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, 2015

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, 2015

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Independent Auditor's Report

To the Board of Retirement of the
Orange County Employees Retirement System
Santa Ana, California

We have audited the employer allocations and the total for all employers of the rows titled total deferred outflows of resources, total deferred inflows of resources, net pension liability, and total pension expense excluding employer paid member contributions (specified row totals) included in the accompanying Schedule of Allocated Pension Amounts by Employer (the Schedule) of the Orange County Employees Retirement System (OCERS) Cost-Sharing Multiple-Employer Defined Benefit Pension Plan as of and for the year ended December 31, 2015, and the related notes to the Schedule of Allocated Pension Amounts by Employer.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the employer allocations and the specified row totals in the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Macias Gini & O'Connell LLP
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Opinions

In our opinion, the Schedule referred to above presents fairly, in all material respects, the employer allocations, and the total deferred outflows of resources, total deferred inflows of resources, net pension liability, and total pension expense excluding employer-paid member contributions for the total of all participating employers for the Orange County Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan as of and for the year ended December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of OCERS as of and for the year ended December 31, 2015, and our report thereon dated June 10, 2016, expressed unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of OCERS' management, the Board of Retirement, the Orange County Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Newport Beach, California
July 29, 2016

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, 2015

Deferred Outflows of Resources	**Orange County**	**O.C. Cemetery District**	**O.C. Law Library**	**O.C. Vector Control District**	**O.C. Retirement System**
Differences Between Expected and Actual Experience	$0	$31,741	$0	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	620,258,690	552,158	2,731,880	1,920,051	3,460,039
Changes of Assumptions	93,961,927	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,661,296	0	214,038	0	2,070,980
Total Deferred Outflows of Resources	$719,881,913	$583,899	$2,945,918	$1,920,051	$5,531,019
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$301,672,441	$174,426	$1,158,768	$2,080,894	$1,764,788
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	0	0	0	0	0
Changes of Assumptions	152,530,977	136,903	708,587	0	1,248,450
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	106,488	0	2,143,993	0	0
Total Deferred Inflows of Resources	$454,309,906	$311,329	$4,011,348	$2,080,894	$3,013,238
Net Pension Liability as of December 31, 2015	$4,391,070,880	$533,906	$3,472,003	$1,941,891	$24,747,342
Pension Expense					
Proportionate Share of Plan Pension Expense	$486,775,088	$225,747	$1,182,258	$140,014	$2,288,569
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,233,839	0	(372,508)	0	439,607
Total Employer Pension Expense Excluding Employer-Paid Member Contributions	$488,008,927	$225,747	$809,750	$140,014	$2,728,176

(Continued)

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of Allocated Pension Amounts by Employer
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Deferred Outflows of Resources	**O.C. Fire Authority**	**Department of Education**	**Transportation Corridor Agency**	**City of San Juan Capistrano**	**O.C. Sanitation District**
Differences Between Expected and Actual Experience	$0	$715,184	$46,994	$0	$0
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	83,874,144	587,816	1,777,473	4,089,453	33,392,920
Changes of Assumptions	24,322,360	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	1,120,597	2,143,993
Total Deferred Outflows of Resources	$108,196,504	$1,303,000	$1,824,467	$5,210,050	$35,536,913
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$32,777,639	$277,763	$511,780	$2,085,820	$14,164,115
Changes of Assumptions	3,041,794	234,221	652,876	1,475,554	8,661,357
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	1,659,471	214,038
Total Deferred Inflows of Resources	$35,819,433	$511,984	$1,164,656	$5,220,845	$23,039,510
Net Pension Liability as of December 31, 2015	$517,669,806	$4,306,689	$12,713,136	$29,249,120	$42,439,759
Pension Expense					
Proportionate Share of Plan Pension Expense	$87,460,983	$444,907	$1,796,234	$2,704,882	$14,451,251
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	(59,873)	372,508
Total Employer Pension Expense Excluding Employer-Paid Member Contributions	$87,460,983	$444,907	$1,796,234	$2,645,009	$14,823,759

(Continued)

Orange County Employees Retirement System
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Deferred Outflows of Resources	**O.C. Transportation Authority**	**U.C.I.**	**O.C. Children and Families Comm.**	**Local Agency Formation Comm.**	**Rancho Santa Margarita**
Differences Between Expected and Actual Experience	$1,055,375	$998,161	$0	$0	$1,851
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	42,750,905	3,098,031	568,559	161,700	7,848
Changes of Assumptions	0	0	0	0	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	0	145,446	0
Total Deferred Outflows of Resources	$43,806,280	$4,096,192	$568,559	$307,146	$9,699
Deferred Inflows of Resources					
Differences Between Expected and Actual Experience	$9,302,221	$1,164,682	$289,993	$82,475	$1,357
Changes of Assumptions	13,827,738	1,848,668	205,147	58,345	725
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	530,747	247,559	0
Total Deferred Inflows of Resources	$23,129,959	$3,013,350	$1,025,887	$388,379	$2,082
Net Pension Liability as of December 31, 2015	$250,192,983	$36,184,065	$4,066,523	$1,156,534	$6,660
Pension Expense					
Proportionate Share of Plan Pension Expense	$32,700,739	$2,152,512	$376,061	$106,953	$2,189
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	0	(114,243)	(14,130)	0
Total Employer Pension Expense Excluding Employer-Paid Member Contributions	$32,700,739	$2,152,512	$261,818	$92,823	$2,189

(Continued)

Orange County Employees Retirement System
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
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Deferred Outflows of Resources	**O.C. Superior Court**	**O.C. IHSS Public Authority**	**Total for all Employers**
Differences Between Expected and Actual Experience	$0	$0	$2,849,306
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	55,360,619	240,984	854,833,270
Changes of Assumptions	0	0	118,284,287
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	106,488	11,462,838
Total Deferred Outflows of Resources	$55,360,619	$347,472	$987,429,701
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$28,236,614	$108,191	$395,853,967
Changes of Assumptions	19,975,193	70,654	204,677,189
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,560,542	0	11,462,838
Total Deferred Inflows of Resources	$54,772,349	$178,845	$611,993,994
Net Pension Liability as of December 31, 2015	$395,957,480	$895,964	$5,716,604,741
Pension Expense			
Proportionate Share of Plan Pension Expense	$36,617,099	$174,469	$669,599,955
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(1,506,768)	21,568	0
Total Employer Pension Expense Excluding Employer-Paid Member Contributions	$35,110,331	$196,037	$669,599,955

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, City of San Juan Capistrano, and thirteen special districts: Orange County Cemetery District, Orange County Children and Families Commission, Orange County Department of Education, 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, Superior Court of California, Orange County Transportation Authority, Transportation Corridor Agencies and the University of California, Irvine Medical Center and Campus. The Orange County Department of Education and the University of California, Irvine Medical Center and Campus are closed to new member participation and only the latter has a remaining active employee. Capistrano Beach, Cypress Recreation & Parks District, Orange County Vector Control and City of Rancho Santa Margarita are no longer active plan sponsors, but retired members and their beneficiaries, as well as deferred members, remain in the System. Capistrano Beach and Cypress Recreation & Parks District are not presented in the accompanying schedule as their unfunded liability was absorbed by the other employers of the respective rate group as discussed in Note 2 – Summary of Significant Accounting Policies. 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 date of OCERS membership. Additional information regarding the pensions plan's benefit structure is included in the Summary of Plan Description that is available on the web at: www.ocers.org/member_active/spd.htm.

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 for fiscal periods beginning on or after June 15, 2014, 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, 2015 and the GASB Statement 68 Actuarial Valuation Based on December 31, 2015 Measurement Date for Employer Reporting as of June 30, 2016 prepared by OCERS' third-party actuary, provide the required information for financial reporting related to the Plan that employers may use in their financial statements.

The accompanying Schedule was prepared by OCERS' third-party actuary and was derived from information provided by OCERS in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations.

Legally or statutorily required employer contributions for the year ended December 31, 2015, 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. In accordance with paragraph 4.a. footnote 2 of GASB Statement No. 68, contributions that are made by the employer to satisfy employee contribution requirements that are submitted to OCERS as a contribution pick-up under Government Code Section 31581.1 are classified as employer contributions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

However, this footnote was amended by GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68 and No. 73,* which states that these amounts should be classified as employee contributions effective for reporting periods beginning after June 15, 2016. OCERS elected to early implement this statement in the proportionate share calculation as of and for the year ended December 31, 2015 and as a result, employer paid member contributions of $10,937,000 under Government Code Section 31581.1 have been excluded in determining each employer's proportion of total contributions for the year ended December 31, 2015. 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, 2015.

Employer contributions have been adjusted to include transfers made from the County Investment Account and they 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 plan sponsors that offer similar pension benefit formula(s). Rate Groups exist for the purpose of risk-pooling and the contribution rates developed by the actuary should, in the long-term, fairly and accurately reflect the benefit plan offered/promised to members in each group. Rate Groups can contain one or more employers and employers may be included in one or more rate groups. If an employer participates in several Rate Groups, the employer's total proportionate share of the Net Pension Liability (NPL) and related allocated pension amounts is the sum of its allocated pension amounts from each Rate Group.

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 employer's contribution rate by the employers' payrolls for the fiscal year.

The NPL is the Total Pension Liability (TPL) minus the Plan Fiduciary Net Position (plan assets). The TPL for each Rate Group is obtained from internal 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) 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 contributions from the proceeds of the Pension Obligation Bonds made during 2015 for each of the four County Rate Groups. The NPL is then allocated to the respective employers based on the legally or statutorily required employer contributions within each Rate Group.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Basis of Accounting (Continued)

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 Vector Control, 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 active membership.

The employer contributions used to determine the NPL proportionate share percentage exclude the following amounts. These employer contributions were intended to reduce the NPL of the specific employers not the respective Rate Group as a whole:

Rate Group	Employer	2015
1	Orange County Vector Control	314,000
1	University of California, Irvine Medical Center and Campus	62,000
3	Orange County Sanitation District	50,000,000
Total		$50,376,000

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 are as follows:

Rate Group	2015
1	$4,020,109
2	66,860,434
6	6,948,751
7	30,959,706
Total	$108,789,000

In addition, the NPL for Rate Group 1 was adjusted by the Orange County Vector Control District withdrawal liability and the NPL for the OCDE and UCI prior to allocating the net NPL to the other employers in Rate Group 1 as described below:

> The Orange County Vector Control District is no longer an active plan sponsor, 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, 2015.

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. On June 15, 2015, the Board of Retirement adopted a policy that establishes guidelines to ensure organizations with declining payroll satisfy the financial obligation of their Unfunded Actuarial Accrued Liability (UAAL). Under this policy, going forward, the funding obligation for a covered employer's UAAL is no longer pro-rata based on its payroll. Instead, the employer's UAAL is determined based on its specific actuarial accrued liability and a share of assets allocated to the employer in accordance with a formula set forth in the policy. 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 and UCI UAAL of $3,238,000 and $27,586,000, respectively. These balances were calculated assuming fixed-dollar payments over twenty years beginning on July 1, 2016. Future gains and losses and other events may impact this balance.

Capistrano Beach Sanitary District (Capistrano) and Cypress Recreation & Parks District (Cypress) are no longer active plan sponsors. Capistrano has three retired members remaining in the Plan and Cypress has twenty-one retired members and seven deferred members. At the time these employers left the System, OCERS did not have an express policy addressing how the UAAL would be funded for inactive plan sponsors. Therefore, any unfunded liability was absorbed by the other employers of the respective rate group. Given the passage of time and materiality considerations, the extent to which OCERS can now locate and assess these inactive employers (or their successors) for actuarial accrued liability is unclear at this time. It will be determined in the future if these employers will be allocated the actuarial accrued liability under OCERS' Declining Employer Payroll Policy.

Use of Estimates in the Preparation of Financial Schedules

The preparation of the Schedule of Allocated Pension Amounts in conformity with U.S. generally accepted accounting principles 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 Plan's NPL as of December 31, 2015 are as follows (dollars in thousands):

		2015
Total pension liability	$	17,373,923
Less: Plan fiduciary net position		(11,657,318)
Plan net pension liability	$	5,716,605

For the measurement period ended December 31, 2015 (the measurement date), total pension liability was determined by rolling forward the December 31, 2014 (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, 2011 through December 31, 2013.

NOTE 3 -- ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The December 31, 2015 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Experience Study	Three Year Period Ending December 31, 2013
Actuarial Cost Method	Entry Age in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Investment Rate of Return	7.25%. net of pension plan investment expenses; including inflation
Inflation Rate	3.00%
Projected Salary Increases	General: 4.25% to 13.5% and Safety: 5.00% to 17.50% Vary by service, including inflation
Cost of Living Adjustments	3.00% of retirement income

Mortality Assumptions

The mortality assumptions used in the TPL at December 31, 2015 were based on the results of the actuarial experience study for the period January 1, 2011 through December 31, 2013 using the RP-2000 Combined Healthy Mortality Table projected with the Society of Actuaries Scale BB to 2020. For healthy general members, no adjustments are made. For healthy safety members, the ages are set back two years. For general members that are disabled, the ages are set forward six years for males and three years for females. For safety members that are disabled, no adjustments are made. Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who is receiving a service (non-disability) retirement. The mortality assumptions for all groups are then customized to account for OCERS' Plan membership experience.

Discount Rate

The discount rate used to measure the TPL as of December 31, 2015 was 7.25 percent. In determining the discount rate OCERS took into account the projection of cash flows and 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, 2015.

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.

NOTE 3 – ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The 7.25 percent investment return assumption used in the actuarial valuation for funding is net of administrative expenses. Administrative expenses are assumed to be 16 basis points. The investment return assumption remained the same for reporting purposes due to the immaterial impact administrative expenses has 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 best-estimate ranges of 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 rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses. Additional information on the target allocation and projected arithmetic real rate of return for each major asset class is available in the OCERS' Comprehensive Annual Financial Report for the year ended December 31, 2015.

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 of Allocated Pension Amounts by Employer represents the unamortized balance relating to the current measurement period and the prior measurement period 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 and changes of assumptions 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, 2014 (the beginning of the measurement period ending December 31, 2015) which is 6.06 years. Prior measurement period differences between expected and actual experience and changes of assumptions continue to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

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 -- POTENTIAL LITIGATION

On February 23, 2016, the OCDE filed a declaratory relief action against OCERS, contesting whether the district was obligated to continue making employer contributions towards the portion of OCERS' UAAL attributable to the benefits owed to the district's retirees and beneficiaries. OCERS has calculated that the district's share of UAAL as of December 31, 2015 at approximately $3.3 million, if amortized in the ordinary course. OCERS contends that the district remains liable to make contributions and has counter-sued the district for the amount owed. Management and counsel believe the district's claims are without merit and intend to vigorously prosecute OCERS' rights to collect the correct amounts.

NOTE 5 -- ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in OCERS' Comprehensive Annual Financial Report as of and for the fiscal year ended December 31, 2015, the OCERS' GASB Statement No. 67 Actuarial Valuation as of December 31, 2015, the OCERS' GASB Statement No. 68 Actuarial Valuation Based on the December 31, 2015, Measurement Date for Employer Reporting as of June 30, 2016, and the Unfunded Actuarial Liability and Associated Amortization Schedules as of December 31, 2015, 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.