	17.62	UAAL	1.44	UAAL	0.00	UAAL	33.00	UAAL	41.07	UAAL	23.09
	Total	23.76%	Total	28.03%	Total	13.47%	Total	9.36%	Total	49.63%	Total	60.36%	Total	38.53%
	22.51%		26.15%		12.51%		N/A		45.37%		56.65%		36.24%	
12/31/18 With 3-Year Phase-In	NC	11.13%	NC	10.16%	NC	12.33%	NC	10.32%	NC	16.76%	NC	19.04%	NC	15.27%
	UAAL ¹⁰	15.29	UAAL	15.90	UAAL	0.22	UAAL	1.77	UAAL	34.41	UAAL	42.56	UAAL	24.99
	Total	26.42%	Total	26.06%	Total	12.55%	Total	12.09%	Total	51.17%	Total	61.60%	Total	40.26%
	25.79%		25.12%		12.33%		N/A		49.04%		59.75%		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%
12/31/24	NC	11.48%	NC	9.95%	NC	11.91%	NC	10.52%	NC	16.07%	NC	17.05%	NC	15.96%
	UAAL	0.00	UAAL	10.08	UAAL	1.72	UAAL	0.00	UAAL	38.12	UAAL	33.32	UAAL	10.60
	Total	11.48%	Total	20.03%	Total	13.63%	Total	10.52%	Total	54.19%	Total	50.37%	Total	26.56%

¹⁰ This is the UAAL rate for Transportation Corridor Agency for FY 20–21 before reflecting the additional UAAL contributions made during calendar year 2019.

¹¹ This is the net UAAL contribution rate for County and O.C. IHSS Public Authority without reflecting the UAAL contributions required for Vector Control, Cypress Recreation and Parks, U.C.I. and Department of Education.

¹² The net UAAL contribution rate for O.C. Children and Families Commission is 5.36% as of December 31, 2019.

¹³ The net UAAL contribution rate for O.C. Children and Families Commission is 5.98% as of December 31, 2020.

¹⁴ The net UAAL contribution rate for O.C. Children and Families Commission is 3.50% as of December 31, 2021.

¹⁵ The net UAAL contribution rate for O.C. Children and Families Commission is 4.79% as of December 31, 2022.

¹⁶ The net UAAL contribution rate for O.C. Children and Families Commission is 5.46% as of December 31, 2023.

¹⁷ The net UAAL contribution rate for O.C. Children and Families Commission is 5.63% as of December 31, 2024.

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

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

²⁰ After reflecting implementation of Plan U by Superior Court for their PEPRA members.

Summary of Active Membership

Valuation Date	Number	Annual Salary	Annual Average Salary	Increase in Average Salary (%)
12/31/15				
General	17,839	\$ 1,254,521,000	\$ 70,325	-1.77
Safety	3,686	378,590,000	102,710	1.31
Total	21,525	\$ 1,633,111,000	\$ 75,870	-1.22
12/31/16				
General	18,072	\$ 1,353,363,000	\$ 74,887	6.49
Safety	3,674	406,470,000	110,634	7.71
Total	21,746	\$ 1,759,833,000	\$ 80,927	6.67
12/31/17				
General	17,941	\$ 1,385,356,000	\$ 77,217	3.11
Safety	3,780	426,523,000	112,837	1.99
Total	21,721	\$ 1,811,879,000	\$ 83,416	3.08
12/31/18				
General	18,150	\$ 1,432,041,000	\$ 78,900	2.18
Safety	3,779	443,331,000	117,314	3.97
Total	21,929	\$ 1,875,372,000	\$ 85,520	2.52
12/31/19				
General	18,356	\$ 1,481,966,000	\$ 80,735	2.33
Safety	3,901	470,568,000	120,628	2.82
Total	22,257	\$ 1,952,534,000	\$ 87,727	2.58
12/31/20				
General	17,733	\$ 1,479,418,000	\$ 83,427	3.33
Safety	3,826	483,451,000	126,359	4.75
Total	21,559	\$ 1,962,869,000	\$ 91,046	3.78
12/31/21				
General	18,128	\$ 1,548,180,000	\$ 85,403	2.37
Safety	3,883	504,526,000	129,932	2.83
Total	22,011	\$ 2,052,706,000	\$ 93,258	2.43
12/31/22				
General	18,184	\$ 1,611,755,000	\$ 88,636	3.79
Safety	3,877	512,924,000	132,299	1.82
Total	22,061	\$ 2,124,679,000	\$ 96,309	3.27
12/31/23				
General	18,805	\$ 1,736,974,000	\$ 92,368	4.21
Safety	3,977	541,002,000	136,033	2.82
Total	22,782	\$ 2,277,976,000	\$ 99,990	3.82
12/31/24				
General	19,291	\$ 1,877,726,000	\$ 97,337	5.38
Safety	4,077	600,413,000	147,268	8.26
Total	23,368	\$ 2,478,139,000	\$ 106,048	6.06

Excludes Deferred and Pending members.

Summary of Retired Membership



Plan Year Ending	At Beginning of Year	Added to Rolls		Removed from Rolls		At End of Year	Annual Allowance (in 000's)	% Increase in Annual Allowance	Average Monthly Allowance
		Number	Annual Allowance (in 000's) ¹	Number	Annual Allowance (in 000's)				
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
2024	21,283	1,018	90,874	(561)	(24,323)	21,740	1,276,330	5.50	4,892

Note: Annual allowances exclude RMBR and STAR COLA.

¹ Includes COLA granted during the plan year.

Development of Actuarial and Valuation Value of Assets

As of December 31, 2024

Plan Year Ending	Total Actual Fair Value Return (net)	Expected Fair Value Return (net)	Investment Gain/ (Loss)	Deferred Factor	Deferred Return
2020	\$ 1,982,757,000	\$ 1,155,523,000	\$ 827,234,000	0.0	\$ -
2021	3,273,348,000	1,293,495,000	1,979,853,000	0.2	395,971,000
2022	(2,106,139,000)	1,518,273,000	(3,624,412,000)	0.4	(1,449,765,000)
2023	2,258,475,000	1,361,890,000	896,585,000	0.6	537,951,000
2024	2,280,223,000	1,510,032,000	770,191,000	0.8	616,153,000

(1)	Total Deferred Return	\$ 100,310,000
(2)	Net Fair Value of Assets (Excludes \$155,101,000 in County Investment Account, \$40,624,000 in Prepaid Employer Contributions and \$17,594,000 in O.C. Sanitation District UAAL Deferred Account)	\$ 23,789,296,000
(3)	Actuarial Value of Assets (2) – (1)	\$ 23,688,986,000 ¹
(4)	Non-valuation Reserves	
	(a) Unclaimed member deposit	\$ -
	(b) Medicare medical insurance reserve	-
	(c) Subtotal	\$ -
(5)	Valuation Value of Assets (3) – (4)(c)	\$ 23,688,986,000
(6)	Deferred Return Recognized in Each of the Next 4 Years	
	(a) Amount recognized on 12/31/2025	\$ 4,443,000
	(b) Amount recognized on 12/31/2026	(391,527,000)
	(c) Amount recognized on 12/31/2027	333,355,000
	(d) Amount recognized on 12/31/2028	154,039,000
	(e) Subtotal (may not total exactly due to rounding)	\$ 100,310,000

¹ Ratio of Actuarial Value of Assets to Net Fair Value of Assets is 99.6% ((3) ÷ (2)).

Schedule of Funded Liabilities by Type

(Dollars in Thousands)



Valuation Date	(1) Active Member Contributions	(2) Liability for Inactive Participants	(3) Liability for Active Members (Employer Financed Portion)	Valuation Value of Assets	Portion of Accrued Liability Covered by Valuation Assets (%)		
					(1)	(2)	(3)
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
12/31/24	3,648,907	18,363,403	6,246,312	23,688,986	100	100	26.84

Actuarial Methods and Assumptions

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.¹

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, 2025 has been reflected in the December 31, 2024 valuation.
Payroll Growth:	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year.
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.
Individual Salary Increases:	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.

¹ 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.

Actuarial Methods and Assumptions

(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.

Actuarial Methods and Assumptions

(continued)

Termination Rates Before Retirement

Mortality Rates

Age	Rate (%) ¹ Mortality			
	General		Safety	
	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

Age	Rate (%) Disability			
	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.

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.

Actuarial Methods and Assumptions

(continued)

Termination Rates Before Retirement (continued)

Termination Rates

Years of Service	Rate (%) Termination			
	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

Years of Service	Rate (%) Election for Withdrawal of Contributions			
	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

Actuarial Methods and Assumptions

(continued)

Retirement Rates

Age	Rate (%) ¹ Retirement			
	General		General Non-Enhanced ²	
	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

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).

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement					
	Safety Law (31664.1)		Safety Fire (31664.1)		Safety Probation (31664.1)	
	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

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

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement		
	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.

Actuarial Methods and Assumptions

(continued)

Retirement Rates (continued)

Age	Rate (%) ¹ Retirement			
	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

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

Actuarial Methods and Assumptions

(continued)

Retirement Age and Benefit for Deferred Vested Members:

Membership and Reciprocity	% of Future ¹ 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%	3.9%	60	60
General without Reciprocity	87.5%	NA	70	58
Safety with Reciprocity	20.0%	4.5%	54	54
Safety without Reciprocity	80.0%	NA	70	54

¹ OCERS provides the reciprocity status for current deferred vested members in the valuation census data.

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.

Form of Payment:

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

Inclusion of Deferred Vested Members:

All deferred vested members are included in the valuation.

Spousal Assumptions for Current Active and Deferred Vested Members:

Member Gender	% with Spouse at Retirement or Pre-Retirement Death	Spouse Age	Spouse Gender
Male Member	75%	3 Years Younger than Member	Female
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.

Actuarial Methods and Assumptions

(continued)

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

Years of Service	Rate (%)	
	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.

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.

Summary of Major Plan Provisions

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.

Membership Eligibility:

Non-CalPEPRA General Plans:

2.5% @ 55 Plans

Plan G

Plan H

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

(Orange County Sanitation District¹ and Law Library²)

General members hired before September 21, 1979.

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.

(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)

General members hired before September 21, 1979.

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.

2.7% @ 55 Plans

Plan I

Plan J

2.0% @ 55 Plans

Plan M

Plan N

(Transportation Corridor Agency, Cemetery District⁶ and General OCFA employees effective July 1, 2011)

General members hired before September 21, 1979.

General members hired on or after September 21, 1979.

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

1.62% @ 65 Plans

Plan O

Plan P

(Orange County Employees, Orange County Superior Court, Orange County Local Agency Formation Commission and Orange County Managers Unit)

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.

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

Plan S

All Other General Employers:

Plan A

Plan B

(City of San Juan Capistrano)

General members hired on or after July 1, 2012.

General members hired before September 21, 1979.

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.

Summary of Major Plan Provisions

(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)

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.

¹ 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.

Summary of Major Plan Provisions

(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:

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

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)

Summary of Major Plan Provisions

(continued)

Benefit Formula: General Plans

General Plans	Retirement Age	Benefit Formula
2.5% @ 55		
<i>Plan G (\$31676.18)</i> <i>Tier 1</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.50% x FAS1 x Yrs)
	60	(2.50% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs) ¹
	65 or later	(2.62% x FAS1 x Yrs) ¹
<i>Plan H (\$31676.18)</i> <i>Tier 2</i>	50	(2.00% x FAS3 x Yrs)
	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		
<i>Plan I (\$31676.19)</i> <i>Tier 1</i>	50	(2.00% x FAS1 x Yrs)
	55	(2.70% x FAS1 x Yrs)
	60	(2.70% x FAS1 x Yrs)
	62	(2.70% x FAS1 x Yrs)
	65 or later	(2.70% x FAS1 x Yrs)
<i>Plan J (\$31676.19)</i> <i>Tier 2</i>	50	(2.00% x FAS3 x Yrs)
	55	(2.70% x FAS3 x Yrs)
	60	(2.70% x FAS3 x Yrs)
	62	(2.70% x FAS3 x Yrs)
	65 or later	(2.70% x FAS3 x Yrs)
2.0% @ 55		
<i>Plan M (\$31676.16)</i> <i>Tier 1</i>	50	(1.43% x FAS1 x Yrs)
	55	(2.00% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs) ²
	62	(2.62% x FAS1 x Yrs) ²
	65 or later	(2.62% x FAS1 x Yrs) ²
<i>Plan N (\$31676.16)</i> <i>Tier 2</i>	50	(1.43% x FAS3 x Yrs)
	55	(2.00% x FAS3 x Yrs)
	60	(2.26% x FAS3 x Yrs)
	62	(2.37% x FAS3 x Yrs)
	65 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.

Summary of Major Plan Provisions

(continued)

Benefit Formula: General Plans (continued)

General Plans	Retirement Age	Benefit Formula
1.62% @ 65		
<i>Plan O (\$31676.01)</i> <i>Tier 1</i>	50	(0.79% x FAS1 x Yrs)
	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)
<i>Plan P, Plan T and Plan W (\$31676.01)</i> <i>Tier 2</i>	50	(0.79% x FAS3 x Yrs)
	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		
<i>Plan S (\$31676.12)</i> <i>Tier 2</i>	50	(1.34% x FAS3 x Yrs)
	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)
<i>Plan A (\$31676.12)</i> <i>Tier 1</i>	50	(1.34% x FAS1 x Yrs)
	55	(1.77% x FAS1 x Yrs)
	60	(2.34% x FAS1 x Yrs)
	62	(2.62% x FAS1 x Yrs)
	65 or later	(2.62% x FAS1 x Yrs)
1.67% @ 57.5		
<i>Plan B (\$31676.1)</i> <i>Tier 2</i>	50	(1.18% x FAS3 x Yrs)
	55	(1.49% x FAS3 x Yrs)
	60	(1.92% x FAS3 x Yrs)
	62	(2.09% x FAS3 x Yrs)
	65 or later	(2.43% x FAS3 x Yrs)
2.5% @ 67		
<i>Plan U (\$7522.20(a))</i>	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)

Summary of Major Plan Provisions

(continued)

Benefit Formula: Safety Plans

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

Summary of Major Plan Provisions

(continued)

Maximum Benefit:

<i>Plans A, B, E, F, G, H, I, J, M, N, O, P, Q, R, S, T and W</i>	100% of Highest Average Compensation. (§31676.01, §31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1, §31664.2)
<i>Plans U and V</i>	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 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.

Summary of Major Plan Provisions

(continued)

Death After Retirement:

All Members:

Service or Ordinary Disability Retirement 60% of member's unmodified allowance continued to eligible spouse. (§31760.1) A lump sum benefit in the amount of \$1,000 is payable upon 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)

Cost-of-Living

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

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

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

Plans M, N, O and P

Basic

Provide for an average annuity payable at age 60 equal to 1/120 of FAS3 (FAS1 for Plans M and O). (§31621)

Cost-of-Living

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

Plan S

Basic

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

Cost-of-Living

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

Summary of Major Plan Provisions

(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. This also 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

(2015 - 2024)
(Dollars in Thousands)



Gains & Losses in Unfunded Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)					
Type of Activity	Gains (or Losses) Per Year				
	2015	2016	2017	2018	2019
Retirements	\$ (62,070)	\$ -	\$ -	\$ -	\$ -
Pay Increases	282,696	(204,603)	66,399	71,908	52,716
COLA Increases	119,367	186,039	95,796	(24,279)	(131,220)
Investment Income	(229,138)	(113,103)	24,401	(255,908)	(50,514)
Other	10,056	(4,119)	5,316	(143,172)	(161,090)
Gain (or Loss) During Year From Experience	\$ 120,911	\$ (135,786)	\$ 191,912	\$ (351,451)	\$ (290,108)
Nonrecurring Items:					
Method and Procedure Changes	-	92,587 ³	-	-	-
Plan Amendments and Assumption Changes	-	-	(853,538)	-	-
Composite Gain (or Loss) During Year	\$ 120,911	\$ (43,199)	\$ (661,626)	\$ (351,451)	\$ (290,108)

Gains & Losses in Unfunded Actuarial Accrued Liabilities During Years Ended December 31, Resulting from Differences Between Assumed Experience & Actual Experience (Dollar Amounts in Thousands)					
Type of Activity	Gains (or Losses) Per Year				
	2020	2021	2022	2023	2024
Retirements	\$ -	\$ -	\$ -	\$ -	\$ -
Pay Increases	62,291	87,162	(27,467)	(84,355)	(298,367)
COLA Increases	123,844 ¹	(148,830)	(261,281)	(14,660)	(15,757)
Investment Income	370,675	767,019	(59,849)	158,556	134,890
Other	(193,593)	(10,716)	(2,978)	(83,899)	19,793
Gain (or Loss) During Year From Experience	\$ 363,217	\$ 694,635	\$ (351,575)	\$ (24,358)	\$ (159,441)
Nonrecurring Items:					
Method and Procedure Changes	37,783 ²	-	-	-	-
Plan Amendments and Assumption Changes	(24,273)	-	-	(144,967)	-
Composite Gain (or Loss) During Year	\$ 376,727	\$ 694,635	\$ (351,575)	\$ (169,325)	\$ (159,441)

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.

³ Includes leap year salary adjustment, revised benefit and eligibility service credits from pension administration system and automatic continuance benefit for child beneficiary.

SECTION 5 STATISTICAL

The Acorns

Every Number Represents Someone We Serve

Each acorn represents a beginning: a contribution made, a career supported, and a promise carried forward. Through disciplined stewardship and a long-term view, these seeds help grow the lasting retirement security OCERS provides to its members and retirees. The Statistical Section gives shape to that story through numbers, trends, and historical data. But behind every number is a person: a member, retiree, beneficiary, family, or employer whose future is connected to the strength of the system.

Together, these data points reflect more than performance over time. They represent the people OCERS serves every day, and the commitment to protect retirement security for generations to come.





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 Additions by Source, and Schedule and Graph of Expenses by Type.

Schedule of Changes in Fiduciary Net Position - Pension Trust Fund

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 567,196	\$ 572,104	\$ 580,905	\$ 653,793	\$ 659,807	\$ 698,791	\$ 719,691	\$ 749,776	\$ 846,363	\$ 886,888
Employee Contributions	258,297	262,294	270,070	279,373	279,384	271,334	269,999	277,455	302,545	313,190
Investment Income/(Loss)	1,060,040	1,938,025	(326,145)	2,182,666	2,172,339	3,221,132	(2,059,364)	2,324,556	2,331,477	3,885,353
Net Securities Lending	1,203	1,610	1,517	1,142	845	933	774	925	768	688
Total Additions	\$ 1,886,736	\$ 2,774,033	\$ 526,347	\$ 3,116,974	\$ 3,112,375	\$ 4,192,190	\$ (1,068,900)	\$ 3,352,712	\$ 3,481,153	\$ 5,086,119
Deductions										
Benefits	\$ 717,976	\$ 764,344	\$ 828,278	\$ 900,902	\$ 973,325	\$ 1,045,738	\$ 1,139,715	\$ 1,216,248	\$ 1,285,410	\$ 1,355,857
Administrative Expenses	16,870	17,002	18,284	19,171	20,428	21,473	23,546	29,056	31,181	31,942
Total Deductions	\$ 734,846	\$ 781,346	\$ 846,562	\$ 920,073	\$ 993,753	\$ 1,067,211	\$ 1,163,261	\$ 1,245,304	\$ 1,316,591	\$ 1,387,799
Changes in Fiduciary Net Position	\$ 1,151,890	\$ 1,992,687	\$ (320,215)	\$ 2,196,901	\$ 2,118,622	\$ 3,124,979	\$ (2,232,161)	\$ 2,107,408	\$ 2,164,562	\$ 3,698,320

Schedule of Changes in Fiduciary Net Position - Health Care Fund - County

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 42,411	\$ 59,864	\$ 52,520	\$ 54,788	\$ 41,559	\$ 41,049	\$ 41,889	\$ -	\$ 6,404	\$ 16,401
Investment Income/(Loss)	16,902	34,087	(5,888)	43,523	40,706	66,688	(38,483)	48,959	44,133	65,885
Net Securities Lending	21	32	31	25	19	21	18	20	16	13
Total Additions	\$ 59,334	\$ 93,983	\$ 46,663	\$ 98,336	\$ 82,284	\$ 107,758	\$ 3,424	\$ 48,979	\$ 50,553	\$ 82,299
Deductions										
Benefits	\$ 30,818	\$ 32,042	\$ 33,290	\$ 35,012	\$ 36,784	\$ 37,262	\$ 37,013	\$ 36,837	\$ 35,885	\$ 36,269
Administrative Expenses	22	22	20	20	22	23	23	24	24	23
Total Deductions	\$ 30,840	\$ 32,064	\$ 33,310	\$ 35,032	\$ 36,806	\$ 37,285	\$ 37,036	\$ 36,861	\$ 35,909	\$ 36,292
Changes in Fiduciary Net Position	\$ 28,494	\$ 61,919	\$ 13,353	\$ 63,304	\$ 45,478	\$ 70,473	\$ (33,612)	\$ 12,118	\$ 14,644	\$ 46,007

Schedule of Changes in Fiduciary Net Position - Health Care Fund - OCFA

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer Contributions	\$ 2,414	\$ 2,380	\$ 4,536	\$ 2,111	\$ 1,976	\$ 16,773	\$ 2,932	\$ 26,245	\$ 30,588	\$ 26,052
Investment Income/(Loss)	2,845	5,113	(725)	5,288	4,140	6,746	(4,705)	7,305	8,920	18,076
Net Securities Lending	3	4	4	3	2	2	2	4	3	3
Total Additions	\$ 5,262	\$ 7,497	\$ 3,815	\$ 7,402	\$ 6,118	\$ 23,521	\$ (1,771)	\$ 33,554	\$ 39,511	\$ 44,131
Deductions										
Benefits	\$ 3,867	\$ 3,978	\$ 5,077	\$ 5,018	\$ 5,539	\$ 5,999	\$ 6,658	\$ 7,157	\$ 7,735	\$ 8,285
Administrative Expenses	22	27	30	21	22	24	22	23	22	22
Total Deductions	\$ 3,889	\$ 4,005	\$ 5,107	\$ 5,039	\$ 5,561	\$ 6,023	\$ 6,680	\$ 7,180	\$ 7,757	\$ 8,307
Changes in Fiduciary Net Position	\$ 1,373	\$ 3,492	\$ (1,292)	\$ 2,363	\$ 557	\$ 17,498	\$ (8,451)	\$ 26,374	\$ 31,754	\$ 35,824

Schedule of Changes in Fiduciary Net Position - Custodial Fund - OCTA

2016 – 2025
(Dollars in Thousands)

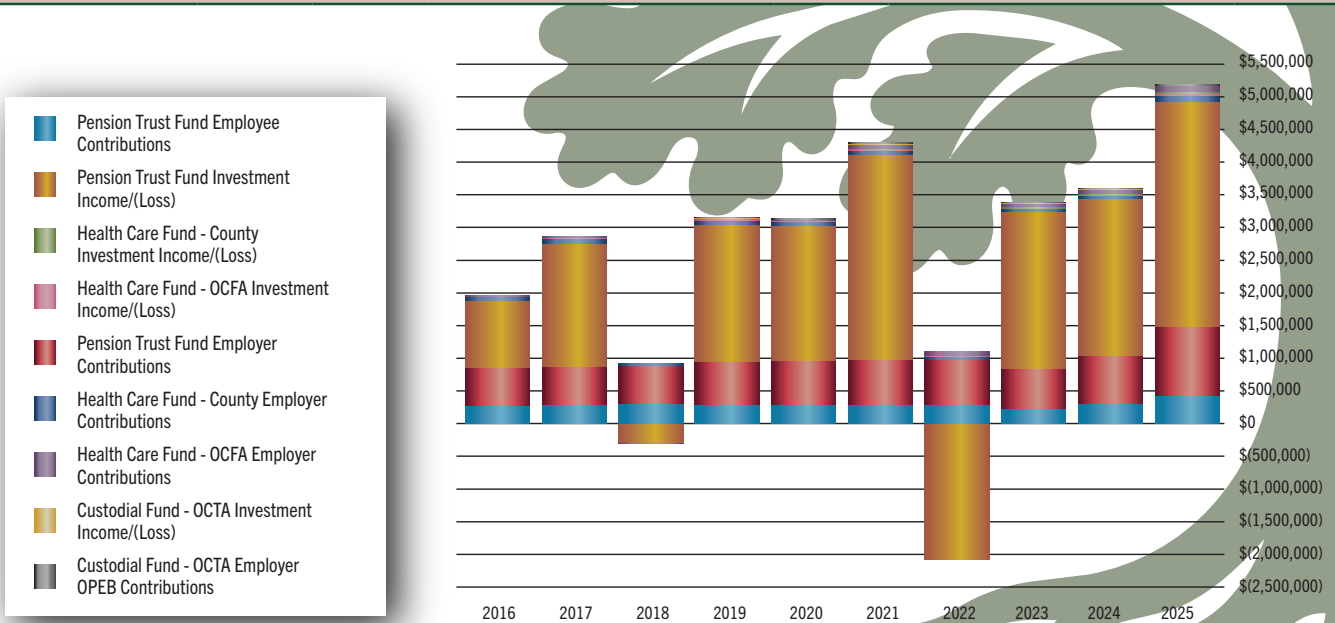
Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions										
Employer OPEB Contributions	N/A	N/A	N/A	\$ 613	\$ 613	\$ 605	\$ 655	\$ 794	\$ 17,669	\$ 1,338
Investment Income/(Loss)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>3,250</u>	<u>2,350</u>	<u>2,715</u>	<u>(3,402)</u>	<u>3,003</u>	<u>2,564</u>	<u>5,600</u>
Total Additions	\$ -	\$ -	\$ -	\$ 3,863	\$ 2,963	\$ 3,320	\$(2,747)	\$ 3,797	\$ 20,233	\$ 6,938
Deductions										
Employer OPEB Payments	N/A	N/A	N/A	\$ 1,318	\$ 1,383	\$ 1,419	\$ 1,466	\$ 1,531	\$ 1,754	\$ 2,042
Administrative Expenses	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>20</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>23</u>
Total Deductions	\$ -	\$ -	\$ -	\$ 1,338	\$ 1,405	\$ 1,442	\$ 1,489	\$ 1,554	\$ 1,777	\$ 2,065
Changes in Fiduciary Net Position	\$ -	\$ -	\$ -	\$ 2,525	\$ 1,558	\$ 1,878	\$(4,236)	\$ 2,243	\$ 18,456	\$ 4,873

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.

Schedule and Graph of Fiduciary Additions by Source

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Employee Contributions	\$ 258,297	\$ 262,294	\$ 270,070	\$ 279,373	\$ 279,384	\$ 271,334	\$ 269,999	\$ 277,455	\$ 302,545	\$ 313,190
Employer Contributions	567,196	572,104	580,905	653,793	659,807	698,791	719,691	749,776	846,363	886,888
Investment Income/(Loss) ¹	1,061,243	1,939,635	(324,628)	2,183,808	2,173,184	3,222,065	(2,058,590)	2,325,481	2,332,245	3,886,041
Health Care Fund - County										
Employer Contributions	42,411	59,864	52,520	54,788	41,559	41,049	41,889	-	6,404	16,401
Investment Income/(Loss) ¹	16,923	34,119	(5,857)	43,548	40,725	66,709	(38,465)	48,979	44,149	65,898
Health Care Fund - OCFA										
Employer Contributions	2,414	2,380	4,536	2,111	1,976	16,773	2,932	26,245	30,588	26,052
Investment Income/(Loss) ¹	2,848	5,117	(721)	5,291	4,142	6,748	(4,703)	7,309	8,923	18,079
Custodial Fund - OCTA										
Employer OPEB Contributions	N/A	N/A	N/A	613	613	605	655	794	17,669	1,338
Investment Income/(Loss) ¹	N/A	N/A	N/A	3,250	2,350	2,715	(3,402)	3,003	2,564	5,600
Total	\$ 1,951,332	\$ 2,875,513	\$ 576,825	\$ 3,226,575	\$ 3,203,740	\$ 4,326,789	\$ (1,069,994)	\$ 3,439,042	\$ 3,591,450	\$ 5,219,487



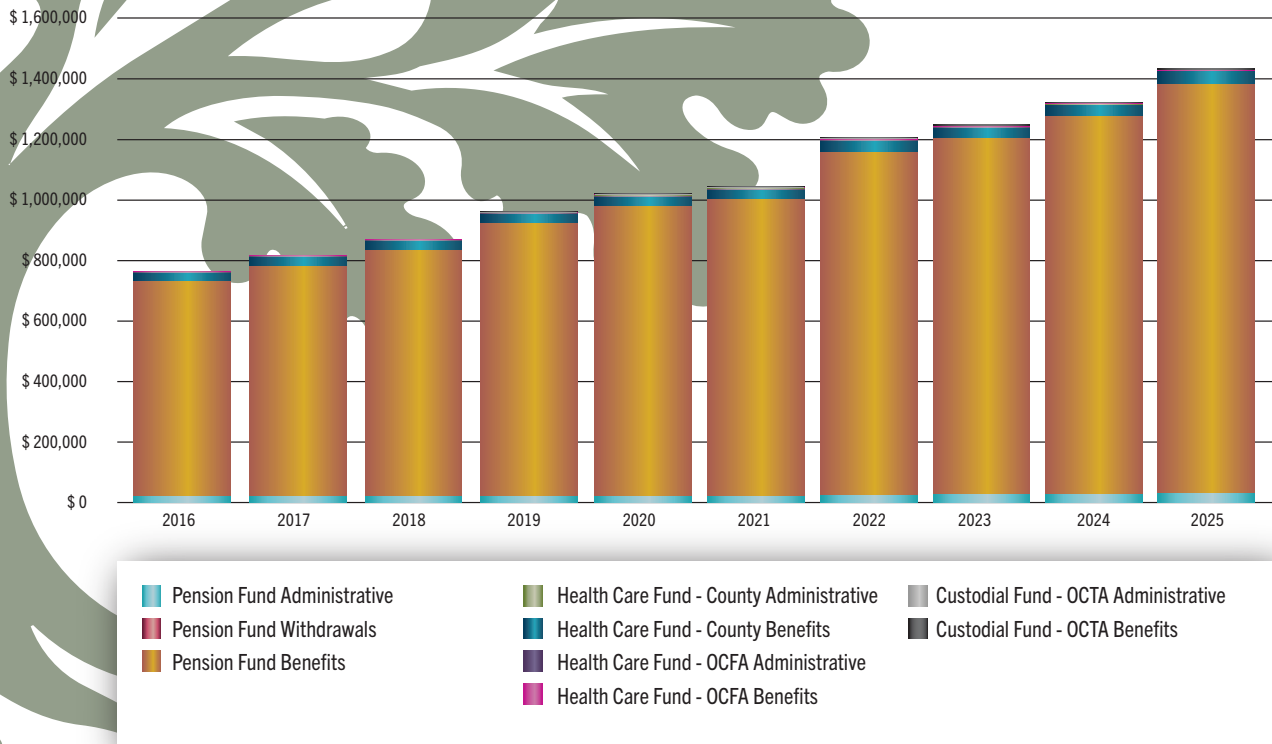
N/A: Detailed information not available.

¹ Investment income (loss) includes net appreciation/(depreciation) less investment manager fees, investment department expenses, security lending fees, and commission recapture.

Schedule and Graph of Expenses by Type

2016 – 2025
(Dollars in Thousands)

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Administrative	\$ 16,870	\$ 17,002	\$ 18,284	\$ 19,171	\$ 20,428	\$ 21,473	\$ 23,546	\$ 29,056	\$ 31,181	\$ 31,942
Withdrawals										
Separation	9,411	9,294	10,681	9,458	6,883	8,323	12,810	8,497	10,483	11,637
Death	4,232	4,572	3,252	3,791	4,664	6,126	9,429	6,254	7,717	4,813
Benefits	704,333	750,478	814,345	887,653	961,778	1,031,289	1,117,476	1,201,497	1,267,210	1,339,407
Health Care Fund - County										
Administrative	22	22	20	20	22	23	23	24	24	23
Benefits	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885	36,269
Health Care Fund - OCFA										
Administrative	22	27	30	21	22	24	22	23	22	22
Benefits	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735	8,285
Custodial Fund - OCTA										
Administrative	N/A	N/A	N/A	20	22	23	23	23	23	23
Benefits	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754	2,042
Total	\$ 769,575	\$ 817,415	\$ 884,979	\$ 961,482	\$ 1,037,525	\$ 1,111,961	\$ 1,208,466	\$ 1,290,899	\$ 1,362,034	\$ 1,434,463



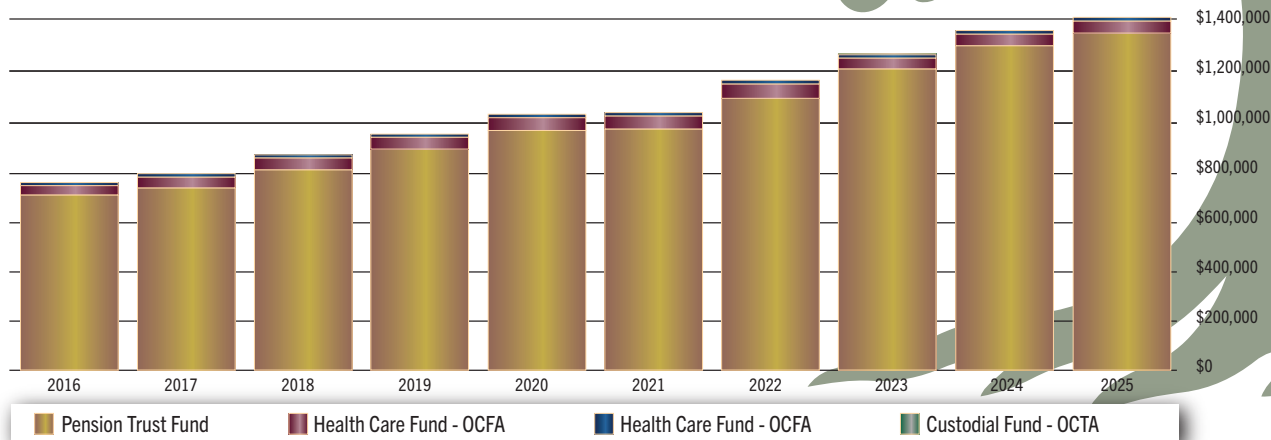
N/A: Detailed information not available.



Schedule and Graph of Benefit Expenses by Type

2016– 2025
(Dollars in Thousands)

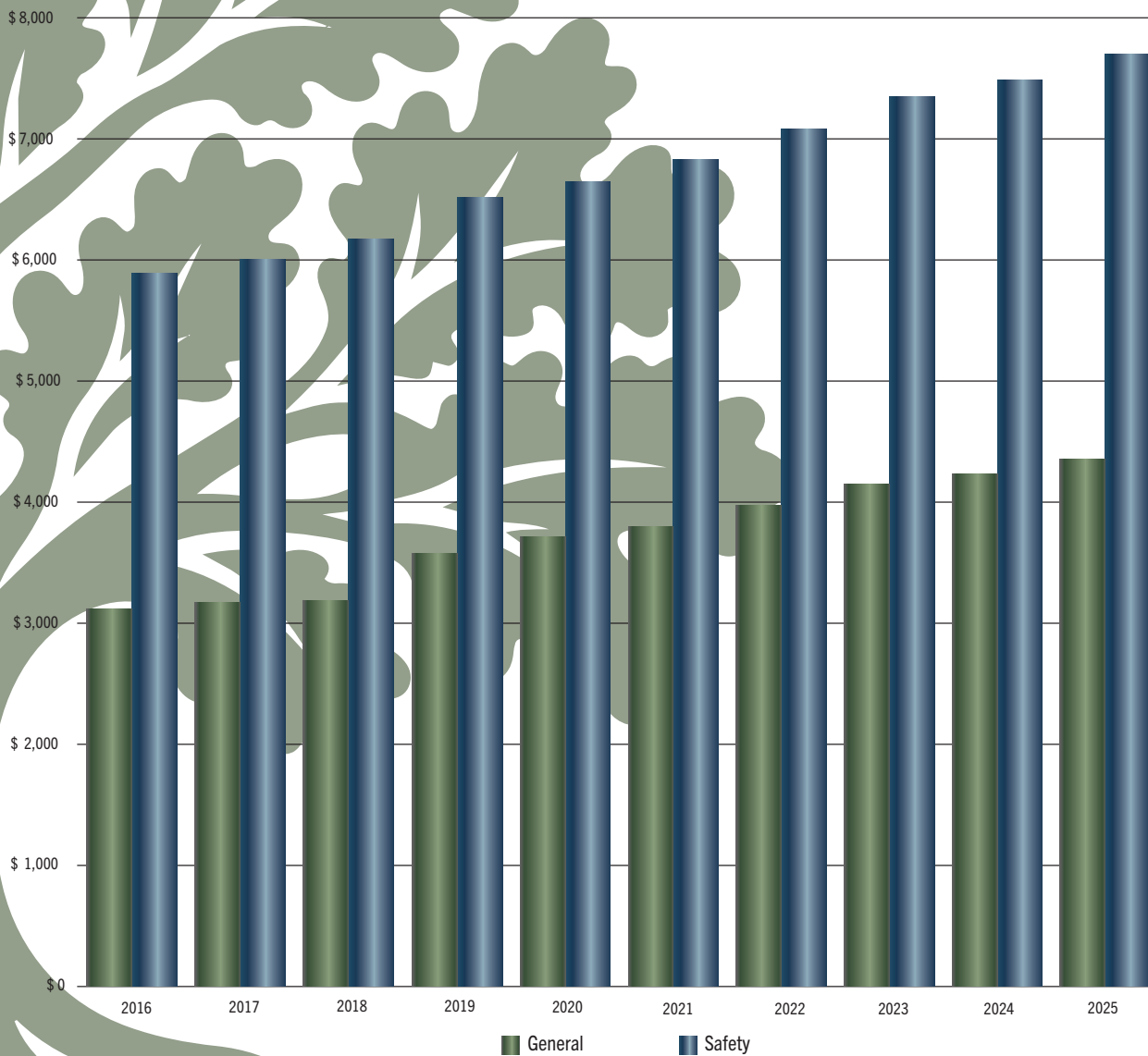
Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pension Trust Fund										
Participant Benefits										
Service Retiree Payroll										
General	\$ 475,838	\$ 502,396	\$ 545,028	\$ 593,394	\$ 644,351	\$ 691,732	\$ 743,783	\$ 795,885	\$ 855,440	\$ 895,322
Safety	167,723	180,747	199,029	218,482	238,671	252,733	280,824	300,286	303,608	336,887
Service Retiree Payroll	643,561	683,143	744,057	811,876	883,022	944,465	1,024,607	1,096,171	1,159,048	1,232,209
Disability Retiree Payroll										
General	25,891	29,462	29,177	31,474	30,831	31,980	33,119	32,859	33,321	33,321
Safety	34,497	37,179	40,541	43,653	46,993	53,789	58,192	71,277	73,248	73,249
Disability Retiree Payroll	60,388	66,641	69,718	75,127	77,824	85,769	91,311	104,136	106,569	106,570
Total Participant Benefits										
General	501,729	531,858	574,205	624,868	675,182	723,712	776,902	828,744	888,760	928,643
Safety	202,220	217,926	239,570	262,135	285,664	306,522	339,016	371,563	376,857	410,136
Total Participant Benefits	703,949	749,784	813,775	887,003	960,846	1,030,234	1,115,918	1,200,307	1,265,617	1,338,779
Membership Withdrawals and Refunds										
General Membership	12,778	13,063	12,288	12,536	10,693	12,897	18,311	13,451	15,264	14,404
Safety Membership	865	803	1,645	713	854	1,552	3,928	1,300	2,936	2,046
Total Withdrawals and Refunds	13,643	13,866	13,933	13,249	11,547	14,449	22,239	14,751	18,200	16,450
Death Benefits										
Total Death Benefits	384	694	570	650	932	1,055	1,558	1,190	1,593	628
Total Pension Trust Fund	717,976	764,344	828,278	900,902	973,325	1,045,738	1,139,715	1,216,248	1,285,410	1,355,857
Health Care Fund - County										
Health Care	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837	35,885	36,269
Health Care Fund - OCFA										
Health Care	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157	7,735	8,285
Custodial Fund - OCTA										
Employer OPEB Payments	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531	1,754	2,042
Total	\$ 752,661	\$ 800,364	\$ 866,645	\$ 942,250	\$1,017,031	\$1,090,418	\$1,184,852	\$1,261,773	\$1,330,784	\$1,402,453



N/A: Detailed information not available.

Schedule and Graph of Average Monthly Pension Check 2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	\$ 3,142	\$ 3,244	\$ 3,372	\$ 3,520	\$ 3,686	\$ 3,791	\$ 3,944	\$ 4,093	\$ 4,237	\$ 4,396
Safety	\$ 5,917	\$ 6,017	\$ 6,245	\$ 6,499	\$ 6,680	\$ 6,825	\$ 7,048	\$ 7,277	\$ 7,470	\$ 7,693



Source: OCERS' Pension Administration System Solution

Schedule of Average Pension Benefit Payments by Years of Service



Service Retirement Effective Dates	Years of Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30 & Over
Period 1/1/16-12/31/16							
Average Monthly Pension Benefits	\$ 427	\$ 1,244	\$ 2,135	\$ 2,886	\$ 4,272	\$ 5,549	\$ 6,782
Monthly Final Average Salary	\$ 8,298	\$ 6,907	\$ 6,911	\$ 6,580	\$ 7,383	\$ 7,651	\$ 7,762
Number of Retired Members	24	56	121	120	113	195	163
Period 1/1/17-12/31/17							
Average Monthly Pension Benefits	\$ 541	\$ 1,215	\$ 2,073	\$ 3,062	\$ 4,513	\$ 5,851	\$ 7,069
Monthly Final Average Salary	\$ 7,952	\$ 6,800	\$ 6,844	\$ 6,810	\$ 7,743	\$ 7,975	\$ 7,931
Number of Retired Members	21	47	122	147	112	190	153
Period 1/1/18-12/31/18							
Average Monthly Pension Benefits	\$ 554	\$ 1,190	\$ 1,943	\$ 2,879	\$ 4,681	\$ 6,074	\$ 7,439
Monthly Final Average Salary	\$ 10,584	\$ 7,287	\$ 6,904	\$ 6,859	\$ 8,134	\$ 8,246	\$ 8,561
Number of Retired Members	23	62	125	144	127	205	208
Period 1/1/19-12/31/19							
Average Monthly Pension Benefits	\$ 367	\$ 1,424	\$ 2,332	\$ 3,073	\$ 4,831	\$ 6,475	\$ 7,324
Monthly Final Average Salary	\$ 7,568	\$ 8,243	\$ 7,509	\$ 6,985	\$ 8,088	\$ 8,591	\$ 8,249
Number of Retired Members	31	54	121	150	135	249	191
Period 1/1/20-12/31/20							
Average Monthly Pension Benefits	\$ 536	\$ 1,475	\$ 2,149	\$ 3,422	\$ 4,697	\$ 6,151	\$ 6,825
Monthly Final Average Salary	\$ 9,267	\$ 8,556	\$ 6,784	\$ 7,473	\$ 8,046	\$ 8,340	\$ 7,917
Number of Retired Members	29	59	128	166	237	281	288
Period 1/1/21-12/31/21							
Average Monthly Pension Benefits	\$ 540	\$ 1,524	\$ 2,361	\$ 3,532	\$ 5,406	\$ 6,602	\$ 7,219
Monthly Final Average Salary	\$ 9,897	\$ 8,823	\$ 7,781	\$ 7,749	\$ 9,348	\$ 8,941	\$ 8,377
Number of Retired Members	27	53	87	102	142	112	128
Period 1/1/22-12/31/22							
Average Monthly Pension Benefits	\$ 644	\$ 1,545	\$ 2,631	\$ 3,798	\$ 5,690	\$ 7,481	\$ 8,077
Monthly Final Average Salary	\$ 10,744	\$ 9,289	\$ 8,821	\$ 8,432	\$ 9,473	\$ 10,023	\$ 9,238
Number of Retired Members	33	91	117	127	226	210	224
Period 1/1/23-12/31/23							
Average Monthly Pension Benefits	\$ 421	\$ 1,584	\$ 2,815	\$ 3,837	\$ 5,083	\$ 7,496	\$ 7,399
Monthly Final Average Salary	\$ 10,111	\$ 9,737	\$ 9,249	\$ 8,347	\$ 8,452	\$ 10,150	\$ 8,439
Number of Retired Members	29	60	61	114	188	181	210
Period 1/1/24-12/31/24							
Average Monthly Pension Benefits	\$ 694	\$ 1,327	\$ 2,567	\$ 3,465	\$ 5,492	\$ 7,146	\$ 7,233
Monthly Final Average Salary	\$ 11,500	\$ 8,155	\$ 9,495	\$ 7,856	\$ 9,323	\$ 9,720	\$ 8,340
Number of Retired Members	26	78	79	110	125	160	144
Period 1/1/25-12/31/25							
Average Monthly Pension Benefits	\$ 558	\$ 1,481	\$ 2,628	\$ 4,318	\$ 5,872	\$ 8,692	\$ 8,097
Monthly Final Average Salary	\$ 10,590	\$ 9,184	\$ 8,844	\$ 9,405	\$ 9,982	\$ 11,686	\$ 9,236
Number of Retired Members	29	67	104	110	160	183	150

Source: OCERS' Pension Administration System Solution

Schedule of Pension Benefit Recipients by Type of Benefit

December 31, 2025

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	512	103	-	2	12	78	7	714
\$501-1,000	907	227	-	5	20	131	38	1,328
\$1,001-1,500	1,024	213	2	30	32	114	69	1,484
\$1,501-2,000	1,103	165	17	49	20	105	72	1,531
\$2,001-2,500	1,037	153	84	47	20	80	31	1,452
\$2,501-3,000	1,106	133	176	20	24	59	26	1,544
\$3,001-3,500	1,057	124	195	14	42	45	10	1,487
\$3,501-4,000	1,030	90	128	18	35	42	5	1,348
\$4,001-4,500	969	97	79	3	19	33	4	1,204
\$4,501-5,000	857	63	82	7	20	18	3	1,050
\$5,001-5,500	796	66	98	2	23	8	7	1,000
\$5,501-6,000	814	50	89	1	13	12	5	984
\$6,001-6,500	725	54	66	1	10	7	2	865
\$6,501-7,000	633	31	42	2	8	3	2	721
Over \$7,000	4,943	136	396	3	41	7	6	5,532
Total	<u>17,513</u>	<u>1,705</u>	<u>1,454</u>	<u>204</u>	<u>339</u>	<u>742</u>	<u>287</u>	<u>22,244</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

Schedule of Pension Benefit Recipients by Option Selected

December 31, 2025

Monthly Benefit	UM	OP1	OP2	OP3	OP4	DB	UMC	O2C	O3C	O4C	SCDC	NSCDC	LSRC	AN	Total
\$1-500	473	1	25	3	2	77	98	6	7	4	-	6	1	11	714
\$501-1,000	855	1	49	1	6	131	229	13	3	2	2	21	15	-	1,328
\$1,001-1,500	999	1	52	1	3	114	231	14	1	2	5	51	10	-	1,484
\$1,501-2,000	1,123	1	36	3	6	105	177	10	5	-	-	55	10	-	1,531
\$2,001-2,500	1,119	1	40	4	4	80	166	10	2	1	-	23	2	-	1,452
\$2,501-3,000	1,266	1	24	1	10	59	146	15	2	-	-	18	2	-	1,544
\$3,001-3,500	1,240	-	19	2	5	45	161	8	-	-	-	5	2	-	1,487
\$3,501-4,000	1,142	-	24	3	7	42	122	2	1	-	1	4	-	-	1,348
\$4,001-4,500	1,023	-	16	1	11	33	102	14	-	3	-	-	1	-	1,204
\$4,501-5,000	918	-	11	2	15	18	76	9	-	-	-	-	1	-	1,050
\$5,001-5,500	870	-	17	-	9	8	90	5	-	-	-	1	-	-	1,000
\$5,501-6,000	873	-	21	-	10	12	61	4	-	-	2	1	-	-	984
\$6,001-6,500	767	-	15	2	8	7	58	7	-	-	-	1	-	-	865
\$6,501-7,000	660	-	10	1	6	3	36	4	1	-	-	-	-	-	721
Over \$7,000	5,198	4	66	2	72	7	159	21	-	-	1	1	1	-	5,532
Total	18,526	10	425	26	174	741	1,912	142	22	12	11	187	45	11	22,244

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

O2C: Option 2 continuance -- Beneficiary receives same monthly allowance

O3C: Option 3 continuance -- Beneficiary receives 50% of monthly allowance

O4C: 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

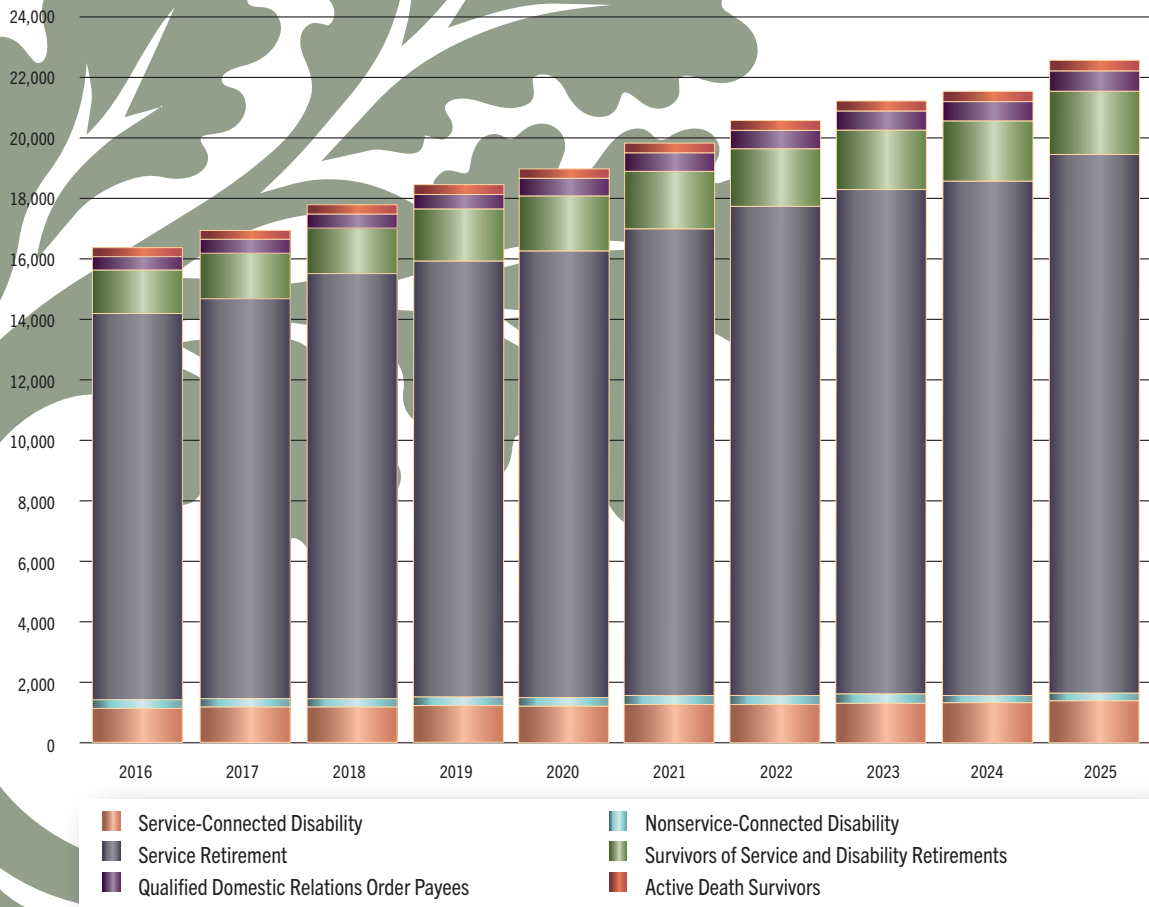
AN: Annuity

Source: OCERS' Pension Administration System Solution

Schedule and Graph of Pension Benefit Recipients

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service-Connected Disability	1,161	1,185	1,232	1,261	1,289	1,333	1,364	1,412	1,434	1,454
Nonservice-Connected Disability	257	261	250	244	236	228	224	216	211	204
Service Retirement	12,768	13,240	13,827	14,448	15,339	15,607	16,311	16,754	17,103	17,513
Survivors of Service and Disability Retirements	1,448	1,496	1,559	1,631	1,678	1,744	1,820	1,911	1,982	2,044
Qualified Domestic Relations Order Payees	426	455	495	530	573	616	662	693	716	742
Active Death Survivors	309	310	311	306	304	298	297	297	294	287
Total	<u>16,369</u>	<u>16,947</u>	<u>17,674</u>	<u>18,420</u>	<u>19,419</u>	<u>19,826</u>	<u>20,678</u>	<u>21,283</u>	<u>21,740</u>	<u>22,244</u>



Source: OCERS' Pension Administration System Solution

Schedule of Average Retirement Age

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	59.44	60.79	61.30	61.14	61.02	60.49	60.70	60.77	60.03	60.36
Safety	53.58	55.09	55.15	54.53	54.15	53.63	55.33	54.21	53.39	52.99

Schedule of Average Years of Service at Retirement

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	19.56	21.41	22.08	21.95	23.18	20.87	21.99	23.40	21.72	21.76
Safety	22.81	23.92	24.60	24.36	23.87	22.16	21.82	21.93	19.88	21.64

Schedule of Beneficiaries Receiving a Pension

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General	1,514	1,540	1,593	1,652	1,685	1,728	1,780	1,854	1,906	1,944
Safety	243	266	277	285	297	314	337	354	370	387
Total	<u>1,757</u>	<u>1,806</u>	<u>1,870</u>	<u>1,937</u>	<u>1,982</u>	<u>2,042</u>	<u>2,117</u>	<u>2,208</u>	<u>2,276</u>	<u>2,331</u>

Schedule of Active and Deferred Members

2016 – 2025

Years Ended December 31	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General										
Active	18,072	17,941	18,150	18,356	17,733	18,128	18,184	18,805	19,291	18,639
Deferred	4,940	5,341	5,547	6,004	6,280	6,680	7,323	8,014	8,804	9,532
Safety										
Active	3,674	3,780	3,779	3,901	3,826	3,883	3,877	3,977	4,077	4,158
Deferred	430	462	479	516	538	558	571	565	573	600
Total	<u>27,116</u>	<u>27,524</u>	<u>27,955</u>	<u>28,777</u>	<u>28,377</u>	<u>29,249</u>	<u>29,955</u>	<u>31,361</u>	<u>32,745</u>	<u>32,929</u>

Source: OCERS' Pension Administration System Solution

Schedule of Participating Employers - Pension Plan

2016 – 2025

Years Ended December 31	Total	Orange County	OCTA	OC Superior Court	OC Fire Authority	OC Sanitation District	City of San Juan Capistrano	Trans- portation Corridor Agencies	All Other Employers
2016									
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%
2017									
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%
2018									
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%
2019									
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%
2020									
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%
2021									
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%
2022									
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%
2023									
Number of Covered Employees	22,061	16,915	1,279	1,437	1,528	605	55	55	187
Percentage to Total System	97%	74.25%	5.61%	6.30%	6.71%	2.66%	0.24%	0.24%	0.82%
2024									
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%
2025									
Number of Covered Employees	22,797	17,324	1,401	1,485	1,607	635	54	62	229
Percentage to Total System	100%	75.99%	6.15%	6.51%	7.05%	2.79%	0.24%	0.27%	1.00%

Source: OCERS' Pension Administration System Solution

History of Actuarial Assumption Rates

For the Period January 1945 - December 2025

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%

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

Source: The Segal Company

SECTION 6 GLOSSARY OF TERMS

The Full Oak

Standing Strong After 80 Years.

For 80 years, OCERS has grown from a promise of security into a lasting system of service, stewardship, and trust.

Like the full oak, its strength is found in every part working together: the roots of responsible governance, the trunk of financial stability, the branches of investment, the leaves of careful measurement, and the acorns that represent generations to come.

The Glossary brings clarity to the language and structure found throughout this report. It serves as a final guide, helping connect each term, section, and detail to the larger story of OCERS' work on behalf of its members, retirees, beneficiaries, employers, and the Orange County community.

Standing strong after eight decades, OCERS' legacy is not only measured in years, but in people. From those who helped shape the system in its earliest days to the team carrying its mission forward today, the full oak represents a shared commitment to service, security, and a future built together.





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.

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.

A Legacy Sealed *for Tomorrow*

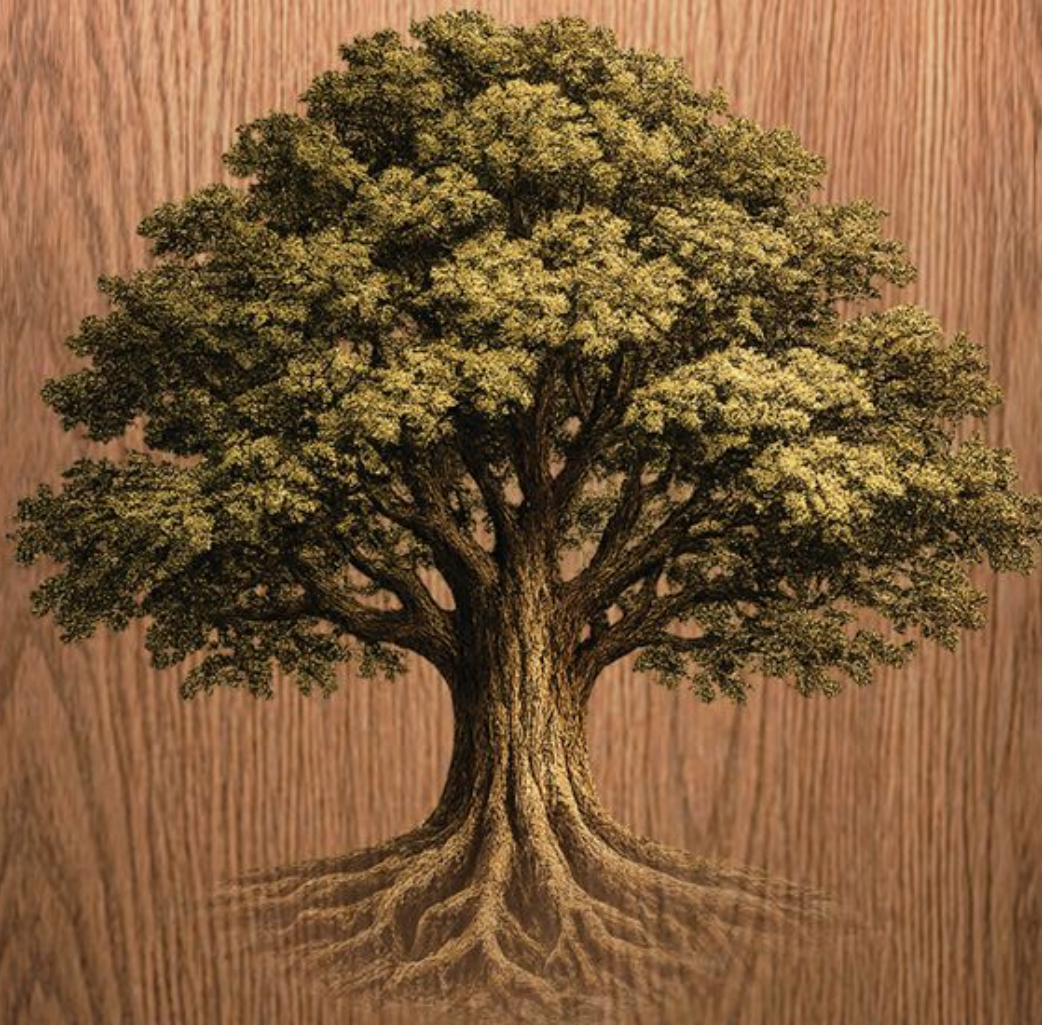
As we celebrate 80 years of service, stewardship, and commitment to our members, we honor our past by preserving this milestone for future generations.

This time capsule captures our story, our values, and our vision.

Our roots run deep.
Our purpose endures.
Our legacy continues.







Orange County Employees Retirement System

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Orange County Employees Retirement System (OCERS)

**Governmental Accounting Standards Board
Statement No. 67 Actuarial Valuation as of
December 31, 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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May 4, 2026

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, 2025 for the Orange County Employees Retirement System (“OCERS” or “the System” 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, 2024 for the data and OCERS’ Actuarial Valuation and Review as of December 31, 2025 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 Molly Calcagno, ASA, MAAA, 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 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.

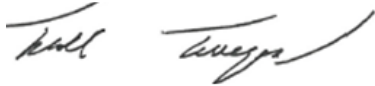
Board of Retirement
May 4, 2026

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.

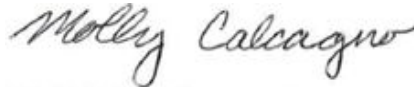
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of December 31, 2025. Determinations for purposes other than meeting financial accounting may be significantly different from the results reported here. 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, 2024, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2025, provided by the staff of OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2025 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 determined on the same basis as OCERS' actuarial accrued liability (AAL) measure for funding. We note that the same is true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an unfunded actuarial accrued liability (UAAL) on a market value basis.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the Plan is December 31, 2025 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, 2024 while the Plan FNP was valued as of the measurement date.
2. The NPL decreased from \$3,974.7 million as of December 31, 2024 to \$1,819.6 million as of December 31, 2025 primarily due to a return on the market value of assets of 16.3%¹ during calendar year 2025 that was more than the assumption of 7.00% used in the December 31, 2024 valuation (a gain of about \$2,215 million). Changes in these values during the last two calendar years can be found in *Section 2, Exhibit C: Schedule of changes in Net Pension Liability* on page 19.
3. The discount rate used to measure the TPL as of December 31, 2025 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2025. 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 \$27,660,311,000 as of December 31, 2025 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2025. This differs from the \$27,478,757,000 market value of assets used in our December 31, 2025 funding valuation because the market value of assets in the funding valuation excludes \$161,418,000 in the County Investment Account and \$20,136,000 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, 2025, 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, 2025. However, as the TPL in this valuation has been rolled forward using the membership data as of December 31, 2024, any modification in the benefit amounts reported in the membership data as of December 31, 2025 will not be reflected in the TPL until the next valuation.

¹ As documented in the funding valuation report, return on the market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment return on net pension plan assets was \$3,822,920,000 during 2025 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 \$3,886,041,000.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2025	December 31, 2024
Disclosure elements		
• Service cost ²	\$604,439,422	\$564,605,045
• Total Pension Liability	29,479,870,547	27,936,684,748
• Plan Fiduciary Net Position	27,660,311,000	23,961,991,000
• Net Pension Liability	1,819,559,547	3,974,693,748
Schedule of contributions		
• Actuarially determined contributions	\$869,286,000	\$830,734,000
• Actual contributions ³	886,888,000	846,363,000
• Contribution deficiency / (excess) ⁴	(17,602,000)	(15,629,000)
Demographic data⁵		
• Number of retired members and beneficiaries	22,244	21,740
• Number of inactive members ⁶	10,132	9,377
• Number of active members	22,797	23,368
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

² The service cost is based on the previous year's valuation, meaning the service cost as of the December 31, 2025 and December 31, 2024 measurement dates are based on the valuations as of December 31, 2024 and December 31, 2023, respectively. Both service costs have been calculated using the assumptions shown in the Prior Year column, as there had been no changes in the actuarial assumptions between the December 31, 2024 and December 31, 2023 valuations.

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 D: Schedule of employer contributions* on page 20.

⁵ Data shown as of the December 31, 2024 measurement date is used in the measurement of the TPL as of December 31, 2025.

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.

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

Section 1: Actuarial Valuation Summary

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

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

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

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

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

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

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

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

Section 2: GASB 67 Information

Plan membership

At December 31, 2025, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	22,244
Inactive members ⁸	10,132
Active members	22,797
Total	55,173

Note: Data as of December 31, 2025 is not used in the measurement of the TPL as of December 31, 2025.

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

⁸ Includes members who chose to leave their contributions on deposit even though they have less than five years of service.

Section 2: GASB 67 Information

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 five years of retirement service credit. All General members can also retire at the age of 70 regardless of service.

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

Safety members

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

Section 2: GASB 67 Information

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 2025 or the second half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 38.71%⁹ of compensation. The average employer contribution rate for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 (based on the December 31, 2023 valuation) was 38.09%⁹ 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 2025 or the second half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 12.08%¹⁰ of compensation. The average member contribution rate for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 (based on the December 31, 2023 valuation) was 11.74%¹⁰ of compensation.

⁹ These employer contribution rates may be higher or lower than the composite rate for 2025 as shown on page 20 of this report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect any change in proportion of payroll between the membership groups as well as the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

¹⁰ It should be noted that these member contribution rates provided above have not been adjusted to reflect any pick-ups or reverse pick-ups.

Section 2: GASB 67 Information

Exhibit A: Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2025	December 31, 2024
Components of the Net Pension Liability		
Total Pension Liability	\$29,479,870,547	\$27,936,684,748
Plan Fiduciary Net Position	(27,660,311,000)	(23,961,991,000)
Net Pension Liability	\$1,819,559,547	\$3,974,693,748
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹¹	93.83%	85.77%

The NPL for the Plan in this valuation was measured as of December 31, 2025. 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, 2024.

Plan provisions

The plan provisions used in the measurement of the NPL as of December 31, 2025 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2025.

Actuarial assumptions

The TPL as of December 31, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2025. 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:

¹¹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 67 Information

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
"Across-the-board" salary increase	0.50%
Salary increases	General: 3.90% to 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, 2025 Actuarial Valuation and Review.

Section 2: GASB 67 Information

Exhibit B: Discount rate

Determination of discount rate and investment rate of return

The long-term expected rate of return on pension plan investments¹² 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 and subtracting expected investment management expenses¹³ and a risk margin. Beginning with December 31, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation 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, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

¹² 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.

¹³ Investment management expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses, and excludes investment manager fees.

Section 2: GASB 67 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹⁴
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%

¹⁴ Arithmetic real rates of return are net of inflation.

Section 2: GASB 67 Information

Discount rate

The discount rate used to measure the TPL was 7.00% as of December 31, 2025.

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.¹⁵ 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, 2025.

Discount rate sensitivity

The following presents the NPL of OCERS as of December 31, 2025 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)	\$5,830,120,242	\$1,819,559,547	\$(1,459,754,402)

¹⁵ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

Section 2: GASB 67 Information

Exhibit C: Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	December 31, 2025	December 31, 2024
Total Pension Liability		
Service cost	\$604,439,422	\$564,605,045
Interest	1,950,423,696	1,859,622,913
Change of benefit terms	0	0
Differences between expected and actual experience	344,179,681	153,725,216
Changes of assumptions or other inputs	0	0
Benefit payments, including refunds of member contributions	(1,355,857,000)	(1,285,410,000)
Transfer of members among Rate Groups	0	0
Other	0	0
Net change in Total Pension Liability	\$1,543,185,799	\$1,292,543,174
Total Pension Liability — beginning	27,936,684,748	26,644,141,574
Total Pension Liability — ending	\$29,479,870,547	\$27,936,684,748
Plan Fiduciary Net Position		
Contributions — employer ¹⁶	\$886,888,000	\$846,363,000
Contributions — member	313,190,000	302,545,000
Net investment income	3,886,041,000	2,332,245,000
Benefit payments, including refunds of member contributions	(1,355,857,000)	(1,285,410,000)
Transfer of members among Rate Groups	0	0
Administrative expense	(31,942,000)	(31,181,000)
Other	0	0
Net change in Plan Fiduciary Net Position	\$3,698,320,000	\$2,164,562,000
Plan Fiduciary Net Position — beginning	23,961,991,000	21,797,429,000
Plan Fiduciary Net Position — ending	\$27,660,311,000	\$23,961,991,000
Net Pension Liability — ending	\$1,819,559,547	\$3,974,693,748
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.83%	85.77%
Covered payroll ¹⁷	\$2,389,757,000	\$2,252,414,000
Net Pension Liability as percentage of covered payroll	76.14%	176.46%

¹⁶ Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

¹⁷ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 67 Information

Exhibit D: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions ¹⁸	Contributions in Relation to the Actuarially Determined Contributions ¹⁸	Contribution Deficiency / (Excess)	Covered Payroll ¹⁹	Contributions as a Percentage of Covered Payroll ¹⁹
2016	\$521,447,000	\$567,196,000 ²⁰	\$(45,749,000)	\$1,602,675,000	35.40%
2017	536,726,000	572,104,000 ²¹	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000	580,905,000 ²²	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000 ²³	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,000 ²⁴	(21,592,000)	1,909,268,000	34.56%
2021	684,142,000 ²⁵	698,791,000 ^{25,26}	(14,649,000)	1,870,387,000	37.36%
2022	707,318,000	719,691,000 ²⁷	(12,373,000)	1,932,374,000	37.24%
2023	736,016,000	749,776,000 ²⁸	(13,760,000)	2,042,240,000	36.71%
2024	830,734,000	846,363,000 ²⁹	(15,629,000)	2,252,414,000	37.58%
2025	869,286,000	886,888,000 ³⁰	(17,602,000)	2,389,757,000	37.11%

See accompanying notes to this schedule on next page.

¹⁸ 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.

¹⁹ Covered payroll represents payroll on which contributions to the pension plan are based.

²⁰ 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.

²¹ 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.

²² 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.

²³ 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.

²⁴ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²⁵ 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.

²⁶ Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²⁷ 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.

²⁸ Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²⁹ Includes additional contributions of \$15,629,000 made by O.C. Fire Authority towards the reduction of their UAAL.

³⁰ Includes additional contributions of \$17,602,000 made by O.C. Fire Authority towards the reduction of their UAAL.

Section 2: GASB 67 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2025

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
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
2020	24,731,000	5,000,000	0	2025	6,858,000	15,462,000	0

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2025 (i.e., the second half of fiscal year 2024-2025) are calculated based on the December 31, 2022 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 (i.e., the first half of fiscal year 2025-2026) are calculated based on the December 31, 2023 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2022 valuation and 3.00% payroll growth assumed in the December 31, 2023 valuation)

Section 2: GASB 67 Information

Remaining amortization period

December 31, 2022 valuation

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

December 31, 2023 valuation

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

Asset valuation method

The actuarial value of assets is 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.

Section 2: GASB 67 Information

Actuarial assumptions

The actuarially determined contribution for the year ended December 31, 2025 is based on the results of the December 31, 2022 and December 31, 2023 actuarial valuations. The actuarial assumptions used in those valuations are as follows:

Assumption Type	Assumption Used in the December 31, 2022 Actuarial Valuation	Assumption Used in the December 31, 2023 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: 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	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, 2022.	Same as those used in the actuarial funding valuation as of December 31, 2023.

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, 2025 (*\$ in millions*)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions ³¹ (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2025	\$23,962	\$1,200	\$1,356	\$32	\$3,886	\$27,660
2026	27,660	1,127	1,459	37	1,924	29,215
2027	29,215	1,126	1,539	39	2,029	30,793
2028	30,793	1,067	1,622	41	2,135	32,332
2029	32,332	1,018	1,706	43	2,238	33,838
2030	33,838	565	1,793	45	2,325	34,890
2031	34,890	502	1,882	47	2,393	35,857
2032	35,857	488	1,972	48	2,457	36,783
2033	36,783	474	2,063	49	2,518	37,664
2034	37,664	460	2,153	50	2,576	38,496
2050	43,559	244	3,321	58	2,941	43,365
2051	43,365	231	3,365	58	2,926	43,100
2052	43,100	218	3,404	57	2,905	42,762
2053	42,762	206	3,438	57	2,880	42,352
2099	28,634	55	179	38	1,999	30,469
2100	30,469	55	141	41	2,128	32,471
2101	32,471	56	109	43	2,270	34,645
2102	34,645	58	83	46	2,423	36,996
2130	229,043	305 ³²	0 ³³	305	16,033	245,076 ³⁴

³¹ Of all the projected total contributions, only the first year's (i.e., 2025) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

³² Mainly attributable to employer contributions to fund each year's annual administrative expenses.

³³ Less than \$1 million when rounded.

³⁴ The Plan FNP of \$245,076 million has a value of \$201 million as of December 31, 2025 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$161 million is the balance available in the County Investment Account and \$20 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2025, and \$21 million is the surplus for certain rate groups that were overfunded as of December 31, 2024.

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, 2025 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 December 31, 2130 shown in footnote 34 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, 2025.
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, 2024), plus employer contributions to the UAAL. 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, 2024. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2025 valuation report. Benefit payments are assumed to occur at the beginning of each month.
8. **Column (d):** Projected administrative expenses are calculated as approximately 0.13% of the projected beginning Plan FNP amount. The 0.13% portion was based on the actual calendar year 2025 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2025. 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, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

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

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

Appendix B: Definition of Terms

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. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.
Defined contribution pensions	Pensions having terms that: <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Appendix B: Definition of Terms

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

Appendix B: Definition of Terms

Term	Definition
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
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: <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL)	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.

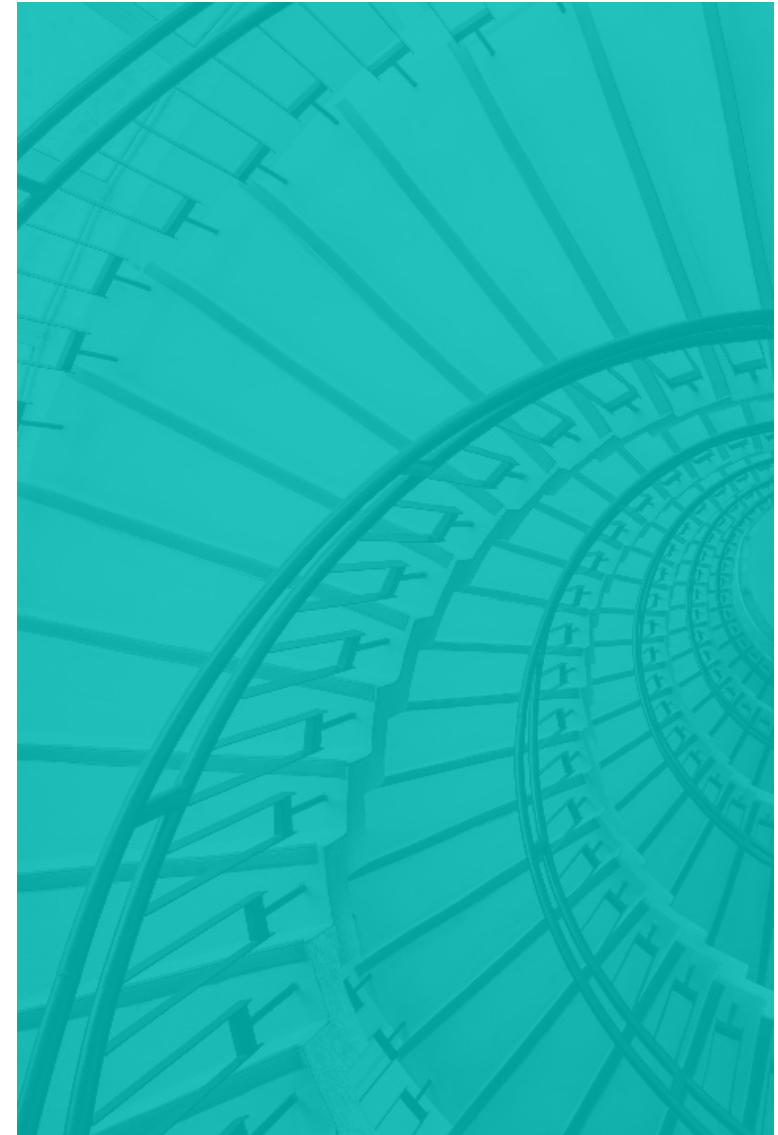
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Orange County Employees Retirement System

Financial Statement and Allocation Audit Results (2025)
Report to Audit Committee
June 8, 2026

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Scope of Services

We will issue the following reports for Orange County Employees Retirement System:

Annual Audits

Audit report on the annual comprehensive financial report for the year ended December 31, 2025

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* for the year ended December 31, 2025

Audit report on the schedule of allocated pension amounts by employer as of and for the year ended December 31, 2025





Areas of Audit Emphasis

Significant Area	Procedures Performed
Actuarial Assumptions	<ul style="list-style-type: none"> • Reviewed documentation of changes of assumptions (none noted), including management’s approval • Audit procedures for reliance on specialist (actuary) and assumptions used
Census Data	<ul style="list-style-type: none"> • Reviewed internal controls to generate the census data • Selected sample of 60 employees from the County of Orange and Orange County Fire Authority • Tested the accuracy of the census information with supporting documentation provided by these employers • Completed comparative analytical procedures on the prior and current year census information and tested support for changes in date of entry and date of hire





Areas of Audit Emphasis (continued)

Significant Area	Procedures Performed
Contributions	<ul style="list-style-type: none"> • Tested controls over processing member and employer contributions • Confirmed contribution amounts with all employers
Investments	<ul style="list-style-type: none"> • Verified due diligence and ongoing monitoring controls are operating effectively • Developed risk-based approach with OCERS investment managers • Confirmed balances with custodian and alternative investment funds • Performed other procedures on remaining funds (obtained audited fund statements, quarterly reports, and valuation tests using pricing service) • Performed analytical procedures of investment earnings and fees
Management Override of Controls	<ul style="list-style-type: none"> • Performed risk inquiries and walkthroughs of key controls • Searched for and tested any journal entries that appeared with a focus on entries posted outside the custodian system





Other Significant Audit Areas

Significant Area	Procedures Performed
Benefits Paid	<ul style="list-style-type: none"> • Tested internal controls over new retirees' benefit payments • Tested samples of benefit payments to recalculate the payment • Performed analytical procedures by retiree to verify appropriate COLA was applied correctly and verify reasons for increases or decreases in payment amounts from prior year information
Information Technology	<ul style="list-style-type: none"> • Analyzed IT general controls over Sage Intacct and V3 • Tested IT application controls • Reviewed service organization reports (SOC reports) for IT systems and third-party administrators



Audit Results

- **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

- New accounting standards implemented during the year – None
- Regular status meetings throughout the audit process facilitated open communication, adjustments to audit plan, status of open items, tracking against targeted progress dates, and discussions of preliminary findings and issues
- Additional procedure: tested compliance of retiree/beneficiary bank account changes were done in accordance with internal policies and noted no instances where the policy was not followed



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
- Consultation with other independent auditors (none of which we are aware)
- No difficulties encountered during the audit



Required Communications (continued)

- 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
- Baker Tilly US, LLP is independent with respect to OCERS and its participating employers



Upcoming GASB Pronouncements

- **GASB No. 103 *Financial Reporting Model Improvements*** – Effective for the 2026 Annual Comprehensive Financial Report.
 - Impact to management’s discussion and analysis structure and content.
- **GASB No. 104 *Disclosure of Certain Capital Assets*** – Effective for the 2026 Annual Comprehensive Financial Report.
 - No impact unless significant lease or subscription asset transaction occurred.
- **GASB No. 104 *Subsequent Events***– Effective for the 2027 Annual Comprehensive Financial Report.
 - Only impact if significant subsequent event occurred.



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**THANK
YOU**

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, 2025

No Assurance Provided

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 (*Government Auditing Standards*), the pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of fiduciary net position of Orange County Employees Retirement System (the System) as of December 31, 2025, and the related pension trust fund, health care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of changes in fiduciary net position for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated **June 8, 2026**.

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 opinions 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 8, 2026

No Assurance Provided



Memorandum

DATE: June 8, 2026
TO: Audit Committee Members
FROM: Brenda Shott, Deputy CEO; Jennifer Reyes, 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, 2025
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2025 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, 2025 Measurement Date for Employer Reporting as of June 30, 2026 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, 2025 is \$1.8 billion compared to the unfunded actuarial accrued liability (UAAL) of \$4.0 billion in the funding actuarial valuation as of December 31, 2025. 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, 2025 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, 2025, and related notes were audited by OCERS' independent auditor, Baker Tilly US, LLP (Baker Tilly) (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, Baker Tilly. 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:



JR - Approved

Jennifer Reyes
Director of Finance

Approved by:



BS - Approved

Brenda Shott
Deputy CEO



GASB 68 Valuation and Audit Report

Presented on June 8, 2026

Brenda Shott and Jennifer Reyes



Recommend to the Board of Retirement the following:

ACTION 1

Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2025

ACTION 2

Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2025 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)



Baker Tilly audits this schedule which includes amounts and information required for GASB 68 reporting for each employer



Baker Tilly has issued an unmodified opinion on the 2025 schedule and related notes which will allow our Employers' auditors to rely on Baker Tilly's work, avoiding multiple audits of OCERS' information.



Conclusion

Questions?



Thank you!

Brenda Shott

Deputy CEO

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Jennifer Reyes

Director of Finance

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Orange County Employees Retirement System

**Governmental Accounting Standards Board
Statement No. 68 Actuarial Valuation Measured as of
December 31, 2025**

For June 30, 2026 Employer Reporting



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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Segal



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May 29, 2026

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

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 68 (GASB 68) Actuarial Valuation Measured as of December 31, 2025 for the Orange County Employees Retirement System (“OCERS” or “the System” or “the Plan”) for employer reporting as of June 30, 2026. It contains various information that will need to be disclosed in order to comply with GASB 68. Please refer to OCERS’ Actuarial Valuation and Review as of December 31, 2024 for the data and OCERS’ Actuarial Valuation and Review as of December 31, 2025 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Molly Calcagno, ASA, MAAA, 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 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.

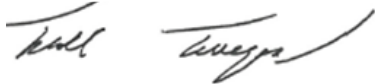
Board of Retirement
May 29, 2026

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.

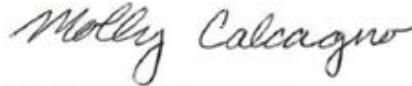
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



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



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 68 (GASB 68) as of December 31, 2025 for employer reporting as of June 30, 2026. 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, 2025. Determinations for purposes other than meeting financial accounting may be significantly different from the results reported here. 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, 2024, provided by the staff of OCERS;
- The assets of the Plan as of December 31, 2025, provided by the staff of OCERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the December 31, 2025 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the December 31, 2025 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 determined on the same basis as OCERS' actuarial accrued liability (AAL) measure for funding. We note that the same is true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.

Section 1: Actuarial Valuation Summary

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, 2026 and the NPL was measured as of December 31, 2025. The TPL was determined based upon rolling forward the TPL from the actuarial funding valuation as of December 31, 2024 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, 2025 are not adjusted or rolled forward to June 30, 2026 reporting date.
2. The NPL decreased from \$3,974.7 million as of December 31, 2024 to \$1,819.6 million as of December 31, 2025 primarily due to a return on the market value of assets of 16.3%¹ during calendar year 2025 that was more than the assumption of 7.00% used in the December 31, 2024 valuation (a gain of about \$2,215 million). Changes in these values during the last two calendar years can be found in *Section 2, Exhibit D: Schedule of changes in Net Pension Liability* on page 22.
3. The pension expense decreased from \$556.9 million as of December 31, 2024 to a pension expense of \$340.9 million as of December 31, 2025. The primary cause of the decrease was due to an investment gain of \$2.215 billion with \$443.1 million being recognized in this year's expense partially offset by the full recognition of the remaining \$201.6 million in asset gain that was identified in the December 31, 2020 valuation in developing last year's pension expense.
4. The discount rate used to measure the TPL as of December 31, 2025 was 7.00%, following the same assumptions used by OCERS in the actuarial funding valuation as of December 31, 2025. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix B*. Various other information that is required to be disclosed can be found throughout the report.
5. The Plan FNP of \$27,660,311,000 as of December 31, 2025 is equal to the final market value of assets in the Pension Trust Fund as of December 31, 2025. This differs from the \$27,478,757,000 market value of assets used in our December 31, 2025 funding valuation because the market value of assets in the funding valuation excludes \$161,418,000 in the County Investment Account and \$20,136,000 in O.C. Sanitation District UAAL Deferred Account.

¹ As documented in the funding valuation report, return on the market value was calculated using a modified dollar-weighted approach based on pension plan assets net of accounting liabilities. Actual investment return on net pension plan assets was \$3,822,920,000 during 2025 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 \$3,886,041,000.

Section 1: Actuarial Valuation Summary

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, 2025, 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, 2025. However, as the TPL in this valuation has been rolled forward using the membership data as of December 31, 2024, any modification in the benefit amounts reported in the membership data as of December 31, 2025 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, 2025. 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 K: Determination of proportionate share* starting on page 36.

9. In *Appendix C*, we show the *Schedule of Pension Amounts by Employer*. The expanded information shown in *Appendix C* has been used to prepare the schedules that show the pension expense as well as the deferred outflows of resources and deferred inflows of resources.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Disclosure elements:		
• Total Pension Liability	\$29,479,870,547	\$27,936,684,748
• Plan Fiduciary Net Position	27,660,311,000	23,961,991,000
• Net Pension Liability	1,819,559,547	3,974,693,748
• Plan Fiduciary Net Position as a percentage of Total Pension Liability	93.83%	85.77%
• Pension expense	340,875,096	556,947,871
Schedule of contributions:		
• Actuarially Determined Contributions	\$869,286,000	\$830,734,000
• Actual employer contributions ²	886,888,000	846,363,000
• Contribution deficiency / (excess) ³	(17,602,000)	(15,629,000)
Key assumptions:		
• Discount rate	7.00%	7.00%
• Expected return on assets	7.00%	7.00%
• Inflation rate	2.50%	2.50%
• “Across-the-board” salary increase	0.50%	0.50%
• Projected salary increases ⁴	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

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 E: Schedule of employer contributions* on page 24.

⁴ Includes inflation at 2.50% plus “across-the-board” salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

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

Input Item	Description
Plan of benefits	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 to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the staff of 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.
Assets	The valuation is based on the fair value of assets as of the valuation 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 participants 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 participants 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. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	<p>Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>The blended discount rate used for calculating total pension liability is based on a model developed by our Actuarial Technology and Systems unit. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.</p>

Section 1: Actuarial Valuation Summary

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

- The actuarial valuation is prepared at the request of the Board. It includes information for compliance with accounting standards and for the plan's auditor. 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 future financial measures, except where otherwise noted. The actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.
- Sections of this report may include actuarial results that are shown to the nearest dollar, but that does not imply precision.
- If the Board 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.
- 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.
- 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.

Section 2: GASB 68 Information

General information about the pension plan

Plan administration.

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

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

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

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

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

Section 2: GASB 68 Information

Plan membership. At December 31, 2025, pension plan membership consisted of the following:

Membership	Amount
Retired participants or beneficiaries currently receiving benefits	22,244
Inactive participants with a vested right to a deferred or immediate benefit ⁵	10,132
Active members	22,797
Total	55,173

Note: Data as of December 31, 2025 is not used in the measurement of the TPL as of December 31, 2025.

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 two years prior to the date of death and the surviving spouse or domestic partner has attained age 55. There are four optional

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

Section 2: GASB 68 Information

retirement 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 five years of retirement service credit. All General members can also retire at the age of 70 regardless of service.

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

Safety members

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

Section 2: GASB 68 Information

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 2025 or the second half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 38.71%⁶ of compensation. The average employer contribution rate for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 (based on the December 31, 2023 valuation) was 38.09%⁶ 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 2025 or the second half of fiscal year 2024-2025 (based on the December 31, 2022 valuation) was 12.08%⁷ of compensation. The average member contribution rate for the last six months of calendar year 2025 or the first half of fiscal year 2025-2026 (based on the December 31, 2023 valuation) was 11.74%⁷ of compensation.

⁶ These employer contribution rates may be higher or lower than the composite rate for 2025 as shown on page 24 of this report because these rates have not been adjusted to reflect any pick-ups or reverse pick-ups. These employer contribution rates also do not reflect any change in proportion of payroll between the membership groups as well as the shift in payroll to the lower cost plans from the valuation date to the date of rate implementation.

⁷ It should be noted that these member contribution rates provided above have not been adjusted to reflect any pick-ups or reverse pick-ups.

Section 2: GASB 68 Information

Exhibit A: Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Total Pension Liability	\$29,479,870,547	\$27,936,684,748
Plan Fiduciary Net Position	(27,660,311,000)	(23,961,991,000)
Net Pension Liability	1,819,559,547	3,974,693,748
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ⁸	93.83%	85.77%

The NPL for the Plan in this valuation was measured as of December 31, 2025. 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, 2024.

Plan provisions. The plan provisions used in the measurement of the NPL as of December 31, 2025 are the same as those used in OCERS' actuarial funding valuation as of December 31, 2025.

Actuarial assumptions. The TPL as of December 31, 2025 uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2025. 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:

⁸ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GASB 68 Information

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Salary increases	General: 3.90% to 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, 2025 Actuarial Valuation and Review.

Section 2: GASB 68 Information

Exhibit B: Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments⁹ 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 and subtracting expected investment management expenses¹⁰ and a risk margin. Beginning with December 31, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation 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, 2025. This information will be subject to change every three years based on the results of an actuarial experience study.

⁹ 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.

¹⁰ Investment management expenses include investment consulting fees, custodian fees and other miscellaneous investment expenses, and excludes investment manager fees.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return ¹¹
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%

¹¹ Arithmetic real rates of return are net of inflation.

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Discount rate. The discount rate used to measure the TPL was 7.00% as of December 31, 2025.

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, 2025.

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Exhibit C: Discount rate sensitivity

The following presents the Net Pension Liability of the OCERS as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the OCERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$5,830,120,242	\$1,819,559,547	\$(1,459,754,402)

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Exhibit D: Schedule of changes in Net Pension Liability

Components of the Net Pension Liability	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Total Pension Liability		
Service cost	\$604,439,422	\$564,605,045
Interest	1,950,423,696	1,859,622,913
Change of benefit terms	0	0
Differences between expected and actual experience	344,179,681	153,725,216
Changes of assumptions	0	0
Benefit payments, including refunds of member contributions	(1,355,857,000)	(1,285,410,000)
Net change in Total Pension Liability	\$1,543,185,799	\$1,292,543,174
Total Pension Liability — beginning	27,936,684,748	26,644,141,574
Total Pension Liability — ending	\$29,479,870,547	\$27,936,684,748
Plan Fiduciary Net Position		
Contributions — employer ¹²	\$886,888,000	\$846,363,000
Contributions — employee	313,190,000	302,545,000
Net investment income	3,886,041,000	2,332,245,000
Benefit payments, including refunds of member contributions	(1,355,857,000)	(1,285,410,000)
Administrative expense	(31,942,000)	(31,181,000)
Other	0	0
Net change in Plan Fiduciary Net Position	\$3,698,320,000	\$2,164,562,000
Plan Fiduciary Net Position — beginning	23,961,991,000	21,797,429,000
Plan Fiduciary Net Position — ending	\$27,660,311,000	\$23,961,991,000

¹² Reduced by discount for prepaid contributions and transfer from County Investment Account, if any.

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Components of the Net Pension Liability	Current	Prior
Net Pension Liability		
Net Pension Liability – ending	\$1,819,559,547	\$3,974,693,748
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	93.83%	85.77%
Covered payroll ¹³	\$2,389,757,000	\$2,252,414,000
Plan Net Pension Liability as percentage of covered payroll	76.14%	176.46%

¹³ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

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Exhibit E: Schedule of employer contributions

Year Ended December 31	Actuarially Determined Contributions ¹⁴	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹⁵	Contributions as a Percentage of Covered Payroll ¹⁵
2016	\$521,447,000	\$567,196,000 ¹⁶	\$(45,749,000)	\$1,602,675,000	35.40%
2017	536,726,000	572,104,000 ¹⁷	(35,378,000)	1,678,322,000	34.09%
2018	556,728,000	580,905,000 ¹⁸	(24,177,000)	1,718,798,000	33.80%
2019	583,057,000	653,793,000 ¹⁹	(70,736,000)	1,783,054,000	36.67%
2020	638,215,000	659,807,000 ²⁰	(21,592,000)	1,909,268,000	34.56%
2021	684,142,000 ²¹	698,791,000 ^{21,22}	(14,649,000)	1,870,387,000	37.36%
2022	707,318,000	719,691,000 ²³	(12,373,000)	1,932,374,000	37.24%
2023	736,016,000	749,776,000 ²⁴	(13,760,000)	2,042,240,000	36.71%
2024	830,734,000	846,363,000 ²⁵	(15,629,000)	2,252,414,000	37.58%
2025	869,286,000	886,888,000 ²⁶	(17,602,000)	2,389,757,000	37.11%

See accompanying notes to this schedule on next page.

¹⁴ 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.

¹⁵ Covered payroll represents payroll on which contributions to the pension plan are based.

¹⁶ 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.

¹⁷ 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.

¹⁸ 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.

¹⁹ 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.

²⁰ Includes additional contributions of \$21,592,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²¹ 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.

²² Includes additional contributions of \$14,649,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²³ 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.

²⁴ Includes additional contributions of \$13,760,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²⁵ Includes additional contributions of \$15,629,000 made by O.C. Fire Authority towards the reduction of their UAAL.

²⁶ Includes additional contributions of \$17,602,000 made by O.C. Fire Authority towards the reduction of their UAAL.

Section 2: GASB 68 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended December 31, 2025

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
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
2020	24,731,000	5,000,000	0	2025	6,858,000	15,462,000	0

Valuation date

Actuarially determined contribution rates for the first six months of calendar year 2025 (i.e., the second half of fiscal year 2024-2025) are calculated based on the December 31, 2022 valuation. Actuarially determined contribution rates for the last six months of calendar year 2025 (i.e., the first half of fiscal year 2025-2026) are calculated based on the December 31, 2023 valuation.

Actuarial cost method

Entry Age Actuarial Cost Method

Amortization method

Level percent of payroll (3.00% payroll growth assumed in the December 31, 2022 valuation and 3.00% payroll growth assumed in the December 31, 2023 valuation)

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Remaining amortization period

December 31, 2022 valuation

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

December 31, 2023 valuation

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

Asset valuation method

The actuarial value of assets is 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.

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Actuarial assumptions

The actuarially determined contribution for the year ended December 31, 2025 is based on the results of the December 31, 2022 and December 31, 2023 actuarial valuations. The actuarial assumptions used in those valuations are as follows:

Assumption Type	Assumption Used in the December 31, 2022 Actuarial Valuation	Assumption Used in the December 31, 2023 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: 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	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, 2022.	Same as those used in the actuarial funding valuation as of December 31, 2023.

Section 2: GASB 68 Information

Exhibit F: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$604,439,422	\$564,605,045
Interest	1,950,423,696	1,859,622,913
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	64,939,562	28,950,134
Expensed portion of current-period changes of assumptions	—	—
Member contributions	(313,197,000)	(302,561,000)
Projected earnings on pension plan investments	(1,670,745,290)	(1,519,930,578)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(443,059,143)	(162,462,884)
Administrative expense	31,942,000	31,181,000
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	907,978,862	896,957,090
Recognition of beginning of year deferred inflows of resources as pension expense	(791,847,013)	(839,413,849)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$340,875,096	\$556,947,871

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Exhibit G: Deferred outflows and inflows of resources

Deferred Outflows and Inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$14,972,249	\$21,975,407
Changes of assumptions	72,717,151	132,450,748
Net difference between projected and actual earnings on pension plan investments	717,419,354	1,434,833,324
Difference between expected and actual experience in the Total Pension Liability	566,452,065	397,617,101
Total deferred outflows of resources	\$1,371,560,819	\$1,986,876,580
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$14,972,249	\$21,975,407
Changes of assumptions	9,311	26,159,128
Net difference between projected and actual earnings on pension plan investments	2,641,562,357	1,604,707,997
Difference between expected and actual experience in the Total Pension Liability	45,060,558	54,949,407
Total deferred inflows of resources	\$2,701,604,475	\$1,707,791,939
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$116,131,849
2027	\$106,096,469	484,216,050
2028	(607,051,932)	(228,932,351)
2029	(479,425,034)	(101,305,453)
2030	(369,145,030)	8,974,546
2031	19,481,871	0

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Exhibit H: Schedule of recognition of change in Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total Pension Liability

Reporting Date for Employer under GASB 68 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	2031
2019 ²⁷	\$(118,124,401)	5.91	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	24,382,911	5.86	3,578,386	0	0	0	0	0	0
2021	162,335,537	5.81	27,940,714	22,631,967	0	0	0	0	0
2022	(113,046,194)	5.45	(20,742,423)	(20,742,423)	(9,334,079)	0	0	0	0
2023	46,500,358	5.41	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	21,378,477	0	0
2025	153,725,216	5.31	28,950,134	28,950,134	28,950,134	28,950,134	28,950,134	8,974,546	0
2026	344,179,681	5.30	N/A	64,939,562	64,939,562	64,939,562	64,939,562	64,939,562	19,481,871
Total²⁸	N/A	N/A	\$109,403,439	\$165,455,868	\$154,232,245	\$158,495,110	\$115,268,173	\$73,914,108	\$19,481,871

As described in *Section 2, Exhibit F: 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, 2024 (the beginning of the measurement period ending December 31, 2025) is 5.30 years.

²⁷ The amortization amounts prior to June 30, 2025 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

²⁸ Net increase/(decrease) in pension expense.

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Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GASB 68 Year Ended June 30 ²⁹	Assumption Changes	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	2031
2019	\$0	5.91	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	0	5.86	0	0	0	0	0	0	0
2021	18,966,926	5.81	3,264,531	2,644,271	0	0	0	0	0
2022	0	5.45	0	0	0	0	0	0	0
2023	0	5.41	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	10,828,822	0	0
2025	0	5.31	0	0	0	0	0	0	0
2026	0	5.30	0	0	0	0	0	0	0
Total³⁰	N/A	N/A	\$34,204,040	\$33,583,780	\$30,939,509	\$30,939,509	\$10,828,822	\$0	\$0

As described in *Section 2, Exhibit F: 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, 2024 (the beginning of the measurement period ending December 31, 2025) is 5.30 years.

²⁹ The amortization amounts prior to June 30, 2025 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

³⁰ Net increase/(decrease) in pension expense.

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Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Projected and Actual Earnings on Pension Plan Investments

Reporting Date for Employer under GASB 68 Year Ended June 30 ³¹	Differences between Projected and Actual Earnings	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	2031
2019	\$1,360,278,701	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	(1,170,895,935)	5.00	0	0	0	0	0	0	0
2021	(1,008,043,756)	5.00	(201,608,752)	0	0	0	0	0	0
2022	(1,909,760,501)	5.00	(381,952,100)	(381,952,101)	0	0	0	0	0
2023	3,587,056,374	5.00	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)	(190,964,524)	0	0	0
2025	(812,314,422)	5.00	(162,462,884)	(162,462,884)	(162,462,884)	(162,462,884)	(162,462,886)	0	0
2026	(2,215,295,710)	5.00	N/A	(443,059,143)	(443,059,143)	(443,059,143)	(443,059,143)	(443,059,138)	0
Total³²	N/A	N/A	\$(219,576,988)	\$(461,027,380)	\$(79,075,285)	\$(796,486,551)	\$(605,522,029)	\$(443,059,138)	\$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.

³¹ The amortization amounts prior to June 30, 2025 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

³² Net increase/(decrease) in pension expense.

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Total Increase (Decrease) in Pension Expense

Reporting Date for Employer under GASB 68 Year Ended June 30 ³³	Total Change	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	2031
2019	\$1,242,154,300	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	(1,146,513,024)	N/A	3,578,386	0	0	0	0	0	0
2021	(826,741,293)	N/A	(170,403,507)	25,276,238	0	0	0	0	0
2022	(2,022,806,695)	N/A	(402,694,523)	(402,694,524)	(9,334,079)	0	0	0	0
2023	3,633,556,732	N/A	726,006,538	726,006,538	726,006,532	3,524,048	0	0	0
2024	(462,510,962)	N/A	(98,943,653)	(98,943,653)	(98,943,653)	(98,943,649)	32,207,299	0	0
2025	(658,589,206)	N/A	(133,512,750)	(133,512,750)	(133,512,750)	(133,512,750)	(133,512,752)	8,974,546	0
2026	(1,871,116,029)	N/A	N/A	(378,119,581)	(378,119,581)	(378,119,581)	(378,119,581)	(378,119,576)	19,481,871
Total³⁴		N/A	\$(75,969,509)	\$(261,987,732)	\$106,096,469	\$(607,051,932)	\$(479,425,034)	\$(369,145,030)	\$19,481,871

³³ The amortization amounts prior to June 30, 2025 have been omitted from this schedule. Those amounts can be found in prior years' GASB 68 reports.

³⁴ Net increase/(decrease) in pension expense.

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Exhibit I: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$3,974,693,748	\$4,846,712,574
Pension expense	340,875,096	556,947,871
Employer contributions	(886,881,000)	(846,347,000)
New net deferred inflows/outflows	(1,492,996,448)	(525,076,456)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ³⁵	0	0
Recognition of prior deferred inflows/outflows	(116,131,849)	(57,543,241)
Recognition of prior deferred inflows/outflows due to change in proportion ³⁵	0	0
Ending Net Pension Liability	\$1,819,559,547	\$3,974,693,748

³⁵ Includes differences between employer contributions and proportionate share of contributions.

Section 2: GASB 68 Information

Exhibit J: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ³⁶	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	100.000%	1,819,559,547	2,389,757,309	76.14%	93.83%

³⁶ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

| Section 3: Results by Employer

Exhibit K: Determination of proportionate share

Section 3: Results by Employer

Actual Contributions³⁷ by Employer and Rate Group January 1, 2024 to December 31, 2024

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%

³⁷ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions³⁸ by Employer and Rate Group January 1, 2024 to December 31, 2024

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%

³⁸ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions³⁹ by Employer and Rate Group January 1, 2024 to December 31, 2024

Employer	Rate Group #10		Rate Group #11		Rate Group #12	
	Rate Group #10	Percentage	Rate Group #11	Percentage	Rate Group #12	Percentage
Orange County	\$0	0.000%	\$0	0.000%	\$0	0.000%
O.C. Cemetery District	0	0.000%	274,000	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	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%

³⁹ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴⁰ by Employer and Rate Group January 1, 2024 to December 31, 2024

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%

⁴⁰ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴¹ by Employer and Rate Group January 1, 2024 to December 31, 2024

Employer	Total Contributions ⁴²	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%

⁴¹ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

⁴² 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.

Section 3: Results by Employer

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 ⁴³	(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 ⁴³	(822,513)	(3.130%)	0	0.000%	0	0.000%
Department of Education ⁴³	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. ⁴³	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%

⁴³ 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).

Section 3: Results by Employer

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%

Section 3: Results by Employer

Allocation of December 31, 2024 Net Pension Liability

Employer	Rate Group #10		Rate Group #11		Rate Group #12	
	Rate Group #10	Percentage	Rate Group #11	Percentage	Rate Group #12	Percentage
Orange County	\$0	0.000%	\$0	0.000%	\$0	0.000%
O.C. Cemetery District	0	0.000%	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%

Section 3: Results by Employer

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%

Section 3: Results by Employer

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 ⁴⁴	(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 ⁴⁴	(822,513)	(0.021%)
Department of Education ⁴⁴	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. ⁴⁴	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%

⁴⁴ 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).

Section 3: Results by Employer

Notes

1. Results may not total due to rounding.
2. 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.
3. 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 5. 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.
4. 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 4b(1) and 4b(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.

Section 3: Results by Employer

5. 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.

6. 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.

Section 3: Results by Employer

Actual Contributions⁴⁵ by Employer and Rate Group January 1, 2025 to December 31, 2025

Employer	Rate Group #1	Rate Group #1 Percentage	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	\$14,238,000	98.288%	\$447,800,000	88.536%	\$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%	5,545,000	1.096%	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%	2,492,000	0.493%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	10,127,000	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%	294,000	0.058%	0	0.000%
Local Agency Formation Comm.	0	0.000%	145,000	0.029%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	49,505,000	9.788%	0	0.000%
O.C. IHSS Public Authority	248,000	1.712%	0	0.000%	0	0.000%
Total for all Employers	\$14,486,000	100.000%	\$505,781,000	100.000%	\$10,127,000	100.000%

⁴⁵ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴⁶ by Employer and Rate Group January 1, 2025 to December 31, 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%	1,087,000	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%	38,432,000	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%	\$38,432,000	100.000%	\$1,087,000	100.000%

⁴⁶ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴⁷ by Employer and Rate Group January 1, 2025 to December 31, 2025

Employer	Rate Group #10		Rate Group #11		Rate Group #12	
	Rate Group #10	Percentage	Rate Group #11	Percentage	Rate Group #12	Percentage
Orange County	\$0	0.000%	\$0	0.000%	\$0	0.000%
O.C. Cemetery District	0	0.000%	311,000	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	141,000	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	8,731,000	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	\$8,731,000	100.000%	\$311,000	100.000%	\$141,000	100.000%

⁴⁷ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴⁸ by Employer and Rate Group January 1, 2025 to December 31, 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	\$36,206,000	100.000%	\$208,246,000	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%	64,784,000	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	\$36,206,000	100.000%	\$208,246,000	100.000%	\$64,784,000	100.000%

⁴⁸ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

Section 3: Results by Employer

Actual Contributions⁴⁹ by Employer and Rate Group January 1, 2025 to December 31, 2025

Employer	Total Contributions ⁵⁰	Total Percentage
Orange County	\$706,490,000	79.530%
O.C. Cemetery District	311,000	0.035%
O.C. Law Library	141,000	0.016%
O.C. Vector Control District	0	0.000%
O.C. Retirement System	5,545,000	0.624%
O.C. Fire Authority	73,515,000	8.276%
Cypress Recreation and Parks	0	0.000%
Department of Education	0	0.000%
Transportation Corridor Agency	1,087,000	0.122%
City of San Juan Capistrano	2,492,000	0.281%
O.C. Sanitation District	10,127,000	1.140%
O.C. Transportation Authority	38,432,000	4.326%
U.C.I.	0	0.000%
O.C. Children and Families Comm.	294,000	0.033%
Local Agency Formation Comm.	145,000	0.016%
Rancho Santa Margarita	0	0.000%
O.C. Superior Court	49,505,000	5.573%
O.C. IHSS Public Authority	248,000	0.028%
Total for all Employers	\$888,332,000	100.000%

⁴⁹ Excluding Employer Paid Member Contributions and Employee Paid Reverse Pick-up Contributions, and not Reduced for Discount due to Prepaid Contributions.

⁵⁰ Excludes combined additional contributions of \$17,602,000 made by O.C. Fire Authority towards the reduction of their UAALs, combined contributions of \$3,267,000 made by Department of Education and U.C.I. and combined employer pick-up contributions of \$7,000 made Local Agency Formation Commission.

Section 3: Results by Employer

Allocation of December 31, 2025 Net Pension Liability

Employer	Rate Group #1	Rate Group #1 Percentage ⁵¹	Rate Group #2	Rate Group #2 Percentage	Rate Group #3	Rate Group #3 Percentage
Orange County	\$(29,004,621)	157.385%	\$1,504,647,796	87.919%	\$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 ⁵²	(3,991,382)	21.658%	0	0.000%	0	0.000%
O.C. Retirement System	0	0.000%	19,910,925	1.163%	0	0.000%
O.C. Fire Authority	0	0.000%	0	0.000%	0	0.000%
Cypress Recreation and Parks ⁵²	(1,385,089)	7.516%	0	0.000%	0	0.000%
Department of Education ⁵²	1,732,795	(9.403%)	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%	8,948,246	0.523%	0	0.000%
O.C. Sanitation District	0	0.000%	0	0.000%	(126,546,789)	100.000%
O.C. Transportation Authority	0	0.000%	0	0.000%	0	0.000%
U.C.I. ⁵²	14,668,235	(79.593%)	0	0.000%	0	0.000%
O.C. Children and Families Comm.	0	0.000%	(386,354)	-0.023%	0	0.000%
Local Agency Formation Comm.	0	0.000%	520,664	0.030%	0	0.000%
Rancho Santa Margarita	0	0.000%	0	0.000%	0	0.000%
O.C. Superior Court	0	0.000%	177,762,010	10.387%	0	0.000%
O.C. IHSS Public Authority	(448,975)	2.436%	0	0.000%	0	0.000%
Total for all Employers	\$(18,429,037)	100.000%	\$1,711,403,287	100.000%	\$(126,546,789)	100.000%

⁵¹ The NPL allocation percentage for Orange County is greater than 100% because certain employers have Net Pension Asset (i.e., a negative NPL) as of December 31, 2025.

⁵² 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, 2024 to December 31, 2025 for the actual contributions, benefit payments and return on their VVAs during 2025. Those VVAs are then marked to the Plan FNP as of December 31, 2025. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2024).

Section 3: Results by Employer

Allocation of December 31, 2025 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%	(10,643,712)	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%	65,730,495	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	(2,055)	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	\$(2,055)	100.000%	\$65,730,495	100.000%	\$(10,643,712)	100.000%

Section 3: Results by Employer

Allocation of December 31, 2025 Net Pension Liability

Employer	Rate Group #10		Rate Group #11		Rate Group #12	
	Rate Group #10	Percentage	Rate Group #11	Percentage	Rate Group #12	Percentage
Orange County	\$0	0.000%	\$0	0.000%	\$0	0.000%
O.C. Cemetery District	0	0.000%	(1,243,464)	100.000%	0	0.000%
O.C. Law Library	0	0.000%	0	0.000%	(4,513,353)	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	(15,968,869)	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	\$(15,968,869)	100.000%	\$(1,243,464)	100.000%	\$(4,513,353)	100.000%

Section 3: Results by Employer

Allocation of December 31, 2025 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	\$64,964,122	100.000%	\$376,834,813	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%	(222,025,891)	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	\$64,964,122	100.000%	\$376,834,813	100.000%	\$(222,025,891)	100.000%

Section 3: Results by Employer

Allocation of December 31, 2025 Net Pension Liability

Employer	Total NPL	Total Percentage ⁵³
Orange County	\$1,917,442,110	105.379%
O.C. Cemetery District	(1,243,464)	(0.068%)
O.C. Law Library	(4,513,353)	(0.248%)
O.C. Vector Control District ⁵⁴	(3,991,382)	(0.219%)
O.C. Retirement System	19,910,925	1.094%
O.C. Fire Authority	(237,994,760)	(13.080%)
Cypress Recreation and Parks ⁵⁴	(1,385,089)	(0.076%)
Department of Education ⁵⁴	1,732,795	0.095%
Transportation Corridor Agency	(10,643,712)	(0.585%)
City of San Juan Capistrano	8,948,246	0.492%
O.C. Sanitation District	(126,546,789)	(6.955%)
O.C. Transportation Authority	65,730,495	3.612%
U.C.I. ⁵⁴	14,668,235	0.806%
O.C. Children and Families Comm.	(386,354)	(0.021%)
Local Agency Formation Comm.	520,664	0.029%
Rancho Santa Margarita	(2,055)	0.000%
O.C. Superior Court	177,762,010	9.770%
O.C. IHSS Public Authority	(448,975)	(0.025%)
Total for all Employers	\$1,819,559,547	100.000%

⁵³ The NPL allocation percentage for Orange County is greater than 100% because certain employers have Net Pension Asset (i.e., a negative NPL) as of December 31, 2025.

⁵⁴ 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, 2024 to December 31, 2025 for the actual contributions, benefit payments and return on their VVAs during 2025. Those VVAs are then marked to the Plan FNP as of December 31, 2025. The TPLs for these employers are obtained from internal valuation results (by rolling forward their TPLs from December 31, 2024).

Section 3: Results by Employer

Notes

1. Results may not total due to rounding.
2. Based on the January 1, 2025 through December 31, 2025 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.
3. 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 2025. These amounts are provided in item 5. The O.C. Sanitation District UAAL Deferred Account is allocated entirely to Rate Group #3 and the balance of that account has increased from \$17,594,000 to \$20,136,000 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.
4. 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):	\$338,874
2) Rate Group #1 (U.C.I.):	\$2,928,161
- 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 4b(1) and 4b(2) above are adjusted with interest to December 31, 2025 and are used to reduce the NPL for the two employers as of December 31, 2025.

Section 3: Results by Employer

5. 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:	\$3,228,360
Rate Group #2:	103,307,520
Rate Group #6:	8,070,900
Rate Group #7:	46,811,220
Total:	\$161,418,000

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 \$1,522,477 as of December 31, 2024 and is equal to \$1,442,046 as of December 31, 2025 when adjusted with interest for the entire year and UAAL contribution offset starting from January 1, 2025 to December 31, 2025. We would continue to maintain the outstanding balance of the additional UAAL contributions for use in determining the NPL for this employer.

Section 3: Results by Employer

6. 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:

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

Section 3: Results by Employer

Exhibit L: Schedule of recognition of changes in proportionate share

In addition to the amounts shown in *Section 2, Exhibit H: 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, 2025.

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

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

Section 3: Results by Employer

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2025

Employer	Total Change	Recognition Period	2026	2027	2028	2029	2030	2031
Orange County	\$952,877	5.30	\$179,789	\$179,789	\$179,789	\$179,789	\$179,789	\$53,932
O.C. Cemetery District	0	5.30	0	0	0	0	0	0
O.C. Law Library	0	5.30	0	0	0	0	0	0
O.C. Vector Control District	0	5.30	0	0	0	0	0	0
O.C. Retirement System	1,384,820	5.30	261,287	261,287	261,287	261,287	261,287	78,385
O.C. Fire Authority	0	5.30	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.30	0	0	0	0	0	0
Department of Education	0	5.30	0	0	0	0	0	0
Transportation Corridor Agency	0	5.30	0	0	0	0	0	0
City of San Juan Capistrano	36,296	5.30	6,848	6,848	6,848	6,848	6,848	2,056
O.C. Sanitation District	0	5.30	0	0	0	0	0	0
O.C. Transportation Authority	0	5.30	0	0	0	0	0	0
U.C.I.	0	5.30	0	0	0	0	0	0
O.C. Children and Families Comm.	(291,649)	5.30	(55,028)	(55,028)	(55,028)	(55,028)	(55,028)	(16,509)
Local Agency Formation Comm.	(392,141)	5.30	(73,989)	(73,989)	(73,989)	(73,989)	(73,989)	(22,196)
Rancho Santa Margarita	0	5.30	0	0	0	0	0	0
O.C. Superior Court	(1,490,644)	5.30	(281,254)	(281,254)	(281,254)	(281,254)	(281,254)	(84,374)
O.C. IHSS Public Authority	(199,559)	5.30	(37,653)	(37,653)	(37,653)	(37,653)	(37,653)	(11,294)
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

Change in Proportion and Difference in Employer Contributions for the Year Ended December 31, 2024

Employer	Total Change	Recognition Period	2025	2026	2027	2028	2029	2030
Orange County	\$3,231,083	5.31	\$608,490	\$608,490	\$608,490	\$608,490	\$608,490	\$188,633
O.C. Cemetery District	0	5.31	0	0	0	0	0	0
O.C. Law Library	0	5.31	0	0	0	0	0	0
O.C. Vector Control District	0	5.31	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
O.C. Fire Authority	0	5.31	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.31	0	0	0	0	0	0
Department of Education	0	5.31	0	0	0	0	0	0
Transportation Corridor Agency	0	5.31	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)
O.C. Sanitation District	0	5.31	0	0	0	0	0	0
O.C. Transportation Authority	0	5.31	0	0	0	0	0	0
U.C.I.	0	5.31	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
Local Agency Formation Comm.	(211,874)	5.31	(39,901)	(39,901)	(39,901)	(39,901)	(39,901)	(12,369)
Rancho Santa Margarita	0	5.31	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)
O.C. IHSS Public Authority	77,418	5.31	14,580	14,580	14,580	14,580	14,580	4,518
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

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

Employer	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029
Orange County	\$(14,705,141)	5.35	\$(2,748,624)	\$(2,748,624)	\$(2,748,624)	\$(2,748,624)	\$(2,748,624)	\$(962,021)
O.C. Cemetery District	0	5.35	0	0	0	0	0	0
O.C. Law Library	0	5.35	0	0	0	0	0	0
O.C. Vector Control District	0	5.35	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
O.C. Fire Authority	0	5.35	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.35	0	0	0	0	0	0
Department of Education	0	5.35	0	0	0	0	0	0
Transportation Corridor Agency	0	5.35	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
O.C. Sanitation District	0	5.35	0	0	0	0	0	0
O.C. Transportation Authority	0	5.35	0	0	0	0	0	0
U.C.I.	0	5.35	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
Local Agency Formation Comm.	192,811	5.35	36,039	36,039	36,039	36,039	36,039	12,616
Rancho Santa Margarita	0	5.35	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
O.C. IHSS Public Authority	21,662	5.35	4,049	4,049	4,049	4,049	4,049	1,417
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

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

Employer	Total Change	Recognition Period	2023	2024	2025	2026	2027	2028
Orange County	\$9,664,735	5.41	\$1,786,458	\$1,786,458	\$1,786,458	\$1,786,458	\$1,786,458	\$732,445
O.C. Cemetery District	0	5.41	0	0	0	0	0	0
O.C. Law Library	0	5.41	0	0	0	0	0	0
O.C. Vector Control District	0	5.41	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)
O.C. Fire Authority	0	5.41	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.41	0	0	0	0	0	0
Department of Education	0	5.41	0	0	0	0	0	0
Transportation Corridor Agency	0	5.41	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)
O.C. Sanitation District	0	5.41	0	0	0	0	0	0
O.C. Transportation Authority	0	5.41	0	0	0	0	0	0
U.C.I.	0	5.41	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
Local Agency Formation Comm.	(189,545)	5.41	(35,036)	(35,036)	(35,036)	(35,036)	(35,036)	(14,365)
Rancho Santa Margarita	0	5.41	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)
O.C. IHSS Public Authority	138,291	5.41	25,562	25,562	25,562	25,562	25,562	10,481
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

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

Employer	Total Change	Recognition Period	2022	2023	2024	2025	2026	2027
Orange County	\$(5,478,436)	5.45	\$(1,005,218)	\$(1,005,218)	\$(1,005,218)	\$(1,005,218)	\$(1,005,218)	\$(452,346)
O.C. Cemetery District	0	5.45	0	0	0	0	0	0
O.C. Law Library	0	5.45	0	0	0	0	0	0
O.C. Vector Control District	0	5.45	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
O.C. Fire Authority	0	5.45	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.45	0	0	0	0	0	0
Department of Education	0	5.45	0	0	0	0	0	0
Transportation Corridor Agency	0	5.45	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
O.C. Sanitation District	0	5.45	0	0	0	0	0	0
O.C. Transportation Authority	0	5.45	0	0	0	0	0	0
U.C.I.	0	5.45	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)
Local Agency Formation Comm.	228,184	5.45	41,869	41,869	41,869	41,869	41,869	18,839
Rancho Santa Margarita	0	5.45	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)
O.C. IHSS Public Authority	(227,224)	5.45	(41,692)	(41,692)	(41,692)	(41,692)	(41,692)	(18,764)
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

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

Employer	Total Change	Recognition Period	2021	2022	2023	2024	2025	2026
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
O.C. Cemetery District	0	5.81	0	0	0	0	0	0
O.C. Law Library	0	5.81	0	0	0	0	0	0
O.C. Vector Control District	0	5.81	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
O.C. Fire Authority	0	5.81	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.81	0	0	0	0	0	0
Department of Education	0	5.81	0	0	0	0	0	0
Transportation Corridor Agency	0	5.81	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)
O.C. Sanitation District	0	5.81	0	0	0	0	0	0
O.C. Transportation Authority	0	5.81	0	0	0	0	0	0
U.C.I.	0	5.81	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
Local Agency Formation Comm.	(136,351)	5.81	(23,468)	(23,468)	(23,468)	(23,468)	(23,468)	(19,011)
Rancho Santa Margarita	0	5.81	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)
O.C. IHSS Public Authority	(31,631)	5.81	(5,444)	(5,444)	(5,444)	(5,444)	(5,444)	(4,411)
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Results by Employer

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

Employer	Total Change	Recognition Period	2020	2021	2022	2023	2024	2025
Orange County	\$(5,692,697)	5.86	\$(971,449)	\$(971,449)	\$(971,449)	\$(971,449)	\$(971,449)	\$(835,452)
O.C. Cemetery District	0	5.86	0	0	0	0	0	0
O.C. Law Library	0	5.86	0	0	0	0	0	0
O.C. Vector Control District	0	5.86	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
O.C. Fire Authority	0	5.86	0	0	0	0	0	0
Cypress Recreation and Parks	0	5.86	0	0	0	0	0	0
Department of Education	0	5.86	0	0	0	0	0	0
Transportation Corridor Agency	0	5.86	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)
O.C. Sanitation District	0	5.86	0	0	0	0	0	0
O.C. Transportation Authority	0	5.86	0	0	0	0	0	0
U.C.I.	0	5.86	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)
Local Agency Formation Comm.	157,671	5.86	26,906	26,906	26,906	26,906	26,906	23,141
Rancho Santa Margarita	0	5.86	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
O.C. IHSS Public Authority	19,653	5.86	3,354	3,354	3,354	3,354	3,354	2,883
Total for All Employers	\$0		\$0	\$0	\$0	\$0	\$0	\$0

Section 4: Employer GASB 68 Exhibits

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Section 4: Employer GASB 68 Exhibits

Orange County

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Orange County: Discount rate sensitivity

The following presents the Net Pension Liability of the Orange County as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Orange County's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$4,917,992,515	\$1,917,442,110	\$(536,017,031)

Section 4: Employer GASB 68 Exhibits

Orange County: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$441,387,759	\$407,557,880
Interest	1,446,947,934	1,381,634,685
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	179,789	608,490
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	64,615,609	16,351,894
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁵⁵	(233,035,948)	(225,155,401)
Projected earnings on pension plan investments	(1,209,766,846)	(1,098,731,500)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(320,452,806)	(117,001,288)
Administrative expense	24,513,662	23,977,977
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	645,939,611	638,949,679
Recognition of beginning of year deferred inflows of resources as pension expense	(558,893,802)	(594,581,133)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	439,742	(582,304)
Pension expense	\$301,874,704	\$433,028,979

⁵⁵ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Orange County: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$5,409,159	\$8,911,489
Changes of assumptions	55,832,518	102,699,747
Net difference between projected and actual earnings on pension plan investments	516,596,819	1,033,126,674
Difference between expected and actual experience in the Total Pension Liability	444,644,684	249,393,373
Total deferred outflows of resources	\$1,022,483,180	\$1,394,131,283
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$7,014,680	\$10,850,356
Changes of assumptions	0	17,280,839
Net difference between projected and actual earnings on pension plan investments	1,908,633,413	1,157,631,739
Difference between expected and actual experience in the Total Pension Liability	9,371,587	19,980,859
Total deferred inflows of resources	\$1,925,019,680	\$1,205,743,793
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$87,578,174
2027	\$89,363,584	345,056,897
2028	(427,498,094)	(171,773,264)
2029	(333,433,407)	(77,732,039)
2030	(250,407,200)	5,257,722
2031	19,438,617	0

Section 4: Employer GASB 68 Exhibits

Orange County: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$3,396,437,181	\$4,061,810,157
Pension expense	301,874,704	433,028,979
Employer contributions	(689,945,786)	(660,015,098)
New net deferred inflows/outflows	(1,003,964,105)	(397,528,490)
Change in allocation of prior deferred inflows/outflows	(247,421)	305,282
New net deferred inflows/outflows due to change in proportion ⁵⁶	773,088	2,622,593
Recognition of prior deferred inflows/outflows	(87,045,809)	(44,368,546)
Recognition of prior deferred inflows/outflows due to change in proportion ⁵⁴	(439,742)	582,304
Ending Net Pension Liability	\$1,917,442,110	\$3,396,437,181

⁵⁶ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Orange County: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁵⁷	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	105.379%	1,917,442,110	1,775,320,885	108.01%	91.31%

⁵⁷ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Cemetery District as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Cemetery District's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$1,174,161	\$(1,243,464)	\$(3,220,283)

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$469,834	\$450,499
Interest	1,173,431	1,123,636
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	22,013	(60,944)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁵⁸	(250,000)	(201,000)
Projected earnings on pension plan investments	(1,144,980)	(1,038,157)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(306,346)	(112,059)
Administrative expense	14,400	12,430
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	712,257	735,765
Recognition of beginning of year deferred inflows of resources as pension expense	(557,566)	(589,935)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$133,043	\$320,235

⁵⁸ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	69,513	122,595
Net difference between projected and actual earnings on pension plan investments	489,413	978,828
Difference between expected and actual experience in the Total Pension Liability	279,993	355,097
Total deferred outflows of resources	\$838,919	\$1,456,520
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	1,816,461	1,087,698
Difference between expected and actual experience in the Total Pension Liability	201,724	262,668
Total deferred inflows of resources	\$2,018,185	\$1,350,366
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$154,691
2027	\$22,882	307,215
2028	(481,544)	(197,211)
2029	(423,982)	(139,649)
2030	(303,226)	(18,892)
2031	6,604	0

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$199,913	\$993,411
Pension expense	133,043	320,235
Employer contributions	(291,000)	(257,000)
New net deferred inflows/outflows	(1,130,729)	(710,903)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁵⁹	0	0
Recognition of prior deferred inflows/outflows	(154,691)	(145,830)
Recognition of prior deferred inflows/outflows due to change in proportion ⁵⁷	0	0
Ending Net Pension Liability	\$(1,243,464)	\$199,913

⁵⁹ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Cemetery District: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁶⁰	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.068%)	(1,243,464)	2,107,109	(59.01%)	107.00%

⁶⁰ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Law Library

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Law Library: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Law Library as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Law Library's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$(2,694,319)	\$(4,513,353)	\$(6,000,722)

Section 4: Employer GASB 68 Exhibits

O.C. Law Library: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$369,293	\$356,726
Interest	900,267	931,322
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(27,793)	(238,748)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁶¹	(183,000)	(178,000)
Projected earnings on pension plan investments	(1,082,543)	(989,106)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(285,306)	(104,302)
Administrative expense	8,384	8,223
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	503,636	514,159
Recognition of beginning of year deferred inflows of resources as pension expense	(865,233)	(664,361)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$(662,295)	\$(364,087)

⁶¹ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Law Library: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	11,219	28,100
Net difference between projected and actual earnings on pension plan investments	480,211	960,424
Difference between expected and actual experience in the Total Pension Liability	9,225	15,767
Total deferred outflows of resources	\$500,655	\$1,004,291
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	1,698,750	1,032,024
Difference between expected and actual experience in the Total Pension Liability	1,017,427	1,288,651
Total deferred inflows of resources	\$2,716,177	\$2,320,675
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$(361,597)
2027	\$(352,836)	(39,737)
2028	(801,937)	(488,838)
2029	(665,301)	(352,202)
2030	(387,108)	(74,010)
2031	(8,340)	0

Section 4: Employer GASB 68 Exhibits

O.C. Law Library: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$(2,819,920)	\$(1,034,826)
Pension expense	(662,295)	(364,087)
Employer contributions	(132,000)	(125,000)
New net deferred inflows/outflows	(1,260,735)	(1,446,209)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁶²	0	0
Recognition of prior deferred inflows/outflows	361,597	150,202
Recognition of prior deferred inflows/outflows due to change in proportion ⁶⁰	0	0
Ending Net Pension Liability	\$(4,513,353)	\$(2,819,920)

⁶² Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Law Library: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁶³	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.248%)	(4,513,353)	1,246,854	(361.98%)	133.75%

⁶³ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Vector Control District as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Vector Control District's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$(288,306)	\$(3,991,382)	\$(7,019,275)

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	—	—
Interest	\$1,860,768	\$1,948,447
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(29,455)	(207,031)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁶⁴	—	—
Projected earnings on pension plan investments	(1,950,428)	(1,895,790)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(492,950)	(197,285)
Administrative expense	—	—
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	1,610,006	1,624,602
Recognition of beginning of year deferred inflows of resources as pension expense	(1,384,090)	(1,330,676)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$(386,149)	\$(57,733)

⁶⁴ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	85,150	137,150
Net difference between projected and actual earnings on pension plan investments	1,054,636	2,109,272
Difference between expected and actual experience in the Total Pension Liability	958,813	1,462,183
Total deferred outflows of resources	\$2,098,599	\$3,708,605
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	3,076,955	2,090,431
Difference between expected and actual experience in the Total Pension Liability	898,233	1,170,390
Total deferred inflows of resources	\$3,975,188	\$3,260,821
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$225,916
2027	\$278,115	800,520
2028	(762,364)	(239,959)
2029	(796,916)	(274,511)
2030	(586,587)	(64,182)
2031	(8,837)	0

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$(1,280,860)	\$752,245
Pension expense	(386,149)	(57,733)
Employer contributions	0	0
New net deferred inflows/outflows	(2,098,457)	(1,681,446)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁶⁵	0	0
Recognition of prior deferred inflows/outflows	(225,916)	(293,926)
Recognition of prior deferred inflows/outflows due to change in proportion ⁶³	0	0
Ending Net Pension Liability	\$(3,991,382)	\$(1,280,860)

⁶⁵ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Vector Control District: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁶⁶	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.032%	\$1,669,793	\$0	0.00%	93.78%
2018	0.024%	1,166,920	0	0.00%	95.89%
2019	0.040%	2,492,695	0	0.00%	90.92%
2020	(0.012%)	(625,500)	0	0.00%	102.29%
2021	(0.040%)	(1,681,965)	0	0.00%	106.03%
2022	(0.268%)	(5,501,623)	0	0.00%	120.52%
2023	0.001%	47,967	0	0.00%	99.82%
2024	0.016%	752,245	0	0.00%	97.39%
2025	(0.032%)	(1,280,860)	0	0.00%	104.63%
2026	(0.219%)	(3,991,382)	0	0.00%	114.66%

⁶⁶ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Retirement System as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Retirement System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$44,155,249	\$19,910,925	\$87,076

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$3,484,754	\$3,136,299
Interest	12,532,994	11,369,164
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	261,287	257,060
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	383,611	183,396
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁶⁷	(1,989,088)	(1,832,845)
Projected earnings on pension plan investments	(10,230,232)	(8,845,160)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(2,710,126)	(935,557)
Administrative expense	206,229	190,835
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	5,711,020	5,325,190
Recognition of beginning of year deferred inflows of resources as pension expense	(4,551,189)	(4,561,716)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	1,343,276	1,491,191
Pension expense	\$4,442,536	\$5,777,857

⁶⁷ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$4,139,732	\$4,485,001
Changes of assumptions	712,143	1,251,854
Net difference between projected and actual earnings on pension plan investments	4,399,589	8,341,511
Difference between expected and actual experience in the Total Pension Liability	3,159,705	2,098,098
Total deferred outflows of resources	\$12,411,169	\$16,176,464
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$176,993	\$302,519
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	16,165,311	9,332,840
Difference between expected and actual experience in the Total Pension Liability	13,994	42,748
Total deferred inflows of resources	\$16,356,298	\$9,678,107
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$2,442,781
2027	\$2,158,075	4,061,929
2028	(2,299,908)	(166,466)
2029	(2,071,198)	23,570
2030	(1,925,567)	136,543
2031	193,469	0

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$31,456,875	\$34,539,527
Pension expense	4,442,536	5,777,857
Employer contributions	(5,545,000)	(5,061,000)
New net deferred inflows/outflows	(9,190,975)	(2,951,790)
Change in allocation of prior deferred inflows/outflows	127,063	299,017
New net deferred inflows/outflows due to change in proportion ⁶⁸	1,123,533	1,107,929
Recognition of prior deferred inflows/outflows	(1,159,831)	(763,474)
Recognition of prior deferred inflows/outflows due to change in proportion ⁶⁸	(1,343,276)	(1,491,191)
Ending Net Pension Liability	\$19,910,925	\$31,456,875

⁶⁸ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Retirement System: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁶⁹	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	1.094%	19,910,925	16,066,400	123.93%	88.83%

⁶⁹ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Fire Authority as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Fire Authority's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$166,366,803	\$(237,994,760)	\$(568,628,957)

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$73,521,276	\$73,388,834
Interest	199,940,142	187,753,505
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(3,827,663)	6,504,523
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁷⁰	(34,490,000)	(33,386,000)
Projected earnings on pension plan investments	(193,334,380)	(174,806,701)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(51,672,146)	(18,901,929)
Administrative expense	3,281,402	3,188,451
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	99,993,328	98,739,774
Recognition of beginning of year deferred inflows of resources as pension expense	(97,614,033)	(103,094,298)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$(4,202,074)	\$39,386,159

⁷⁰ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	1,313,796	2,210,062
Net difference between projected and actual earnings on pension plan investments	81,400,487	162,800,975
Difference between expected and actual experience in the Total Pension Liability	35,761,826	51,727,051
Total deferred outflows of resources	\$118,476,109	\$216,738,088
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	8,690,209
Net difference between projected and actual earnings on pension plan investments	306,473,682	183,297,453
Difference between expected and actual experience in the Total Pension Liability	20,625,458	7,846,632
Total deferred inflows of resources	\$327,099,140	\$199,834,294
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$2,379,295
2027	\$(2,652,357)	52,847,452
2028	(84,480,306)	(28,980,497)
2029	(66,858,668)	(11,358,859)
2030	(53,483,405)	2,016,403
2031	(1,148,295)	0

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$80,528,139	\$168,457,678
Pension expense	(4,202,074)	39,386,159
Employer contributions	(88,794,000)	(84,097,000)
New net deferred inflows/outflows	(223,147,530)	(47,573,222)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁷¹	0	0
Recognition of prior deferred inflows/outflows	(2,379,295)	4,354,524
Recognition of prior deferred inflows/outflows due to change in proportion ⁶⁹	0	0
Ending Net Pension Liability	\$(237,994,760)	\$80,528,139

⁷¹ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Fire Authority: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁷²	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(13.080%)	(237,994,760)	226,781,257	(104.94%)	108.01%

⁷² Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks: Discount rate sensitivity

The following presents the Net Pension Liability of the Cypress Recreation and Parks as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Cypress Recreation and Parks' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$(432,194)	\$(1,385,089)	\$(2,164,242)

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	—	—
Interest	\$287,701	\$285,672
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(12,347)	6,619
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁷³	—	—
Projected earnings on pension plan investments	(345,277)	(330,575)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(87,912)	(34,256)
Administrative expense	—	—
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	208,139	223,691
Recognition of beginning of year deferred inflows of resources as pension expense	(261,146)	(272,029)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$(210,842)	\$(120,878)

⁷³ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	9,308	13,269
Net difference between projected and actual earnings on pension plan investments	161,777	323,553
Difference between expected and actual experience in the Total Pension Liability	29,658	72,060
Total deferred outflows of resources	\$200,743	\$408,882
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	2,081
Net difference between projected and actual earnings on pension plan investments	541,388	346,538
Difference between expected and actual experience in the Total Pension Liability	286,991	336,165
Total deferred inflows of resources	\$828,379	\$684,784
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$(53,007)
2027	\$(100,160)	99
2028	(265,654)	(165,395)
2029	(159,909)	(59,650)
2030	(98,208)	2,051
2031	(3,705)	0

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$(822,513)	\$(641,475)
Pension expense	(210,842)	(120,878)
Employer contributions	0	0
New net deferred inflows/outflows	(404,741)	(108,498)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁷⁴	0	0
Recognition of prior deferred inflows/outflows	53,007	48,338
Recognition of prior deferred inflows/outflows due to change in proportion ⁷²	0	0
Ending Net Pension Liability	\$(1,385,089)	\$(822,513)

⁷⁴ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Cypress Recreation and Parks: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁷⁵	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.076%)	(1,385,089)	0	N/A	133.09%

⁷⁵ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

Department of Education

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Department of Education: Discount rate sensitivity

The following presents the Net Pension Liability of the Department of Education as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Department of Education's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$3,109,860	\$1,732,795	\$606,811

Section 4: Employer GASB 68 Exhibits

Department of Education: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	—	—
Interest	\$695,053	\$745,536
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	15,670	(55,324)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁷⁶	—	—
Projected earnings on pension plan investments	(532,169)	(532,902)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(134,583)	(57,992)
Administrative expense	9,020	9,183
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	503,354	548,501
Recognition of beginning of year deferred inflows of resources as pension expense	(405,051)	(389,026)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$151,294	\$267,976

⁷⁶ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Department of Education: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	316,704	633,410
Difference between expected and actual experience in the Total Pension Liability	353,795	473,061
Total deferred outflows of resources	\$670,499	\$1,106,471
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	9,311	30,412
Net difference between projected and actual earnings on pension plan investments	869,586	628,890
Difference between expected and actual experience in the Total Pension Liability	197,071	283,384
Total deferred inflows of resources	\$1,075,968	\$942,686
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$98,303
2027	\$145,393	264,306
2028	(209,856)	(90,943)
2029	(209,642)	(90,729)
2030	(136,066)	(17,152)
2031	4,702	0

Section 4: Employer GASB 68 Exhibits

Department of Education: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$2,489,629	\$3,189,922
Pension expense	151,294	267,976
Employer contributions	(338,874)	(338,378)
New net deferred inflows/outflows	(470,951)	(470,416)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁷⁷	0	0
Recognition of prior deferred inflows/outflows	(98,303)	(159,475)
Recognition of prior deferred inflows/outflows due to change in proportion ⁷⁵	0	0
Ending Net Pension Liability	\$1,732,795	\$2,489,629

⁷⁷ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Department of Education: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁷⁸	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	0.095%	1,732,795	0	N/A	82.88%

⁷⁸ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency: Discount rate sensitivity

The following presents the Net Pension Liability of the Transportation Corridor Agency as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Transportation Corridor Agency's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$(954,580)	\$(10,643,712)	\$(18,566,222)

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$1,987,610	\$1,787,496
Interest	4,827,471	4,504,098
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(162,600)	241,251
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁷⁹	(975,000)	(887,000)
Projected earnings on pension plan investments	(4,974,137)	(4,572,942)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(1,313,525)	(491,547)
Administrative expense	53,180	49,177
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	2,909,904	2,789,810
Recognition of beginning of year deferred inflows of resources as pension expense	(2,471,867)	(2,583,478)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$(118,964)	\$836,865

⁷⁹ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	232,416	360,616
Net difference between projected and actual earnings on pension plan investments	2,231,602	4,463,204
Difference between expected and actual experience in the Total Pension Liability	1,341,227	1,891,329
Total deferred outflows of resources	\$3,805,245	\$6,715,149
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	7,877,397	4,848,253
Difference between expected and actual experience in the Total Pension Liability	877,650	425,381
Total deferred inflows of resources	\$8,755,047	\$5,273,634
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$438,037
2027	\$110,985	1,587,110
2028	(1,999,688)	(523,563)
2029	(1,610,982)	(134,857)
2030	(1,401,338)	74,788
2031	(48,779)	0

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$(3,110,431)	\$(1,889,567)
Pension expense	(118,964)	836,865
Employer contributions	(1,023,000)	(925,000)
New net deferred inflows/outflows	(5,953,280)	(926,397)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁸⁰	0	0
Recognition of prior deferred inflows/outflows	(438,037)	(206,332)
Recognition of prior deferred inflows/outflows due to change in proportion ⁷⁸	0	0
Ending Net Pension Liability	\$(10,643,712)	\$(3,110,431)

⁸⁰ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Transportation Corridor Agency: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁸¹	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.585%)	(10,643,712)	8,450,607	(125.95%)	114.94%

⁸¹ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano: Discount rate sensitivity

The following presents the Net Pension Liability of the City of San Juan Capistrano as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the City of San Juan Capistrano's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$19,843,982	\$8,948,246	\$39,133

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$1,566,097	\$1,455,673
Interest	5,632,501	5,276,855
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	6,848	(129,254)
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	172,400	85,121
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁸²	(893,924)	(850,692)
Projected earnings on pension plan investments	(4,597,608)	(4,105,370)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(1,217,968)	(434,227)
Administrative expense	92,682	88,574
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	2,566,611	2,471,621
Recognition of beginning of year deferred inflows of resources as pension expense	(2,045,368)	(2,117,264)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(540,110)	(729,230)
Pension expense	\$742,161	\$1,011,807

⁸² Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$452,331	\$1,335,882
Changes of assumptions	320,047	581,032
Net difference between projected and actual earnings on pension plan investments	1,977,236	3,871,608
Difference between expected and actual experience in the Total Pension Liability	1,420,015	973,806
Total deferred outflows of resources	\$4,169,629	\$6,762,328
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$1,402,197	\$2,855,306
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	7,264,915	4,331,721
Difference between expected and actual experience in the Total Pension Liability	6,289	19,841
Total deferred inflows of resources	\$8,673,401	\$7,206,868
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$(29,788)
2027	\$(50,329)	959,173
2028	(2,034,373)	(983,303)
2029	(1,421,008)	(376,940)
2030	(1,051,837)	(13,682)
2031	53,775	0

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$14,600,316	\$17,443,348
Pension expense	742,161	1,011,807
Employer contributions	(2,335,000)	(2,207,000)
New net deferred inflows/outflows	(4,130,552)	(1,370,036)
Change in allocation of prior deferred inflows/outflows	23,006	(95,591)
New net deferred inflows/outflows due to change in proportion ⁸³	29,448	(557,085)
Recognition of prior deferred inflows/outflows	(521,243)	(354,357)
Recognition of prior deferred inflows/outflows due to change in proportion ⁸¹	540,110	729,230
Ending Net Pension Liability	\$8,948,246	\$14,600,316

⁸³ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

City of San Juan Capistrano: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁸⁴	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	0.492%	8,948,246	6,433,226	139.09%	88.83%

⁸⁴ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Sanitation District as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Sanitation District's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$13,101,058	\$(126,546,789)	\$(240,732,602)

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$19,306,694	\$18,292,588
Interest	68,631,388	65,000,864
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	563,908	3,173,102
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁸⁵	(9,633,000)	(9,374,000)
Projected earnings on pension plan investments	(70,493,609)	(65,642,070)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(18,353,305)	(6,946,602)
Administrative expense	508,803	497,742
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	48,453,627	47,461,280
Recognition of beginning of year deferred inflows of resources as pension expense	(36,286,935)	(38,382,072)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$2,697,571	\$14,080,832

⁸⁵ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	3,939,467	7,264,284
Net difference between projected and actual earnings on pension plan investments	32,900,793	65,801,588
Difference between expected and actual experience in the Total Pension Liability	26,966,620	36,769,832
Total deferred outflows of resources	\$63,806,880	\$109,835,704
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	110,952,106	69,783,770
Difference between expected and actual experience in the Total Pension Liability	1,818,922	5,860,974
Total deferred inflows of resources	\$112,771,028	\$75,644,744
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$12,166,692
2027	\$9,853,162	27,642,559
2028	(22,752,945)	(4,963,548)
2029	(19,427,802)	(1,638,405)
2030	(16,805,734)	983,662
2031	169,171	0

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$(36,606,252)	\$(18,531,537)
Pension expense	2,697,571	14,080,832
Employer contributions	(9,483,000)	(8,966,000)
New net deferred inflows/outflows	(70,988,416)	(14,110,339)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁸⁶	0	0
Recognition of prior deferred inflows/outflows	(12,166,692)	(9,079,208)
Recognition of prior deferred inflows/outflows due to change in proportion ⁸⁴	0	0
Ending Net Pension Liability	\$(126,546,789)	\$(36,606,252)

⁸⁶ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Sanitation District: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁸⁷	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(6.955%)	(126,546,789)	88,796,140	(142.51%)	112.33%

⁸⁷ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Transportation Authority as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Transportation Authority's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$245,489,085	\$65,730,495	\$(81,252,657)

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$30,848,561	\$27,884,547
Interest	88,630,300	84,447,262
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(284,808)	1,566,387
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁸⁸	(13,809,000)	(13,037,000)
Projected earnings on pension plan investments	(75,922,914)	(69,521,325)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(20,559,956)	(7,820,312)
Administrative expense	1,323,564	1,254,369
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	44,351,467	43,339,172
Recognition of beginning of year deferred inflows of resources as pension expense	(42,637,073)	(44,237,800)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$11,940,141	\$23,875,300

⁸⁸ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	3,776,816	5,861,581
Net difference between projected and actual earnings on pension plan investments	33,238,499	66,476,996
Difference between expected and actual experience in the Total Pension Liability	22,031,929	31,060,134
Total deferred outflows of resources	\$59,047,244	\$103,398,711
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	123,680,135	75,887,872
Difference between expected and actual experience in the Total Pension Liability	8,548,380	15,513,217
Total deferred inflows of resources	\$132,228,515	\$91,401,089
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$1,714,394
2027	\$156,500	21,001,264
2028	(28,866,116)	(8,021,352)
2029	(24,027,029)	(3,182,265)
2030	(20,359,181)	485,581
2031	(85,445)	0

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$174,887,247	\$207,825,439
Pension expense	11,940,141	23,875,300
Employer contributions	(35,918,000)	(33,182,000)
New net deferred inflows/outflows	(83,464,499)	(24,530,120)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁸⁹	0	0
Recognition of prior deferred inflows/outflows	(1,714,394)	898,628
Recognition of prior deferred inflows/outflows due to change in proportion ⁸⁷	0	0
Ending Net Pension Liability	\$65,730,495	\$174,887,247

⁸⁹ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Transportation Authority: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁹⁰	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	3.612%	65,730,495	126,115,418	52.12%	95.03%

⁹⁰ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

U.C.I.

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

U.C.I.: Discount rate sensitivity

The following presents the Net Pension Liability of the U.C.I. as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the U.C.I.'s NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$26,288,205	\$14,668,235	\$5,166,938

Section 4: Employer GASB 68 Exhibits

U.C.I.: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	—	—
Interest	\$5,886,086	\$6,250,954
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	69,906	(300,383)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁹¹	—	—
Projected earnings on pension plan investments	(4,484,947)	(4,490,211)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(1,135,216)	(488,435)
Administrative expense	77,938	79,672
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	3,268,983	3,490,043
Recognition of beginning of year deferred inflows of resources as pension expense	(2,948,442)	(2,975,539)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$734,308	\$1,566,101

⁹¹ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

U.C.I.: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	37,891	54,015
Net difference between projected and actual earnings on pension plan investments	2,644,476	5,288,950
Difference between expected and actual experience in the Total Pension Liability	1,188,970	1,496,761
Total deferred outflows of resources	\$3,871,337	\$6,839,726
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	153,656
Net difference between projected and actual earnings on pension plan investments	7,327,415	5,280,954
Difference between expected and actual experience in the Total Pension Liability	994,267	1,294,650
Total deferred inflows of resources	\$8,321,682	\$6,729,260
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$320,541
2027	\$602,356	1,667,666
2028	(2,158,695)	(1,093,385)
2029	(1,756,548)	(691,238)
2030	(1,158,428)	(93,118)
2031	20,970	0

Section 4: Employer GASB 68 Exhibits

U.C.I.: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$21,422,899	\$26,555,318
Pension expense	734,308	1,566,101
Employer contributions	(2,928,161)	(2,935,628)
New net deferred inflows/outflows	(4,240,270)	(3,248,388)
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ⁹²	0	0
Recognition of prior deferred inflows/outflows	(320,541)	(514,504)
Recognition of prior deferred inflows/outflows due to change in proportion ⁹⁰	0	0
Ending Net Pension Liability	\$14,668,235	\$21,422,899

⁹² Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

U.C.I.: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁹³	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.696%	\$36,113,699	\$43,707	82,626.81%	68.96%
2018	0.558%	27,644,960	14,874	185,860.97%	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%
2026	0.806%	14,668,235	0	N/A	82.83%

⁹³ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Children and Families Comm. as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Children and Families Comm.'s NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$899,098	\$(386,354)	\$(1,437,429)

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$(67,618)	\$8,708
Interest	(243,192)	31,570
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(55,028)	29,117
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(7,444)	509
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁹⁴	38,596	(5,089)
Projected earnings on pension plan investments	198,509	(24,561)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	52,588	(2,598)
Administrative expense	(4,002)	530
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	(110,817)	14,787
Recognition of beginning of year deferred inflows of resources as pension expense	88,312	(12,667)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	309,580	123,219
Pension expense	\$199,484	\$163,525

⁹⁴ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$636,851	\$1,026,408
Changes of assumptions	(13,819)	3,476
Net difference between projected and actual earnings on pension plan investments	(85,370)	23,163
Difference between expected and actual experience in the Total Pension Liability	(61,311)	5,826
Total deferred outflows of resources	\$476,351	\$1,058,873
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$272,611	\$115,967
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	(313,674)	25,915
Difference between expected and actual experience in the Total Pension Liability	(272)	119
Total deferred inflows of resources	(\$41,335)	\$142,001
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$312,633
2027	\$259,271	337,525
2028	224,205	205,189
2029	54,974	52,342
2030	(2,023)	9,183
2031	(18,741)	0

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$87,349	\$189,581
Pension expense	199,484	163,525
Employer contributions	(274,000)	(243,000)
New net deferred inflows/outflows	178,343	(8,196)
Change in allocation of prior deferred inflows/outflows	(53,834)	(14,715)
New net deferred inflows/outflows due to change in proportion ⁹⁵	(236,621)	125,493
Recognition of prior deferred inflows/outflows	22,505	(2,120)
Recognition of prior deferred inflows/outflows due to change in proportion ⁹³	(309,580)	(123,219)
Ending Net Pension Liability	\$(386,354)	\$87,349

⁹⁵ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Children and Families Comm.: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁹⁶	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.021%)	(386,354)	2,012,212	(19.20%)	104.09%

⁹⁶ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.: Discount rate sensitivity

The following presents the Net Pension Liability of the Local Agency Formation Comm. as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Local Agency Formation Comm.'s NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$1,154,645	\$520,664	\$2,277

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$91,125	\$127,040
Interest	327,734	460,517
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(73,989)	(39,901)
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	10,031	7,429
Expensed portion of current-period changes of assumptions	—	—
Member contributions ⁹⁷	(52,014)	(74,241)
Projected earnings on pension plan investments	(267,517)	(358,281)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(70,869)	(37,896)
Administrative expense	5,393	7,730
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	149,341	215,701
Recognition of beginning of year deferred inflows of resources as pension expense	(119,012)	(184,776)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(16,040)	42,545
Pension expense	\$(15,817)	\$165,867

⁹⁷ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$103,533	\$181,441
Changes of assumptions	18,622	50,707
Net difference between projected and actual earnings on pension plan investments	115,048	337,880
Difference between expected and actual experience in the Total Pension Liability	82,625	84,985
Total deferred outflows of resources	\$319,828	\$655,013
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$499,625	\$275,421
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	422,717	378,034
Difference between expected and actual experience in the Total Pension Liability	366	1,732
Total deferred inflows of resources	\$922,708	\$655,187
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$28,496
2027	\$(73,754)	99,078
2028	(187,349)	(68,587)
2029	(176,964)	(49,094)
2030	(145,627)	(10,067)
2031	(19,186)	0

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$1,274,187	\$1,704,989
Pension expense	(15,817)	165,867
Employer contributions	(135,000)	(193,000)
New net deferred inflows/outflows	(240,341)	(119,565)
Change in allocation of prior deferred inflows/outflows	(29,924)	(38,661)
New net deferred inflows/outflows due to change in proportion ⁹⁸	(318,152)	(171,973)
Recognition of prior deferred inflows/outflows	(30,329)	(30,925)
Recognition of prior deferred inflows/outflows due to change in proportion ⁹⁸	16,040	(42,545)
Ending Net Pension Liability	\$520,664	\$1,274,187

⁹⁸ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Local Agency Formation Comm.: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ⁹⁹	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	0.029%	520,664	411,144	126.64%	88.83%

⁹⁹ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita: Discount rate sensitivity

The following presents the Net Pension Liability of the Rancho Santa Margarita as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the Rancho Santa Margarita's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$143	\$(2,055)	\$(3,852)

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	—	—
Interest	\$2,181	\$2,596
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(2,960)	185
Expensed portion of current-period changes of assumptions	—	—
Member contributions ¹⁰⁰	—	—
Projected earnings on pension plan investments	(1,160)	(2,587)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(395)	2,694
Administrative expense	—	—
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	4,822	2,082
Recognition of beginning of year deferred inflows of resources as pension expense	(1,337)	(1,395)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	—	—
Pension expense	\$1,151	\$3,575

¹⁰⁰ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	9,551	13,712
Difference between expected and actual experience in the Total Pension Liability	1,302	1,963
Total deferred outflows of resources	\$10,853	\$15,675
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$0	\$0
Changes of assumptions	0	150
Net difference between projected and actual earnings on pension plan investments	2,631	2,209
Difference between expected and actual experience in the Total Pension Liability	12,737	41
Total deferred inflows of resources	\$15,368	\$2,400
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$3,485
2027	\$819	4,174
2028	(743)	2,612
2029	(410)	2,945
2030	(3,295)	59
2031	(886)	0

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$14,584	\$119
Pension expense	1,151	3,575
Employer contributions	0	0
New net deferred inflows/outflows	(14,305)	11,577
Change in allocation of prior deferred inflows/outflows	0	0
New net deferred inflows/outflows due to change in proportion ¹⁰¹	0	0
Recognition of prior deferred inflows/outflows	(3,485)	(687)
Recognition of prior deferred inflows/outflows due to change in proportion ⁹⁹	0	0
Ending Net Pension Liability	\$(2,055)	\$14,584

¹⁰¹ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

Rancho Santa Margarita: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹⁰²	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	0.000%	(2,055)	0	N/A	112.72%

¹⁰² Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. Superior Court as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. Superior Court's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$394,212,016	\$177,762,010	\$777,399

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$31,111,403	\$29,491,482
Interest	111,892,849	106,907,431
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(281,254)	(740,092)
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	3,424,830	1,724,525
Expensed portion of current-period changes of assumptions	—	—
Member contributions ¹⁰³	(17,758,301)	(17,234,754)
Projected earnings on pension plan investments	(91,334,107)	(83,173,513)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(24,195,635)	(8,797,302)
Administrative expense	1,841,181	1,794,478
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	50,987,201	50,074,257
Recognition of beginning of year deferred inflows of resources as pension expense	(40,632,392)	(42,895,096)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,534,536)	(330,779)
Pension expense	\$23,521,239	\$36,820,637

¹⁰³ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$4,136,827	\$5,897,179
Changes of assumptions	6,357,916	11,771,530
Net difference between projected and actual earnings on pension plan investments	39,278,923	78,437,563
Difference between expected and actual experience in the Total Pension Liability	28,209,415	19,729,001
Total deferred outflows of resources	\$77,983,081	\$115,835,273
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$5,425,473	\$7,510,971
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	144,321,680	87,759,310
Difference between expected and actual experience in the Total Pension Liability	124,940	401,969
Total deferred inflows of resources	\$149,872,093	\$95,672,250
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$8,804,418
2027	\$6,404,038	27,413,684
2028	(32,243,360)	(11,173,374)
2029	(26,246,702)	(5,186,880)
2030	(20,746,062)	305,175
2031	943,074	0

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$295,797,806	\$344,886,083
Pension expense	23,521,239	36,820,637
Employer contributions	(49,505,000)	(47,590,000)
New net deferred inflows/outflows	(82,055,767)	(27,756,508)
Change in allocation of prior deferred inflows/outflows	33,395	(524,229)
New net deferred inflows/outflows due to change in proportion ¹⁰⁴	(1,209,390)	(3,189,795)
Recognition of prior deferred inflows/outflows	(10,354,809)	(7,179,161)
Recognition of prior deferred inflows/outflows due to change in proportion ¹⁰²	1,534,536	330,779
Ending Net Pension Liability	\$177,762,010	\$295,797,806

¹⁰⁴ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. Superior Court: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹⁰⁵	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	9.770%	177,762,010	134,189,033	132.47%	88.83%

¹⁰⁵ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority

GASB 68 Exhibits for fiscal year ending June 30, 2026

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority: Discount rate sensitivity

The following presents the Net Pension Liability of the O.C. IHSS Public Authority as of December 31, 2025 calculated using the discount rate of 7.00%, as well as what the O.C. IHSS Public Authority's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$702,821	\$(448,975)	\$(1,390,764)

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority: Pension expense

Components of pension expense	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Service cost	\$362,634	\$667,273
Interest	498,088	948,799
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(37,653)	14,580
Current-period benefit changes	—	—
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	16,654	(32,377)
Expensed portion of current-period changes of assumptions	—	—
Member contributions ¹⁰⁶	(166,321)	(344,978)
Projected earnings on pension plan investments	(480,945)	(869,827)
Expensed portion of current-period differences between actual and projected earnings on pension plan investments	(122,687)	(101,991)
Administrative expense	10,164	21,629
Other	—	—
Recognition of beginning of year deferred outflows of resources as pension expense	216,372	436,976
Recognition of beginning of year deferred inflows of resources as pension expense	(260,789)	(540,588)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(1,912)	(14,642)
Pension expense	\$33,605	\$184,854

¹⁰⁶ Member contributions include employer paid member contributions, if any.

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority: Deferred outflows and inflows of resources

Deferred outflows and inflows	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$93,816	\$138,007
Changes of assumptions	14,148	40,730
Net difference between projected and actual earnings on pension plan investments	208,960	844,013
Difference between expected and actual experience in the Total Pension Liability	73,574	6,774
Total deferred outflows of resources	\$390,498	\$1,029,524
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$180,670	\$64,867
Changes of assumptions	0	1,781
Net difference between projected and actual earnings on pension plan investments	751,489	962,346
Difference between expected and actual experience in the Total Pension Liability	64,794	219,986
Total deferred inflows of resources	\$996,953	\$1,248,980
Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:		
Reporting date for employer under GASB 68 year ended June 30:		
2026	N/A	\$(91,615)
2027	\$(29,275)	205,136
2028	(233,205)	(210,467)
2029	(193,540)	(116,992)
2030	(144,138)	(5,518)
2031	(6,297)	0

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority: Schedule of reconciliation of Net Pension Liability

Item	Current	Prior
Reporting date for employer under GASB 68	June 30, 2026	June 30, 2025
Measurement date for employer under GASB 68	December 31, 2025	December 31, 2024
Net Pension Liability		
Beginning Net Pension Liability	\$137,599	\$462,162
Pension expense	33,605	184,854
Employer contributions	(233,179)	(211,896)
New net deferred inflows/outflows	(419,138)	(547,510)
Change in allocation of prior deferred inflows/outflows	147,715	68,897
New net deferred inflows/outflows due to change in proportion ¹⁰⁷	(161,906)	62,838
Recognition of prior deferred inflows/outflows	44,417	103,612
Recognition of prior deferred inflows/outflows due to change in proportion ¹⁰⁵	1,912	14,642
Ending Net Pension Liability	\$(448,975)	\$137,599

¹⁰⁷ Includes differences between employer contributions and proportionate share of contributions.

Section 4: Employer GASB 68 Exhibits

O.C. IHSS Public Authority: Schedule of proportionate share of the Net Pension Liability

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll ¹⁰⁸	Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2026	(0.025%)	(448,975)	1,827,025	(24.57%)	105.30%

¹⁰⁸ Covered payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of the retirement benefits are included.

Appendices

Appendix A: Statement of actuarial assumptions, methods and models

The following presents the actuarial assumptions, methods and models used in the December 31, 2025 Measurement Date for Employer Reporting as of June 30, 2026.

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.

Appendices

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.

Appendices

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 Increases¹⁰⁹

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%

¹⁰⁹ 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.

Appendices

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.

Appendices

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.

Appendices

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.

Appendices

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.

Appendices

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%

Appendices

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%

Appendices

Retirement rates

Retirement Rates – General

Age	Enhanced Less than 30 Years of Service	Enhanced 30 or More Years of Service	Non-Enhanced ¹¹⁰ Less than 30 Years of Service	Non-Enhanced ¹¹⁰ 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%

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

¹¹⁰ These assumptions are also used for the CalPEPRA 1.62% @ 65 formula (Plan T and Plan W).

Appendices

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%

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

Appendices

Retirement Rates

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

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

Appendices

Retirement Rates

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

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

Appendices

Retirement age and benefit for deferred vested members

Current and Future Inactive Member Assumptions

Membership and Reciprocity	% of Future ¹¹¹ 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 <i>with</i> reciprocity	12.5%	3.90%	60	60
General <i>without</i> reciprocity	87.5%	N/A	70	58
Safety <i>with</i> reciprocity	20.0%	4.50%	54	54
Safety <i>without</i> 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.

¹¹¹ OCERS provides the reciprocity status for current deferred vested members in the valuation census data.

Appendices

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
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.

Appendices

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 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:

Appendices

- 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.

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 was one refinement included in our January 1, 2020 through December 31, 2022 Actuarial Experience Study report dated August 11, 2023 that was deferred to allow for further discussion with OCERS, involving a change in allocation of the normal cost associated with providing COLA benefits for Safety legacy members with 30 or more years of service. The Board adopted the change in methodology for allocating the COLA normal cost for Safety legacy members with 30 or more years of service. Prior to the December 31, 2025 valuation, the COLA normal cost for these members was allocated to the remaining Safety legacy members who had less than 30 years of service. This method change has no impact to the GASB 68 valuation results and is therefore not identified separately in this report.

Appendices

Appendix B: Projection of Plan Fiduciary Net Position for use in the calculation of discount rate as of December 31, 2025

(\$ in millions)

Year Beginning January 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions ¹¹² (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2025	\$23,962	\$1,200	\$1,356	\$32	\$3,886	\$27,660
2026	27,660	1,127	1,459	37	1,924	29,215
2027	29,215	1,126	1,539	39	2,029	30,793
2028	30,793	1,067	1,622	41	2,135	32,332
2029	32,332	1,018	1,706	43	2,238	33,838
2030	33,838	565	1,793	45	2,325	34,890
2031	34,890	502	1,882	47	2,393	35,857
2032	35,857	488	1,972	48	2,457	36,783
2033	36,783	474	2,063	49	2,518	37,664
2034	37,664	460	2,153	50	2,576	38,496
2050	43,559	244	3,321	58	2,941	43,365
2051	43,365	231	3,365	58	2,926	43,100
2052	43,100	218	3,404	57	2,905	42,762
2053	42,762	206	3,438	57	2,880	42,352
2099	28,634	55	179	38	1,999	30,469
2100	30,469	55	141	41	2,128	32,471
2101	32,471	56	109	43	2,270	34,645
2102	34,645	58	83	46	2,423	36,996
2130	229,043	305 ¹¹³	0 ¹¹⁴	305	16,033	245,076 ¹¹⁵

¹¹² Of all the projected total contributions, only the first year's (i.e., 2025) contribution has been reduced by discount for prepaid contributions and transfers from County Investment Account, if any.

¹¹³ Mainly attributable to employer contributions to fund each year's annual administrative expenses.

¹¹⁴ Less than \$1 million when rounded.

¹¹⁵ The Plan FNP of \$245,076 million has a value of \$201 million as of December 31, 2025 when discounted with interest at the rate of 7.00% per annum. Of this amount, about \$161 million is the balance available in the County Investment Account and \$20 million is the O.C. Sanitation District UAAL Deferred Account as of December 31, 2025, and \$21 million is the surplus for certain rate groups that were overfunded as of December 31, 2024.

Appendices

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning January 1, 2025 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 December 31, 2130 shown in footnote 115 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, 2025.
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, 2024), plus employer contributions to the UAAL. 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, 2024. The projected benefit payments reflect the cost-of-living increase assumptions used in the December 31, 2025 valuation report. Benefit payments are assumed to occur at the beginning of each month.
8. **Column (d):** Projected administrative expenses are calculated as approximately 0.13% of the projected beginning Plan FNP amount. The 0.13% portion was based on the actual calendar year 2025 administrative expenses (unaudited) as a percentage of the actual beginning Plan FNP as of January 1, 2025. 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, 2025 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendices

Appendix C: Schedule of Pension Amounts by Employer as of December 31, 2025

Line Description	Orange County	O.C. Cemetery District	O.C. Law Library	O.C. Vector Control District
Deferred Outflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$444,644,684	\$279,993	\$9,225	\$958,813
Net difference between projected and actual earnings on pension plan investments	516,596,819	489,413	480,211	1,054,636
Changes of assumptions or other inputs	55,832,518	69,513	11,219	85,150
Changes in proportion and differences between employer's contributions and proportionate share of contributions	5,409,159	0	0	0
Total deferred outflows	\$1,022,483,180	\$838,919	\$500,655	\$2,098,599
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$9,371,587	\$201,724	\$1,017,427	\$898,233
Net difference between actual and projected earnings on pension plan investments	1,908,633,413	1,816,461	1,698,750	3,076,955
Changes of assumptions or other inputs	0	0	0	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	7,014,680	0	0	0
Total deferred inflows	\$1,925,019,680	\$2,018,185	\$2,716,177	\$3,975,188
Net Pension Liability				
NPL as of December 31, 2024	\$3,396,437,181	\$199,913	\$(2,819,920)	\$(1,280,860)
NPL as of December 31, 2025	\$1,917,442,110	\$(1,243,464)	\$(4,513,353)	\$(3,991,382)
Pension Expense				
Proportionate share of allocable plan pension expense	\$301,255,173	\$133,043	\$(662,295)	\$(386,149)
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	619,531	0	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$301,874,704	\$133,043	\$(662,295)	\$(386,149)

Appendices

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	\$3,159,705	\$35,761,826	\$29,658	\$353,795
Net difference between projected and actual earnings on pension plan investments	4,399,589	81,400,487	161,777	316,704
Changes of assumptions or other inputs	712,143	1,313,796	9,308	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	4,139,732	0	0	0
Total deferred outflows	\$12,411,169	\$118,476,109	\$200,743	\$670,499
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$13,994	\$20,625,458	\$286,991	\$197,071
Net difference between actual and projected earnings on pension plan investments	16,165,311	306,473,682	541,388	869,586
Changes of assumptions or other inputs	0	0	0	9,311
Changes in proportion and differences between employer's contributions and proportionate share of contributions	176,993	0	0	0
Total deferred inflows	\$16,356,298	\$327,099,140	\$828,379	\$1,075,968
Net Pension Liability				
NPL as of December 31, 2024	\$31,456,875	\$80,528,139	\$(822,513)	\$2,489,629
NPL as of December 31, 2025	\$19,910,925	\$(237,994,760)	\$(1,385,089)	\$1,732,795
Pension Expense				
Proportionate share of allocable plan pension expense	\$2,837,973	\$(4,202,074)	\$(210,842)	\$151,294
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	1,604,563	0	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$4,442,536	\$(4,202,074)	\$(210,842)	\$151,294

Appendices

Line Description	Transportation Corridor Agency	City of San Juan Capistrano	O.C. Sanitation District	O.C. Transportation Authority
Deferred Outflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$1,341,227	\$1,420,015	\$26,966,620	\$22,031,929
Net difference between projected and actual earnings on pension plan investments	2,231,602	1,977,236	32,900,793	33,238,499
Changes of assumptions or other inputs	232,416	320,047	3,939,467	3,776,816
Changes in proportion and differences between employer's contributions and proportionate share of contributions	0	452,331	0	0
Total deferred outflows	\$3,805,245	\$4,169,629	\$63,806,880	\$59,047,244
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$877,650	\$6,289	\$1,818,922	\$8,548,380
Net difference between actual and projected earnings on pension plan investments	7,877,397	7,264,915	110,952,106	123,680,135
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	1,402,197	0	0
Total deferred inflows	\$8,755,047	\$8,673,401	\$112,771,028	\$132,228,515
Net Pension Liability				
NPL as of December 31, 2024	\$(3,110,431)	\$14,600,316	\$(36,606,252)	\$174,887,247
NPL as of December 31, 2025	\$(10,643,712)	\$8,948,246	\$(126,546,789)	\$65,730,495
Pension Expense				
Proportionate share of allocable plan pension expense	\$(118,964)	\$1,275,423	\$2,697,571	\$11,940,141
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	0	(533,262)	0	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$(118,964)	\$742,161	\$2,697,571	\$11,940,141

Appendices

Line Description	U.C.I.	O.C. Children and Families Comm.	Local Agency Formation Comm.	Rancho Santa Margarita
Deferred Outflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$1,188,970	\$(61,311)	\$82,625	\$1,302
Net difference between projected and actual earnings on pension plan investments	2,644,476	(85,370)	115,048	9,551
Changes of assumptions or other inputs	37,891	(13,819)	18,622	0
Changes in proportion and differences between employer's contributions and proportionate share of contributions	0	636,851	103,533	0
Total deferred outflows	\$3,871,337	\$476,351	\$319,828	\$10,853
Deferred Inflows of Resources				
Difference between actual and expected experience in the Total Pension Liability	\$994,267	\$(272)	\$366	\$12,737
Net difference between actual and projected earnings on pension plan investments	7,327,415	(313,674)	422,717	2,631
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	272,611	499,625	0
Total deferred inflows	\$8,321,682	\$(41,335)	\$922,708	\$15,368
Net Pension Liability				
NPL as of December 31, 2024	\$21,422,899	\$87,349	\$1,274,187	\$14,584
NPL as of December 31, 2025	\$14,668,235	\$(386,354)	\$520,664	\$(2,055)
Pension Expense				
Proportionate share of allocable plan pension expense	\$734,308	\$(55,068)	\$74,212	\$1,151
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	0	254,552	(90,029)	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$734,308	\$199,484	\$(15,817)	\$1,151

Appendices

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	\$28,209,415	\$73,574	\$566,452,065
Net difference between projected and actual earnings on pension plan investments	39,278,923	208,960	717,419,354
Changes of assumptions or other inputs	6,357,916	14,148	72,717,151
Changes in proportion and differences between employer's contributions and proportionate share of contributions	4,136,827	93,816	14,972,249
Total deferred outflows	\$77,983,081	\$390,498	\$1,371,560,819
Deferred Inflows of Resources			
Difference between actual and expected experience in the Total Pension Liability	\$124,940	\$64,794	\$45,060,558
Net difference between actual and projected earnings on pension plan investments	144,321,680	751,489	2,641,562,357
Changes of assumptions or other inputs	0	0	9,311
Changes in proportion and differences between employer's contributions and proportionate share of contributions	5,425,473	180,670	14,972,249
Total deferred inflows	\$149,872,093	\$996,953	\$2,701,604,475
Net Pension Liability			
NPL as of December 31, 2024	\$295,797,806	\$137,599	\$3,974,693,748
NPL as of December 31, 2025	\$177,762,010	\$(448,975)	\$1,819,559,547
Pension Expense			
Proportionate share of allocable plan pension expense	\$25,337,029	\$73,170	\$340,875,096
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	(1,815,790)	(39,565)	0
Total employer pension expense excluding that attributable to employer paid member contributions	\$23,521,239	\$33,605	\$340,875,096

Appendices

Notes

Amounts shown in this appendix were allocated by employer based on the Employer Allocation Percentage calculated in *Section 2, Exhibit K: 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., 2025) 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, 2025. 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 5.30 years for the measurement period ending December 31, 2025 (calculated as of December 31, 2024). 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.

Appendices

Appendix D: Definition of terms

Definitions of certain terms as they are used in 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 a pension 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.
Allocated insurance contract	A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.
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).

Appendices

Term	Definition
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.
Collective deferred outflows of resources and deferred inflows of resources related to pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective pension expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to a pension 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	The payroll of employees that are provided with pensions through the pension plan.
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.

Appendices

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

Appendices

Term	Definition
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement No. 68, employees are not considered non-employer contributing entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendices

Term	Definition
Special funding situations	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	<p>Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.</p>
Total Pension Liability (TPL)	<p>The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 68.</p>



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May 29, 2026

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, 2025 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, 2025 Net Pension Liability (NPL) and the Unfunded Actuarial Accrued Liability (UAAL) as shown in the December 31, 2025 Governmental Accounting Standards Board Statement No. 67 (GASB 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 Governmental Accounting Standards Board Statement No. 68 (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, 2024 demographic data by: (i) rolling forward the liability from December 31, 2024 to December 31, 2025 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, 2025 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, 2025 funding valuation report for each Rate Group and (b) differences between the rolled forward liabilities and the actual liabilities.

Mr. Steve Delaney
May 29, 2026
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Assets

The Plan Fiduciary Net Position (FNP) shown in the GASB 67 report as of December 31, 2025 (that we subsequently used for our GASB 67 addendum letter) was based on the plan's Market Value of Assets (MVA) including the proceeds available in the County Investment Account and O.C. Sanitation District (OCSD) UAAL Deferred Account. On the other hand, the funding valuation report used the Valuation Value of Assets (VVA) after adjusting the MVA for asset smoothing and excludes the proceeds available to the County Investment Account and the OCSD UAAL Deferred Account.¹

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 is a member 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,



Molly Calcagno, ASA, MAAA, EA
Senior Actuary

JY/bbf
Attachments

cc: Jennifer Reyes
Brenda Shott

¹ There were no non-valuation reserves as of December 31, 2025.

Mr. Steve Delaney
May 29, 2026
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Disclaimer

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Attachment A: Reconciliation of the Plan's December 31, 2025 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	\$621,471,425	\$16,255,170,406	\$1,026,490,000	\$16,155
2. (Gain)/Loss from (Lower)/Higher than Expected Salary Increases ²	(122,000)	110,902,000	2,491,000	0
3. Loss from Higher-than-Expected COLA Increases ²	76,000	3,245,000	197,000	0
4. Other Experience (Gain)/Loss ²	(4,884,000)	(23,424,000)	(7,000)	0
5. Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	43,575	367,594	11,000	845
6. Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$616,585,000	\$16,346,261,000	\$1,029,182,000	\$17,000
(B) Asset Reconciliation				
1. Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$636,672,102	\$14,440,459,599	\$1,132,900,789	\$18,210
2. County Investment Account and OCSD UAAL Deferred Account	3,228,360	103,307,520	20,136,000	0
3. Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1 + 2)	639,900,462	14,543,767,119	1,153,036,789	18,210
4. Adjustment for Deferred Investment Return, Non-Valuation Reserve	(42,302,102)	(959,460,599)	(75,272,789)	(1,210)
5. Valuation of Assets Included in the Funding Valuation Report (1 + 4)	\$594,370,000	\$13,480,999,000	\$1,057,628,000	\$17,000
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1 – B3)	\$(18,429,037)	\$1,711,403,287	\$(126,546,789)	\$(2,055)
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6 – B5)	\$22,215,000	\$2,865,262,000	\$(28,446,000)	\$0

² These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2025, 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	\$1,321,326,461	\$71,220,557	\$369,789,919	\$17,770,898
2. (Gain)/Loss from (Lower)/Higher than Expected Salary Increases ³	(5,418,000)	(172,000)	(409,000)	63,000
3. Loss from Higher than Expected COLA Increases ³	267,000	16,000	88,000	3,000
4. Other Experience (Gain)/Loss ³	(6,812,000)	1,669,000	2,241,000	52,000
5. Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	(92,461)	1,443	(2,919)	1,102
6. Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$1,309,271,000	\$72,735,000	\$371,707,000	\$17,890,000
(B) Asset Reconciliation				
1. Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$1,255,595,966	\$81,864,269	\$385,758,788	\$19,014,362
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)	1,255,595,966	81,864,269	385,758,788	19,014,362
4. Adjustment for Deferred Investment Return, Non-Valuation Reserve	(83,424,966)	(5,439,269)	(25,630,788)	(1,263,362)
5. Valuation of Assets Included in the Funding Valuation Report (1 + 4)	\$1,172,171,000	\$76,425,000	\$360,128,000	\$17,751,000
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1 – B3)	\$65,730,495	\$(10,643,712)	\$(15,968,869)	\$(1,243,464)
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6 – B5)	\$137,100,000	\$(3,690,000)	\$11,579,000	\$139,000

³ These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2025 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	\$13,370,923	\$1,279,960,177	\$5,900,789,259	\$2,602,494,367	\$29,479,870,547
2. (Gain)/Loss from (Lower)/Higher than Expected Salary Increases ⁴	102,000	7,480,000	28,172,000	48,306,000	191,395,000
3. Loss from Higher than Expected COLA Increases ⁴	1,000	296,000	1,357,000	510,000	6,056,000
4. Other Experience (Gain)/Loss ⁴	(110,000)	(3,852,000)	(7,455,000)	5,232,000	(37,350,000)
5. Other (Gain)/Loss from Rolled Forward Liabilities to Actual Liabilities	89,077	173,823	(891,259)	(308,367)	(606,547)
6. Actuarial Accrued Liability Included in the Funding Valuation Report (sum of items 1 through 5)	\$13,453,000	\$1,284,058,000	\$5,921,972,000	\$2,656,234,000	\$29,639,365,000
(B) Asset Reconciliation					
1. Market Value of Assets Excluding County Investment Account and OCSD UAAL Deferred Account	\$17,884,276	\$1,206,925,155	\$5,477,143,226	\$2,824,520,258	\$27,478,757,000
2. County Investment Account and OCSD UAAL Deferred Account	0	8,070,900	46,811,220	0	181,554,000
3. Plan Fiduciary Net Position Included in the development of the GASB 67 Addendum Letter (1 + 2)	17,884,276	1,214,996,055	5,523,954,446	2,824,520,258	27,660,311,000
4. Adjustment for Deferred Investment Return, Non-Valuation Reserve	(1,188,276)	(80,191,155)	(363,915,226)	(187,668,258)	(1,825,758,000)
5. Valuation of Assets Included in the Funding Valuation Report (1 + 4)	\$16,696,000	\$1,126,734,000	\$5,113,228,000	\$2,636,852,000	\$25,652,999,000
Net Pension Liability Shown in the GASB 67 Addendum Letter (A1 – B3)	\$(4,513,353)	\$64,964,122	\$376,834,813	\$(222,025,891)	\$1,819,559,547
Unfunded Actuarial Accrued Liability Shown in the Funding Valuation Report (A6 – B5)	\$(3,243,000)	\$157,324,000	\$808,744,000	\$19,382,000	\$3,986,366,000

⁴ These actuarial gain/loss items can be found in Section 4, Exhibit 6 of our December 31, 2025 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, 2025

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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, 2025 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, 2025, 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, 2025, and our report thereon dated June 8, 2026 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 8, 2026

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, 2025

	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	\$ 444,644,684	\$ 279,993	\$ 9,225	\$ 958,813	\$ 3,159,705
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	55,832,518	69,513	11,219	85,150	712,143
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,409,159	-	-	-	4,139,732
Total Deferred Outflows of Resources	<u>\$ 505,886,361</u>	<u>\$ 349,506</u>	<u>\$ 20,444</u>	<u>\$ 1,043,963</u>	<u>\$ 8,011,580</u>
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 9,371,587	\$ 201,724	\$ 1,017,427	\$ 898,233	\$ 13,994
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	1,392,036,594	1,327,048	1,218,539	2,022,319	11,765,722
Changes of Assumptions	-	-	-	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	7,014,680	-	-	-	176,993
Total Deferred Inflows of Resources	<u>\$1,408,422,861</u>	<u>\$ 1,528,772</u>	<u>\$ 2,235,966</u>	<u>\$ 2,920,552</u>	<u>\$ 11,956,709</u>
Net Pension Liability/(Asset) as of December 31, 2025	<u>\$1,917,442,110</u>	<u>\$(1,243,464)</u>	<u>\$(4,513,353)</u>	<u>\$(3,991,382)</u>	<u>\$ 19,910,925</u>
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	\$ 301,255,173	\$ 133,043	\$ (662,295)	\$ (386,149)	\$ 2,837,973
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	619,531	-	-	-	1,604,563
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	<u>\$ 301,874,704</u>	<u>\$ 133,043</u>	<u>\$ (662,295)</u>	<u>\$ (386,149)</u>	<u>\$ 4,442,536</u>

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Schedule of Allocated Pension Amounts by Employer
 As of and For the Year Ended December 31, 2025
 (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	\$ 35,761,826	\$ 29,658	\$ 353,795	\$ 1,341,227	\$ 1,420,015
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	-	-
Changes of Assumptions	1,313,796	9,308	-	232,416	320,047
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	452,331
Total Deferred Outflows of Resources	<u>\$ 37,075,622</u>	<u>\$ 38,966</u>	<u>\$ 353,795</u>	<u>\$ 1,573,643</u>	<u>\$ 2,192,393</u>
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 20,625,458	\$ 286,991	\$ 197,071	\$ 877,650	\$ 6,289
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	225,073,195	379,611	552,882	5,645,795	5,287,679
Changes of Assumptions	-	-	9,311	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	1,402,197
Total Deferred Inflows of Resources	<u>\$ 245,698,653</u>	<u>\$ 666,602</u>	<u>\$ 759,264</u>	<u>\$ 6,523,445</u>	<u>\$ 6,696,165</u>
Net Pension Liability/(Asset) as of December 31, 2025	<u>\$(237,994,760)</u>	<u>\$(1,385,089)</u>	<u>\$ 1,732,795</u>	<u>\$(10,643,712)</u>	<u>\$ 8,948,246</u>

Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	\$ (4,202,074)	\$ (210,842)	\$ 151,294	\$ (118,964)	\$ 1,275,423
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	-	(533,262)
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	<u>\$ (4,202,074)</u>	<u>\$ (210,842)</u>	<u>\$ 151,294</u>	<u>\$ (118,964)</u>	<u>\$ 742,161</u>

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Schedule of Allocated Pension Amounts by Employer
 As of and For the Year Ended December 31, 2025
 (Continued)

	O.C. Sanitation District	O.C. Transportation Authority	U.C.I. Medical Center and Campus	Children and Families Commission of O.C.	O.C. Local Agency Formation Commission
Deferred Outflows of Resources					
Differences Between Expected and Actual Experience	\$ 26,966,620	\$ 22,031,929	\$ 1,188,970	\$ (61,311)	\$ 82,625
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	-	-	228,304	-
Changes of Assumptions	3,939,467	3,776,816	37,891	(13,819)	18,622
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	636,851	103,533
Total Deferred Outflows of Resources	<u>\$ 30,906,087</u>	<u>\$ 25,808,745</u>	<u>\$ 1,226,861</u>	<u>\$ 790,025</u>	<u>\$ 204,780</u>
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	\$ 1,818,922	\$ 8,548,380	\$ 994,267	\$ (272)	\$ 366
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	78,051,313	90,441,636	4,682,939	-	307,669
Changes of Assumptions	-	-	-	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	272,611	499,625
Total Deferred Inflows of Resources	<u>\$ 79,870,235</u>	<u>\$ 98,990,016</u>	<u>\$ 5,677,206</u>	<u>\$ 272,339</u>	<u>\$ 807,660</u>
Net Pension Liability/(Asset) as of December 31, 2025	<u>\$(126,546,789)</u>	<u>\$ 65,730,495</u>	<u>\$ 14,668,235</u>	<u>\$ (386,354)</u>	<u>\$ 520,664</u>
Pension Expense Excluding That Attributable to Employer-Paid Member Contributions					
Proportionate Share of Allocable Plan Pension Expense/(Income)	\$ 2,697,571	\$ 11,940,141	\$ 734,308	\$ (55,068)	\$ 74,212
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	-	-	254,552	(90,029)
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	<u>\$ 2,697,571</u>	<u>\$ 11,940,141</u>	<u>\$ 734,308</u>	<u>\$ 199,484</u>	<u>\$ (15,817)</u>

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Schedule of Allocated Pension Amounts by Employer
 As of and For the Year Ended December 31, 2025
 (Continued)

	City of Rancho Santa Margarita	O.C. Superior Court of California	O.C. IHSS Public Authority	Total for All Employers
Deferred Outflows of Resources				
Differences Between Expected and Actual Experience	\$ 1,302	\$ 28,209,415	\$ 73,574	\$ 566,452,065
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	6,920	-	-	235,224
Changes of Assumptions	-	6,357,916	14,148	72,717,151
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	4,136,827	93,816	14,972,249
Total Deferred Outflows of Resources	<u>\$ 8,222</u>	<u>\$ 38,704,158</u>	<u>\$ 181,538</u>	<u>\$ 654,376,689</u>
Deferred Inflows of Resources				
Differences Between Expected and Actual Experience	\$ 12,737	\$ 124,940	\$ 64,794	\$ 45,060,558
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	105,042,757	542,529	1,924,378,227
Changes of Assumptions	-	-	-	9,311
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	5,425,473	180,670	14,972,249
Total Deferred Inflows of Resources	<u>\$ 12,737</u>	<u>\$ 110,593,170</u>	<u>\$ 787,993</u>	<u>\$ 1,984,420,345</u>
Net Pension Liability/(Asset) as of December 31, 2025	<u>\$ (2,055)</u>	<u>\$ 177,762,010</u>	<u>\$ (448,975)</u>	<u>\$ 1,819,559,547</u>

Pension Expense Excluding That Attributable to Employer-Paid Member Contributions				
Proportionate Share of Allocable Plan Pension Expense/(Income)	\$ 1,151	\$ 25,337,029	\$ 73,170	\$ 340,875,096
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	(1,815,790)	(39,565)	-
Total Employer Pension Expense/(Income) Excluding that Attributable to Employer-Paid Member Contributions	<u>\$ 1,151</u>	<u>\$ 23,521,239</u>	<u>\$ 33,605</u>	<u>\$ 340,875,096</u>

The accompanying notes are an integral part of these schedules.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and For the Year Ended December 31, 2025

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 pension 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, 2025 and the GASB Statement 68 Actuarial Valuation Based on the December 31, 2025 Measurement Date for Employer Reporting as of June 30, 2026, 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, 2025, 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, 2025, employer paid member contributions of \$7,000 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, 2025.

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, 2025

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 or 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.

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, 2025

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 \$20,136,000 was allocated entirely to Rate Group 3 as of December 31, 2025 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 \$2,928,161 and \$338,874, 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, 2025 are as follows:

Rate Group	Amount
1	\$ 3,228,360
2	103,307,520
6	8,070,900
7	46,811,220
Total	\$ 161,418,000

In addition, the NPL for Rate Group 1 was adjusted by the NPL for Vector Control, OCDE, UCI and CRPD prior to allocating the net NPL to the other employers in Rate Group 1. The NPL for these four employers were calculated separately as follows:

The Vector Control is no longer an active employer, but retired members and their beneficiaries, as well as deferred members, remain in the Plan. For this employer, the allocated net pension liability is based on the most recent estimate of the withdrawal liability and adjusted to reflect the Plan Fiduciary Net Position as of December 31, 2025.

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, 2025

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, 2024 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, 2025, 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, 2025, 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, 2025. 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 Schedule

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, 2025, are as follows (dollars in thousands):

Total Pension Liability	\$ 29,479,871
Less: Plan Fiduciary Net Position	(27,660,311)
Net Pension Liability	\$ 1,819,560

For the measurement period ended December 31, 2025 (the measurement date), total pension liability was determined by rolling forward the December 31, 2024 (the valuation date) total pension liability. The actuarial assumptions used were based on the results of an experience study for the period from January 1, 2020 through December 31, 2022.

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Notes to the Schedule of Allocated Pension Amounts by Employer
As of and For the Year Ended December 31, 2025

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The December 31, 2025 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 administrative and 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, it is assumed 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, 2025, 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, 2025 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, 2025.

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, 2025

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 13 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, 2025.

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, 2024 (the beginning of the measurement period ending December 31, 2025) which is 5.30 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, 2025, the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2025, the OCERS' GASB Statement No. 68 Actuarial Valuation Based on the December 31, 2025, Measurement Date for Employer Reporting as of June 30, 2026, and the Unfunded Actuarial Liability and Associated Amortization Schedules as of the December 31, 2024 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 8, 2026
TO: Members of the Audit Committee
FROM: Alex McDowell, Senior Internal Auditor
SUBJECT: **AUDIT REPORT – ORANGE COUNTY DISTRICT ATTORNEY’S OFFICE EMPLOYER AUDIT**

Recommendation

Receive and file.

Background/Discussion

Internal Audit performed an employer audit of the Orange County District Attorney’s Office (OCDA).

There were two observations identified in this audit:

1. A premium pensionable pay item for exceptional bilingual pay reported on a transmittal in the sample did not meet all the requirements of the applicable memorandum of understanding (MOU) for support.
2. OCDA did not send notices to OCERS for three terminated employees during a transfer of duties transition period.

Submitted by:



AM - Approved

Alex McDowell
Senior Internal Auditor



**ORANGE COUNTY DISTRICT ATTORNEY
EMPLOYER AUDIT**

**Internal Audit Department
Audit Report**

Report Date: June 8, 2026

OCERS Internal Audit
Orange County District Attorney Employer Audit
June 8, 2026

Table of Contents

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Conclusion and Executive Summary	2
Background	2
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Audit Objective, Scope, and Methodology

The objective of this audit is to provide an independent review of the completeness and accuracy of Orange County District Attorney’s Office (OCDA) payroll transmittal data. This includes, but is not limited to, the controls OCERS has in place over the payroll transmittals.

The scope of the audit included OCDA’s payroll data submitted to OCERS between January 1, 2024 and December 31, 2025 on a sample basis.

Internal Audit sampled 60 payroll transactions from OCDA’s approximately 40,716 payroll transactions over the two-year period. Internal Audit’s procedures included:

- Reviewed, on a sample basis, OCDA’s support documentation for the pensionable pay reported in its payroll transmittals to OCERS.
- Verified that base pay reported by OCERS through payroll transmittals matched OCDA’s human resource records and publicly available pay schedules for completeness and accuracy.
- Recalculated contributions collected from OCDA to ensure that contributions were paid according to Segal contribution rates as approved by the OCERS’ Board.
- Reconciled OCDA employee headcount from the payroll system against OCERS annual actuarial extract of members.
- Reviewed Member Affidavits for completeness and accuracy.
- Reviewed OCDA’s controls in place to ensure its compliance with OCERS’ Board Membership Eligibility Policy.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

Opinion: Satisfactory

Overall, Internal Audit found the controls over payroll transmittal data to be operating and designed effectively. There were two observations noted during fieldwork. For further details, please see page four.

<p>Priority Observations</p> <p style="text-align: center;">0</p> <p>Important Observations</p> <p style="text-align: center;">2</p>	<p>Priority Observations</p> <p>None</p> <p>Important Observations</p> <ol style="list-style-type: none"> 1. A premium pay item for exceptional bilingual pay reported on the transmittal as pensionable did not meet the support requirements of the applicable memorandum of understanding (MOU) to qualify. 2. OC District Attorney did not send notices to OCERS for three terminated employees.
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Background

The Orange County District Attorney’s Office serves as the chief prosecutorial authority for Orange County, representing the People of the State of California in the criminal justice system. Its mission is to enhance public safety and welfare, protect and respect crime victims, and promote a sense of security within the community through the fair, ethical, and effective enforcement of criminal and civil laws.

The OC DA is an agency within OCERS’ largest employer, the County of Orange. The office’s budget increased from \$191 million in FY 2024 to roughly \$213 million in FY25 but remained relatively stable as a share of overall County spending – representing approximately 2.1% to 2.2% of the County’s total budget.

This is the first employer audit performed for the District Attorney's Office.

Distribution to OCERS:

Audit Committee Members,
S. Delaney, Chief Executive Officer
M. Murphy, Chief Investment Officer
M. Serpa, Chief Legal Counsel
W. Tsao, Assistant CEO External Operations
B. Shott, Assistant CEO Internal Operations
M. Adviento, Director of Member Services
J. Lamberson, Director of Member Services

Distribution to Orange County:

M. Aguirre, Chief Executive Officer
J. Newton, Chief Human Resources Officer
S. Baker, Human Resources Director
J. McMurray, Central Records Manager
M. Cabrera, Central Records Asst. Manager

Observation Details

Observations	Management Response / Action Plan
Important Observations	
<p>1. A premium pensionable pay item for exceptional bilingual pay reported on a transmittal in the sample did not meet all the requirements of the applicable memorandum of understanding (MOU) for support.</p> <p>The bilingual pay authorization form on file with the County of Orange for an employee in our sample did not include the position number, classification title, language being certified, eligible rate of pay (regular or exceptional), and its effective date as required on the form.</p> <p>Based on the reported information in the transmittal, the employee had the appropriate job classification for exceptional pay, but the authorization form was missing the remaining required information to support eligibility per the 2023-2026 MOU for the Public Safety General Unit. When this oversight was communicated to OC Human Resources during audit fieldwork, the department immediately amended the bilingual authorization form to include the missing required information and sent a copy to Internal Audit.</p> <p><u>Risk:</u> Not meeting the support requirements for pensionable pay items increases the risk of errors in final average salary calculations and monthly retirement benefits. The risk of negative reputational impact regarding customer service also increases</p>	<p>Action Plan: The District Attorney amended the bilingual pay authorization form for this employee. OC Human Resources forwarded a copy of the amended form to OCERS Internal Audit for their records.</p> <p>Responsible Party: Roxanne Pena, Human Resources Records Specialist</p> <p>Completion Date: May 22, 2026</p>

Observation Details

Observations	Management Response / Action Plan
<p>when a final benefit does not meet member expectations based on their reported salary throughout their career.</p>	
<p>1. OC District Attorney did not send notices to OCERS for three terminated employees during a transfer of duties transition period.</p> <p>Due to a temporary gap in oversight during the transition of duties from District Attorney Human Resources to Orange County Human Resources, three employee terminations had not been reported to OCERS. The employees had not been reported on a payroll transmittal since January 8, 2026 (79 days since audit observation during fieldwork).</p> <p>Internal Audit informed Member Services who then reached out to the department and requested the notices. The department submitted them by email April 29, 2026.</p> <p><u>Risk:</u> Terminated employees that are incorrectly reported to the actuary as active members could result in misstated actuarial assumptions and funding decisions derived from active member counts and service accrual assumptions.</p>	<p>Action Plan: The District Attorney’s Office submitted the missing termination notices to OCERS Member Services.</p> <p>Responsible Party: Roxanne Pena, Human Resources Records Specialist</p> <p>Completion Date: April 29, 2026</p>

Categories of Observations (Control Exceptions)

Priority Observations:

These are observations 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 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 Report Opinions

Satisfactory:

No issues or a limited number of “Important Observations” (typically no more than two Important Observations).

Opportunities for Improvement:

Multiple issues classified as “Important Observations” (typically two or more Important Observations) with no more than one “Priority Observation”.

Inadequate:

Usually rendered when multiple issues are classified as “Priority” (typically one or more Priority Observations), together with one or more other issues classified as “Important Observations”. The Priority Observations identified have a major effect on processes, plan sponsors/members, financials, and/or regulatory requirements.



Memorandum

DATE: June 8, 2026
TO: Members of the Audit Committee
FROM: Esther Hong, Compliance Officer
SUBJECT: UPDATE ON THE OCERS COMPLIANCE PROGRAM

Background

The purpose of this memorandum is to update the Audit Committee on the Compliance Department's activities. The Compliance Officer will provide the Committee with an overview of this material and will be available to answer questions about the Compliance Program.

Compliance continues to support an enterprise-wide risk management approach in alignment with the Compliance Program Charter, with a focus on enhancing governance practices, strengthening internal controls, and providing practical guidance to departments in managing legal and regulatory risks.

Compliance Activity

Compliance has continued to advance several strategic initiatives to strengthen governance, enhance cross-functional collaboration, and proactively address emerging risks.

A key focus area is the development of an enterprise-wide Artificial Intelligence (AI) Governance Program. Compliance is working closely with Information Technology (IT), Information Security (InfoSec), Legal, and OSS/Procurement to establish governance protocols, including the development of intake forms, questionnaires, risk and impact assessments, system registries, and supporting procedure documents. This AI governance suite of documents implements and enforces the OCERS AI Policy.

In addition, Compliance distributed an AI Usage Survey to all staff to identify current AI tool usage and inform governance priorities. This effort supports AI adoption in alignment with emerging regulatory expectations and recognized frameworks, including the NIST AI Risk Management Framework (AI RMF), which emphasizes risk identification, governance, and ongoing monitoring of AI systems.

Compliance also continues to support ongoing professional development through participation in external trainings and webinar sessions focused on emerging compliance topics and artificial intelligence (AI) governance. The Compliance Officer attended sessions hosted by recognized industry organizations and leading subject matter experts, ensuring alignment with current regulatory expectations, industry trends, and best practices. Insights gained from one of these sessions informed enhancements to the OCERS AI Policy, including the incorporation of additional best practice considerations. Given the rapidly evolving nature of AI, continued participation in these trainings has proven valuable in ensuring OCERS' governance framework remains current, practical, and aligned with industry standards.

The Compliance Officer chaired the CALAPRS Compliance Roundtable in March, which provides a collaborative forum for public pension compliance professionals to exchange insights, address emerging risks, and promote consistent, effective compliance practices across California retirement systems. The session was well received and facilitated robust discussion among participants. Agenda items included presentations from guest speakers from industry leaders and subject matters, along with facilitated discussions on topics such as artificial intelligence (AI) risk and impact assessment, fraud prevention, and strategies for addressing compliance issue

escalation, as well as an open roundtable session to encourage peer-to-peer dialogue and the exchange of practical best practices (attached).

This engagement has strengthened external collaboration and expanded professional networks, resulting in ongoing dialogue with peer organizations to exchange best practices. In addition, a few pension systems have reached out to Compliance for guidance, reflecting recognition of OCERS' approach to compliance program development.

In addition, Compliance has assumed operational ownership of the Procedure Lifecycle Program following the successful completion of the Master Repository Project (MRP), as announced at the April 20, 2026, Board meeting. Effective May 1, the program transitioned into an operational business process under Compliance. Compliance worked closely with the Enterprise Project Management Office (EPMO) to ensure a seamless transition, including organization-wide updates, development of a formal Standard Operating Procedure (SOP), and implementation of training initiatives. Compliance and EPMO will present the updated process to the executive team and, as requested, provide additional training to subject matter experts to support consistent adoption.

Compliance Program Elements

Risk Assessment

Risk assessments remain a foundational component of the Compliance Program, enabling identification, prioritization, and management of compliance risks across the organization. These efforts support evaluation of existing controls and provide departments with actionable recommendations.

The Finance Risk Assessment is nearing completion. Compliance has partnered with Finance leadership to define scope, evaluate key processes, and develop recommendations, which will be presented at a future Audit Committee meeting.

Operational Risk Management Program

Compliance continues to enhance the Operational Risk Management (ORM) Program through ongoing monitoring and departmental engagement. The first phase of the biannual risk update cycle has been completed. In addition, Compliance is working closely with the Legal Staff Analyst to evaluate further opportunities for enhancements to the ORM Program, with a focus on improving data quality, reporting, and overall program effectiveness. As part of this effort, an AI Watchlist has been implemented to proactively monitor AI tools under consideration across departments, supporting early-stage due diligence, enhancing visibility into emerging technology risks, and facilitating coordination with IT and InfoSec prior to formal procurement.

Training and Awareness

Compliance continues to promote a culture of ethical conduct through targeted training and awareness initiatives. The Compliance Officer and Staff Attorney, Rosie Baek, delivered Ethics 101 training sessions to non-supervisory County employees, with a focus on basic workplace ethical conduct and issues relevant to frontline staff. These sessions were well received, with positive feedback from both participants and leadership.

The inaugural *Compliance Connection* Newsletter was successfully launched to provide ongoing communication of key compliance and ethics topics. The second edition is currently being drafted. The newsletter serves as an effective awareness and risk mitigation tool by reinforcing policy expectations, promoting ethical conduct, and increasing visibility into reporting channels.

Control Management

Control management is a key component of the Compliance Program, as defined in the Compliance Program Charter, and ensures that risks are mitigated through clearly documented and consistently applied internal controls. This includes the identification and monitoring of key preventative and detective controls to support regulatory compliance and audit readiness. In alignment with this framework, Compliance is continuing to build an organization-wide control register to enhance visibility, consistency, and oversight. Recent efforts have focused on controls supporting the AI Governance Program, ensuring that emerging risks are addressed through appropriate governance and monitoring structures.

Ethics and Fraud Hotline

The Ethics and Fraud Hotline remains active, with reports routed to Compliance and the Legal Division. Two reports were received since the last update and were timely addressed, with responses provided to the reporting parties.

Case summaries:

- Case #52 | 5/20/2026 | Anonymous (from an OCERS Employee)
Hotline submission described an operational observation regarding delivery and process impacts. The report did not allege misconduct. A response was provided acknowledging receipt and clarifying that the matter was operational in nature and shared with senior leadership for awareness. No misconduct was identified and no investigation was initiated.
- Case #53 | 5/28/2026 | Anonymous (from a Member)
Hotline submission was received with insufficient detail to assess the matter or determine whether misconduct was present. A response was provided advising the reporting party accordingly and directing them to Member Services for assistance with any membership related inquiries. No misconduct was identified and no investigation was initiated.

Collaboration with Internal Audit

Compliance continues to coordinate with Internal Audit to promote alignment across oversight activities and support monitoring of key risks and control gaps.

Compliance and Internal Audit met in June to align on MAPs, key risk areas, and other emerging issues requiring cross-functional awareness and coordination. These discussions support a shared understanding of control gaps, remediation priorities, and potential areas of focus. Compliance and Internal Audit will continue meeting regularly in advance of Audit Committee meetings.

Conclusion

The Compliance Program continues to advance its mission to support a culture of ethical conduct, regulatory compliance, and proactive risk management across OCERS. These efforts demonstrate continued progress in strengthening governance, enhancing risk management practices, and supporting departments in meeting compliance obligations.

The Compliance Officer welcomes the Audit Committee's feedback and remains available to address any questions regarding the program's direction and ongoing initiatives.

Attachment

Submitted by:



E.H. – APPROVED

Esther Hong

Compliance Officer



COMPLIANCE ROUND TABLE

LOCATION: Online Meeting (Zoom)

DATE: Friday, March 27, 2026

TIME: 8:30 AM – 12:30 PM

MEETING AGENDA

Chairs: Esther Hong, Compliance Officer, OCERS and Manuel Serpa, General Counsel, OCERS

- 8:30 AM** **Welcome & Introductions**
Lead by: Esther Hong, Compliance Officer, OCERS and Manuel Serpa, General Counsel, OCERS
- 8:50 AM** **AI Risk and Impact Assessment**
Presented by: Tyler Thompson, Partner, Reed Smith Partner
- 9:40 AM** **Unlocking the Magical Secrets to Fighting Fraud**
Presented by: John Tonsick, CPA, CFE, Forensic Accountant
- 10:20 AM** Break
- 10:35 AM** **Compliance Issue Escalation: Overcoming Resistance to Reporting**
Lead by: Manuel Serpa, General Counsel, OCERS
- 11:30 AM** **Questions Answered by Compliance Consultant/Expert Matt Kelly**
Speaker: Matt Kelly, Compliance Consultant, Editor & CEO, Radical Compliance
Moderator: Johnny Tran, General Counsel, SDCERS
- 12:00 PM** **Open Round Table Discussion**
Lead by: Esther Hong, Compliance Officer, OCERS
- 12:20 PM** Announce Chairs & Note Ideas for Next Roundtable Presentations/Topics
- 12:30 PM** Adjourn



Memorandum

DATE: June 8, 2026
TO: Members of the Audit Committee
FROM: Alex McDowell, Senior Internal Auditor
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:



AM - Approved

Alex McDowell
Senior Internal Auditor




Management Action Plan Status Report

Mgmt. Status: Open Process Owner(s): Employer, Executive, Internal Audit, Member Services

Plan Year(s): 2018, 2019, 2020, 2022, 2023, 2024, 2021, 2025, 2026 Total # of Records: 2

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



REPORTING FOR: 2018, 2019, 2020, 2022, 2023, 2024, 2021, 2025, 2026	Open	Total
Process Owner		
MEMBER SERVICES	2	2
Total Count:	2	2



Management Action Plan Status Report

Mgmt. Status: Open
 Process Owner(s): Employer, Executive, Internal Audit,
 Plan Year(s): 2018, 2019, 2020, 2022, 2023, 2024, 2021, 2025, 2026
 Total # of Records: 2

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

Project:	Service Credit Purchases
PROCESS OWNER:	MEMBER SERVICES
Report Date:	02/26/2026
Total Observations: 2	
OBSERVATION #1 - LACK OF DOCUMENTATION BETWEEN BUSINESS RULES AND BPD	
OPEN	
Due Date:	06/30/2026
On Schedule to Complete MAP	
Action Plan:	Legal has begun its review of SCP business rules that have been formally submitted as part of the PAS documentation process. Upon completion of Legal's review, any required clarifications regarding interpretation of the CERL will be incorporated into the SCP business rules and the Service Credit Purchase BPD, which is maintained as part of OCERS Master Repository Project (MRP), to ensure consistency with governing legislation, system configuration, and operational procedures.
MAP Status:	Member Services is currently waiting on Legal's written opinion regarding employer paid pickups, as well as an opinion on pensionable pay items.
OBSERVATION #2 - RE-EVALUATION OF MEDICAL LEAVE METHODOLOGY IN SCP BPD	
OPEN	
Due Date:	06/30/2026
On Schedule to Complete MAP	
Action Plan:	Following receipt of Legal guidance, Member Services will update the SCP Business Process Document and related business rules as necessary to ensure alignment with Legal guidance. Staff training will be provided on any revised procedures to promote consistent and accurate application.
MAP Status:	Member Services is currently waiting on Legal's written opinion and working through updating procedures.



Memorandum

DATE: June 8, 2026
TO: Members of the Audit Committee
FROM: Alex McDowell, Senior Internal Auditor
SUBJECT: STATUS UPDATE OF 2026 AUDIT PLAN

Written Report

Background/Discussion

Attached is a comparison of budgeted 2026 audit plan hours versus the completed program actual hours, by project.

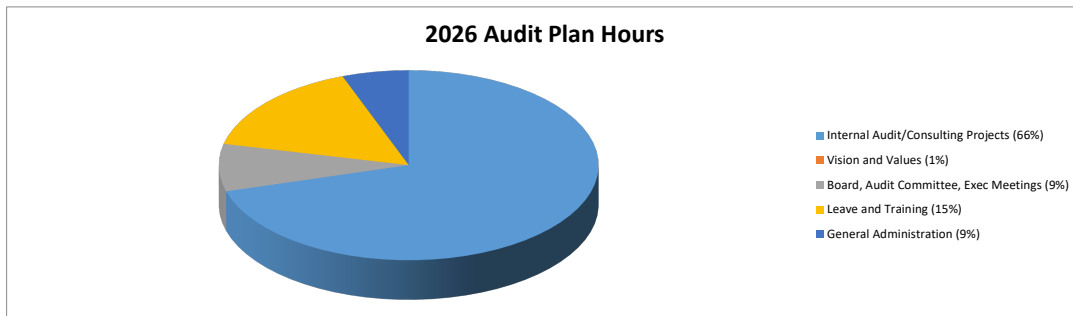
Submitted by:



AM – Approved

Alex McDowell
Senior Internal Auditor

Orange County Employees Retirement System
2026 Internal Audit Plan



Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
Internal Audit/Consulting/Planning/QAIP		3,725	1,269	2,457	
Internal Audits - Assurance		2,850	859	1,992	
Completed					
Employer (County of Orange - District Attorney) Audit	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	350	0	Completed, presented at 6/8/26 Audit Committee Board Meeting
Employer (Orange County Cemetery 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.	50	50	0	Completed, presented at 2/26/26 Audit Committee Board Meeting.
Service Credit Purchases	Review Member Services controls over Service Credit Purchase contracts and calculations.	100	100	0	Completed, presented at 2/26/26 Audit Committee Board Meeting.
In Progress					
Final Average Salary (FAS) Calculation Audit	Annual audit of FAS calculations.	350	340	10	Testing completed. Member Services is in the process of answering final questions within their team.
Employer (San Juan Capistrano) Audit	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	340	10	Testing completed. Working with Member Services and the City of San Juan to finalize DORM and issue report.
Investment Accounting and Valuation Audit	Review the Finance Department's controls over the recording of investment accounting and valuation.	350	2	348	Opening meeting scheduled, preliminary planning materials created.
Public Equity Consultant (Meketa) Audit	Review OCERS' public equity consultant, Meketa's, operating controls that monitor the completeness and accuracy of OCERS' public equity investment transactions, fees, and Investment Committee (IC) reporting.	350	2	348	Discussions ongoing with Investments regarding opening meeting scheduling, preliminary planning documents created, Meketa contact identified.
Disability Process Audit	Audit of the key controls in the application and benefit calculation process performed by the Disability team.	350	10	340	Opening meeting with Disability team has taken place. Preliminary planning documents have been created and currently working with Disability team to determine PBC listing and begin testing.
Pension Administration System (PAS) Project Review	System Development Life Cycle review of the processes, controls, and documentation used to plan, create, test, and deploy the PAS system. Goal is to ensure that the PAS is developed securely, efficiently, within budget, and in compliance with internal policies, procedures, and best practices.	350	2	349	PAS introduction meetings began 6/1/2026, Internal Audit was present in initial planning meeting.
Robotic Process Automation (RPA) Audit	Audit the design effectiveness of the RPA control environment, including the RPA bots designed and implemented by OCERS. The audit will focus on the controls governing the development and operation of the bots, while also considering the data and the environment in which the RPA bots operate.	150	1	149	Currently working through the Statement of Work process with OCERS Legal and Operational Support Services and RSM.
Internal Audit - Management Action Plan Follow-up	Action Plan Follow-up - Perform MAP follow-ups with management	100	12	88	Ongoing review of implemented MAPs from completed audits.
Planned					
Death Match Process Audit	Audit of Member Services' controls over the entire Death Match process with a focus on the implementation of the recommendations made during the Death Match Review in 2025.	350	0	350	

**Orange County Employees Retirement System
2025 Internal Audit Plan**

Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
Internal Audits - Consulting		200	60	140	
Consulting/Ad-hoc projects	Open for any ad-hoc project TBD	200	60	140	Includes time to assist with ACFR, management or committee requests
Internal Audits - Planning		275	0	275	
Annual Audit Planning	Review and update Risk and Control Matrix.	125	0	125	Update throughout 2026
	Annual preparation of the Audit Plan, updates to the current Audit Plan.	150	0	150	2026 Audit Plan to be presented for approval in early 1st quarter 2026 AC meeting
Internal Audits - Quality Assurance and Improvement Program		50	0	50	
Quality Assurance and Improvement Program	IA Quality Review- Self Assessment - Internal Quality Assurance and Improvement Program (QAIP)	50	0	50	Implement IIA's Global Standards with our QAIP program
Board, AC, OCERS Executive Meetings		425	96	329	
	Board meetings, Audit Committee, Personnel Committee, Governance Committee, Executive meeting, Strategic Planning	300	75	225	-
	Weekly meetings with CEO	65	15	50	-
	Monthly meeting with Audit Committee Chair	60	6	54	-
General admin time		300	70	230	
	General admin time	300	70	230	5% of total hours
Leave (Holiday/Annual) and Training		830	221	609	
	Holidays (12 days), Annual Leave (15 days)	648	161	487	-
	Training and Continuing Education	182	60	122	-
Grand Total Hours		5,280	1,656	3,625	



Memorandum

DATE: June 8, 2026
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 Division. The reviewers from the Investments Division 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 2025 calendar year. The California Fair Political Practices Commission set April 1, 2026, as the deadline to submit Form 700s for the 2025 calendar year.

Discussion

The Legal Division and the Investments Division reviewed the Form 700 filings in accordance with the Standard Operating Procedure, and no conflicts of interest were identified. All designated filers filed timely.

Submitted by:



MDS-Approved

Manuel D. Serpa
 General Counsel