ORANGE COUNTY
OCERS
EMPLOYEES RETIREMENT SYSTEM

The Many Colors of Orange County

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023

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

ORANGE COUNTY, CALIFORNIA


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OCERS
EMPLOYEES RETIREMENT SYSTEM

Orange County Employees Retirement System

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2023

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

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

Orange County Employees Retirement System
2223 East Wellington Avenue, Suite 100
Santa Ana, CA 92701-3161

Mailing Address:
P.O. Box 1229
Santa Ana, CA 92702

714.558.6200
www.ocers.org

OCERS Pension, OPEB 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

County of Orange

Contrary to popular belief, the name "Orange County" originated not from the region's citrus groves, but from a desire to establish a separate county in Southern California. In the late 1800s, Anaheim spearheaded efforts to break away from Los Angeles County, seeking both city incorporation and county formation. While the City of Anaheim was successfully incorporated in 1870, attempts to create Anaheim County faced opposition in the State Legislature.

Despite setbacks, the idea of county division persisted, with support from growing communities like Santa Ana and Tustin. In 1872, at a meeting in Gallatin (now part of Downey), the name "Orange County" was proposed for the new venture, reflecting the semi-tropical paradise image of Southern California. Although oranges were not yet the dominant crop in the area, the name was chosen for its appealing sound and association with the region's idealized Mediterranean climate. Efforts to establish Orange County continued through subsequent years, ultimately leading to its official formation in 1889 as a distinct county within California.

Letter of Transmittal

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

Active Participating Employers:

City of San Juan Capistrano

County of Orange

Orange County Cemetery District

Orange County Children & Families Commission

Orange County Employees Retirement System

Orange County Fire Authority

Orange County In-Home Supportive Services Public Authority

Orange County Local Agency Formation Commission

Orange County Public Law Library

Orange County Sanitation District

Orange County Transportation Authority

Superior Court of California, County of Orange

Transportation Corridor Agencies

June 6, 2024

Members of the OCERS Board of Retirement:

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, 2023. 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, 2023. It also includes information from the current actuarial valuations as of December 31, 2022.

OCERS HISTORY, PARTICIPANTS, AND SERVICES

Established in 1945, OCERS is a public retirement system that has provided service retirement, disability, death and survivor benefits to its members for 78 years, administered in accordance with the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA).

Pursuant to certain provisions of CERL, OCERS is an independent governmental unit within the County of Orange, with a separate operating budget and professional staff. The California Constitution gives the Board of Retirement full authority over the administration of the System, which includes administering plan benefits for over 52,000 members, managing $22.4 billion in net assets, and serving 13 participating employers. A complete listing of both active and inactive employers as of December 31, 2023, can be found on page 30, Section 2 of the Annual Report, Under Note 1: Plan Descriptions.

In 2023, OCERS continued its tradition of exceptional member service while embracing a return to normalcy. Many of our partner employers resumed hosting in-person health and benefits fairs and inviting us to deliver live presentations at their headquarters or satellite offices. It was a delight to reconnect with our members countywide, sharing stories of our enjoyable experiences with loved ones throughout Orange County.

This year's Annual Report theme, "The Many Colors of Orange County," celebrates our county's diverse and stunning landscapes. We eagerly welcome each new day with renewed appreciation, exploring the vibrant hues of our shared surroundings alongside Orange County employers, members, stakeholders, and the public. What a magnificent tapestry of colors this county boasts!

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

Vision 2030

During 2023, OCERS continued to make progress with the Vision 2030 initiative, the long-term strategic goal of leveraging technology and we are actively pursuing opportunities using some form of Robotic Process Automation (RPA), Machine Learning (ML) and/or Artificial Intelligence (AI). In addition, OCERS has hired a vendor to perform business procedure documentation services to assist staff with a comprehensive standardized library of business processes and procedures across the organization. This will ensure consistent application of rules and procedures by OCERS staff, as well as lay a foundation for programming a new pension administration system that will support Vision 2030.

Letter of Transmittal

(continued)

Staffing

At the December 11, 2023, Board meeting, the Board of Retirement approved the addition of seven new positions as part of the 2024 Staffing Plan. These positions were distributed among multiple departments within the agency. The goal is to tackle forthcoming challenges, including supporting a growing number of retirees, navigating the complexities of our investment portfolio, and enhancing service levels for all stakeholders.

Key Staff Additions

In 2023, OCERS made significant organizational changes, appointing two new positions: Kwame Addo as Chief Compliance Officer and Will Tsao as Director of the Enterprise Project Management Office. Additionally, we elevated the Communications Manager role to Director of Communications and brought Mary-Joy Coburn on board to fulfill this new responsibility. Furthermore, Manuel Serpa, previously Deputy Counsel, was promoted to General Counsel.

Communications

In the fourth quarter of 2023, a new communications team was assembled and swiftly mobilized. By year-end, the team had accomplished a multitude of tasks: enhanced branding across all agency materials; crafted a revamped social media policy; amplified OCERS' online presence to bolster public relations and draw in new talent, increased social media engagement by 15%, orchestrated countless events and videos showcasing the organization's vibrancy and diversity. The OCERS' Communications Team also conducted member surveys regarding the 'At Your Service Newsletter.' Subsequently, they launched an updated edition, incorporating feedback such as integrating QR codes, enriching content with more videos, and featuring more informative articles tailored for all members.

Alameda Decision

In late July 2020, the California Supreme Court issued an opinion in what is known as the “Alameda” case (Alameda County Deputy Sheriffs Association et al. v. Alameda County Employees Retirement Association and Board of Retirement of ACERA (S247095)). This decision impacted how OCERS and other public pension systems in California pay benefits to members who receive certain pay items. OCERS has no authority or discretion to calculate pension benefits in a manner inconsistent with the Supreme Court decision. Although the decision impacts only a small number of OCERS retirees, staff have continued to complete several complex and crucial tasks related to recalculating the retirement allowances of impacted retirees. Additional completed tasks include crediting or refunding overpaid employee contributions after being offset against overpayments. OCERS staff have completed an analysis of the Orange County Board of Supervisor Resolution passed in December 2022 and have determined the impact of the members included in the resolution.

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 reported in a manner designed to fairly present the financial position and operating results of OCERS. Moss Adams LLP audited the accompanying basic financial statements and related disclosures and has issued an unmodified opinion in the independent auditor’s report found on page 14, Section 2 of the Annual Report. The financial audit provides reasonable assurance that OCERS’ financial statements are presented in conformity with GAAP and are free from material misstatement.

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

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

INVESTMENT ACTIVITIES

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

OCERS' Investment Policy Statement helps guide decisions that impact OCERS' investment structure with the overall objective to invest the assets of the System solely for the benefit of its members while attempting to minimize employer contributions and investment and administration costs. OCERS' Investments Team conducted 677 total meetings and virtual calls with current and prospective investment managers in 2023.

OCERS' Investment Committee adopted a new asset allocation policy in April 2023. The new asset allocation policy slightly increased the target allocations to private equity by 2%, real assets by 1%, and private income strategies by 1%, while decreasing the allocations to public equity and public income strategies by 2% each. During 2023, OCERS' Investments Team completed a custodial bank RFP, renewing a contract with their existing custodian, State Street Bank and Trust Company. The OCERS Investments Team continued to build out the co-investment portfolio within the private equity asset class to participate in potentially profitable investments without paying the usual fee structure associated with private equity funds. OCERS' Investments Team issued an RFP for secondary sale advisory services in August 2023. The secondary sale advisory services RFP is expected to be completed in the first half of 2024.

For the year ended December 31, 2023, OCERS' investment portfolio had a gain of 11.4%, 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 23 years for general and 22 years for safety members, our net annualized return of 6.9% over the last 20 years closely aligns with the assumed earnings rate over a similar period.

PENSION ACTUARIAL FUNDING STATUS

OCERS maintains a funding goal to establish contributions that fully fund the System's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. It also ensures that contributions are sufficient for each generation of active members to avoid an intergenerational burden on future active 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 our assumptions and the differences are studied to determine whether changes in the contribution requirements are necessary. 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 latest experience investigation was completed during 2023 for plan years ending in 2020 through 2022. The Board adopted the recommendations for several major assumption categories that were incorporated into the 2022 actuarial valuation, including maintaining the assumed rate of return at 7.0%, the inflation rate at 2.50%, and the retiree cost-of-living assumption at 2.75%. As of the most current actuarial valuation for the year ended December 31, 2022, OCERS' funding status was 81.5% on a valuation value of assets basis, versus 77.0% on a market value of assets basis, with an Unfunded Actuarial Accrued Liability (UAAL) of \$4.7 billion. Average employer and employee contribution rates for the year ended December 31, 2022, were 38.7% and 12.1%, 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' 2023 allowable administrative expense of $27.4 million was 0.10% of OCERS' Actuarial Accrued Liability.

AWARDS AND RECOGNITION

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OCERS for its Annual Comprehensive Financial Report for the year ended December 31, 2022. 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, 2022. 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.

OCERS was also recognized by the Institute of Internal Auditors (IIA) for its hard work and dedication. The organization earned the IIA's highest rating for an external quality assessment review and was awarded for diligently fulfilling the stringent quality assessment requirements.

In their review, the IIA highlighted the organization's exceptional efforts in providing excellent service to its stakeholders. The client survey results demonstrated OCERS' value as a trusted partner, with scores exceeding the average results from all other organizations reviewed by the IIA.

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 our team members and consultants for their commitment to OCERS and their diligent work to assure 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, 2023

Shawn Dewane
Chair
Appointed by
the Board of Supervisors

Adele Tagaloa
Vice Chair
Elected by
the General Members

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

Richard Oates
Elected by
the Safety Members

Charles E. Packard
Appointed by
the Board of Supervisors

Chris Prevatt
Elected by
the General Members

Jeremy Vallone
Alternate Elected by
the Safety Members

Organization of OCERS

Board of Retirement

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

Executive Division

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

Investment Division

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

External Operations Division

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

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

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

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

Internal Operations Division

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

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

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

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

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

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

Legal Division

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

Internal Audit Department

This department is responsible for objectively assessing the organization's governance, risk management and internal control processes.

Administrative Organization Chart

As of December 31, 2023

List of Professional Consultants

As of December 31, 2023

Actuary
The Segal Company

Investment Consultant
Meketa Investment Group

Private Equity and Private Real Assets Consultant
Aksia LLC

Real Estate Consultant
The Townsend Group, an Aon Company

Independent Auditor
Moss Adams LLP

Investment Counsel
Foley and Lardner, LLP
Foster Garvey PC
K&L Gates LLP
Morgan, Lewis & Bockius LLP
Nossaman LLP

Fiduciary Counsel
Reed Smith, LLP

Tax Counsel
Buchalter

Custodian
State Street Bank and Trust Company

Note: Please refer to pages 92-94 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
2023

Presented to

Orange County Employees Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

Section 2

Financial

San Juan Capistrano

Nestled in the heart of Orange County, the historic town of San Juan Capistrano beckons visitors with its timeless charm and storied past. Here, amidst cobalt-blue skies and the tranquil waters of nearby creeks, echoes of history resonate through the streets, intertwining with the vibrant pulse of modern life. As the sun casts its cerulean glow upon the adobe walls of the Mission San Juan Capistrano, visitors are transported to a bygone era, where Spanish missionaries once walked and indigenous peoples thrived.

Wandering through the town's picturesque streets, visitors are greeted by a symphony of blue hues that dance harmoniously with the rhythm of daily life. From the vibrant shutters gracing historic buildings to the deep-hued tiles of the iconic mission, every corner of San Juan Capistrano tells a tale of resilience, adaptation, and cultural exchange. Here, amidst the timeless beauty of Orange County's oldest neighborhood, visitors are invited to immerse themselves in the rich tapestry of history and heritage that defines San Juan Capistrano.

Independent Auditor's Report

MOSSADAMS

Report of Independent Auditors

The Board of Retirement
Orange County Employees Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of fiduciary net position of Orange County Employees Retirement System (the System) as of and for the year ended December 31, 2023, and the related pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA in the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System as of December 31, 2023, and the related respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the fiduciary net position and changes in fiduciary net position of the System and do not purport to, and do not, present fairly the financial position of the County of Orange, California, as of December 31, 2023, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Prior-Year Comparative Information

We have previously audited the System's 2022 financial statements, and we expressed an unmodified opinion on the pension trust fund, heath care fund – County, health care fund – OCFA, and the custodial trust fund – OCTA of the System, which are summarized in the comparative totals 2022 column, in our report dated June 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of the Orange County Employees Retirement 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.

Moss Adams LLP

Irvine, California
June 6, 2024

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, 2023. 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), a participating employer of OCERS.

Financial Highlights

- The net position restricted for pension, OPEB and employer as of December 31, 2023, totaled $22.4 billion, an increase of $2.2 billion or 10.6% from the prior year. The increase is primarily due to higher returns on investments during the year.
- Total additions to fiduciary net position increased 421.4% from -$1.1 billion in 2022 to $3.4 billion in 2023.
  - Net investment income/(loss) increased from -$2.1 billion in 2022 to $2.4 billion in 2023. The net year-to-date rate of return/(loss) on investments on a fair value basis was an 11.4% return in 2023 versus a -7.8% loss in 2022.
  - Contributions received from employers and employees totaled $1.1 billion in 2023, an increase of 1.8% compared to 2022.
- Total deductions from fiduciary net position increased 6.8% from $1.2 billion in 2022 to $1.3 billion in 2023.
  - Member pension benefit payments increased 7.6% from $1.1 billion in 2022 to $1.2 billion in 2023.
  - The number of retired members and beneficiaries receiving a benefit payment increased 2.9% from 20,678 payees at the end of 2022 to 21,283 payees as of December 31, 2023.
  - The average annual benefit paid to retired members and beneficiaries during 2023 was $56,397, an increase of 4.5% over the average annual benefit payment of $53,966 in 2022.
- The annual actuarial funding valuation as of December 31, 2023 is not yet available at this time. Based upon the most recent actuarial funding valuation dated as of December 31, 2022, 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 81.5% versus 77.0% if market gains and losses were recognized immediately.
- The net pension liability of participating employers as calculated in the December 31, 2023, Governmental Accounting Standards Board (GASB) Statement No. 67 Actuarial Valuation used for financial reporting purposes is $4.8 billion, which as a percentage of covered payroll is 237.3%. The plan fiduciary net position of the pension trust fund of $21.8 billion as a percentage of the total pension liability of $26.6 billion is 81.8%.

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.

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, 2023 and 2022
(Dollars in Thousands)

	12/31/2023	12/31/2022	Increase / (Decrease)	Percentage Change
Assets				
Cash and Cash Equivalents	$ 380,010	$ 412,122	$ (32,112)	-7.8%
Securities Lending Collateral	326,270	202,096	124,174	61.4%
Receivables	204,584	180,114	24,470	13.6%
Investments at Fair Value	22,187,331	20,258,889	1,928,442	9.5%
Capital Assets, Net	6,927	9,088	(2,161)	-23.8%
Total Assets	**23,105,122**	**21,062,309**	**2,042,813**	**9.7%**
Liabilities				
Obligations Under Securities Lending Program	326,271	202,096	124,175	61.4%
Securities Purchased	244,475	204,403	40,072	19.8%
Other	175,266	444,843	(269,577)	-60.6%
Total Liabilities	**746,012**	**851,342**	**(105,330)**	**-12.4%**
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$ 22,359,110**	**$ 20,210,967**	**$ 2,148,143**	**10.6%**

As of December 31, 2023, OCERS has a net position of $22.4 billion restricted for pension, other postemployment benefits and employer. Net position increased $2.2 billion, an increase of 10.6% compared to 2022. The increase in net position includes an increase in total assets of $2.0 billion and a decrease in total liabilities of $105.3 million.

The $2.0 billion increase in total assets is primarily attributed to a $1.9 billion increase in total investments at fair value, a $124.2 million increase in securities lending collateral, and a $24.5 million increase in receivables. These increases were offset by a decrease in cash and cash equivalents of $32.1 million.

The increase in investments at fair value can be attributed to the total portfolio reporting a net return of 11.4% for the one year-year period. Securities lending collateral increased $124.2 million due to an increase in the demand in the securities lending program for OCERS' U.S. corporate bond and equity positions. Receivables increased by $24.5 million, primarily due to employer contributions earned, but not yet received. The decrease in cash and cash equivalents of $32.1 million is due to the timing of investing redemptions, distributions, and contributions received near year-end.

Total liabilities decreased $105.3 million, which is attributed to a decrease in other liabilities of $269.6 million, consisting primarily of a decrease in unearned contributions due to the County of Orange opting to not participate in the fiscal year 2023-2024 contribution prepayment program. This decrease was offset by an increase of $124.2 million in the obligations under the securities lending program, which is directly related to the increase in securities lending collateral, as previously discussed. Securities purchased increased by $40.1 million due to the timing of securities purchased.

Table 2 : Changes in Fiduciary Net Position

For the Years Ended December 31, 2023 and 2022
(Dollars in Thousands)

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

Additions to Fiduciary Net Position

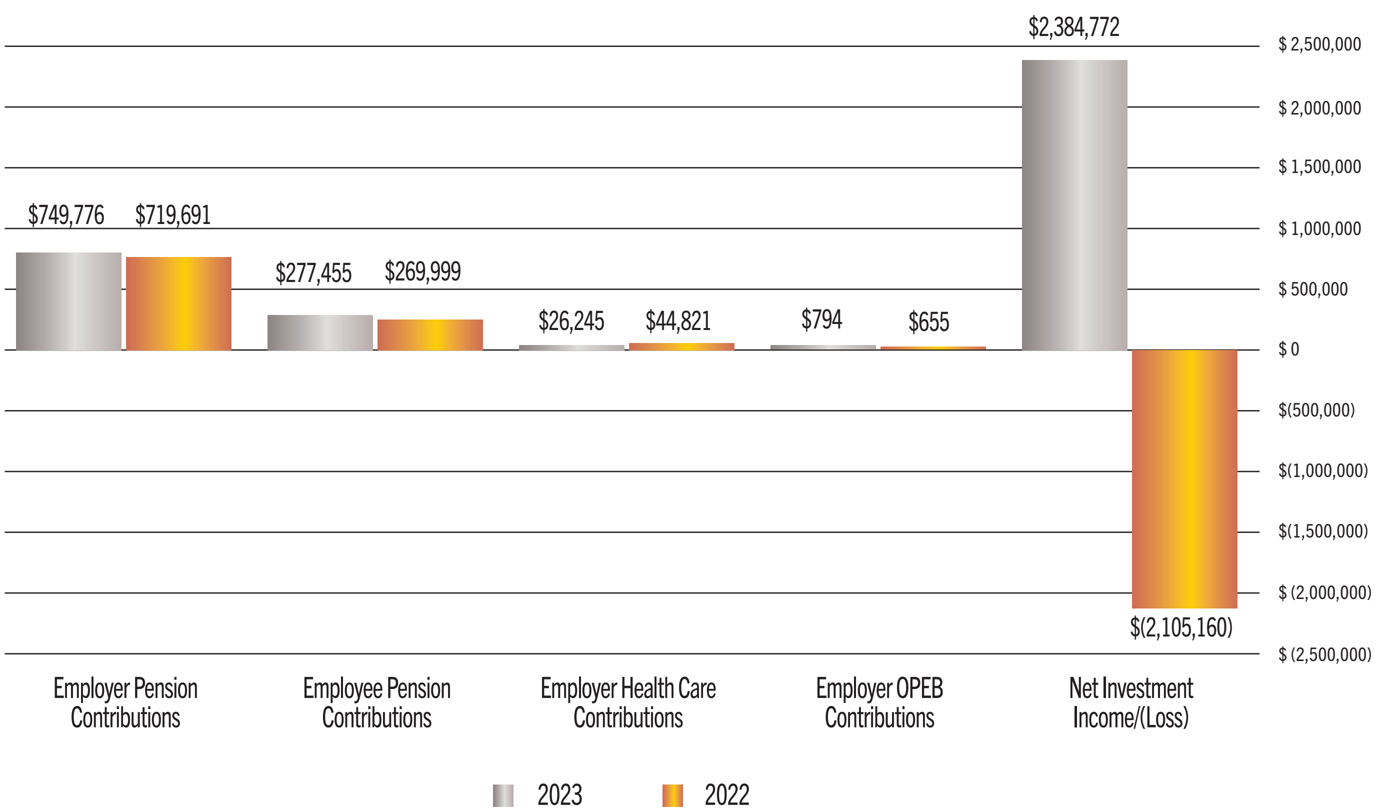
The primary funding sources of pension benefits are the collection of participating employer and member contributions and earnings on investments, net of investment expenses. Total additions for the year ended December 31, 2023 were $3.4 billion compared to -$1.1 billion for the year ended December 31, 2022; the total increase of 421.4%, or $4.5 billion, is comprised of an increase in net investment income of $4.5 billion and an increase in total contributions of $19.0 million.

Overall net investment returns/(losses) for the year ended December 31, 2023 were a year-to-date return of 11.4% compared to a year-to-date loss of -7.8% in 2022. This can be attributed to stronger year-to-date returns in 2023 compared to year-to-date returns in 2022 across most investment categories. Global public equity saw the strongest performance coming from U.S. Large Cap Stocks and reported a one-year return of 22.9% and private equity reported a one-year return of 2.5%. Income strategies, which consists of core fixed income and credit, reported a one-year return of 6.7%. Real assets reported a loss of -0.4% for the one-year period; the real estate portfolio has continued to post losses due to the higher interest rate environment and posted losses of -10.5% compared to positive returns for its peers in energy and infrastructure of 13.8% and 11.2%, respectively. Risk mitigation, designed to protect the portfolio during down periods, reported a return of 1.5% for the one-year period. Unique strategies reported a one-year return of 2.9%.

Total contributions increased $19.0 million over the prior year mainly due to employer pension contributions, which increased $30.1 million over the prior year, and employee contributions, which increased $7.5 million. These increases can be attributed to an increase in both employer and employee pension contribution rates. Employer health care contributions decreased $18.6 million due to no employer contributions received in the County health care fund.

Additions to Fiduciary Net Position

(Dollars in Thousands)

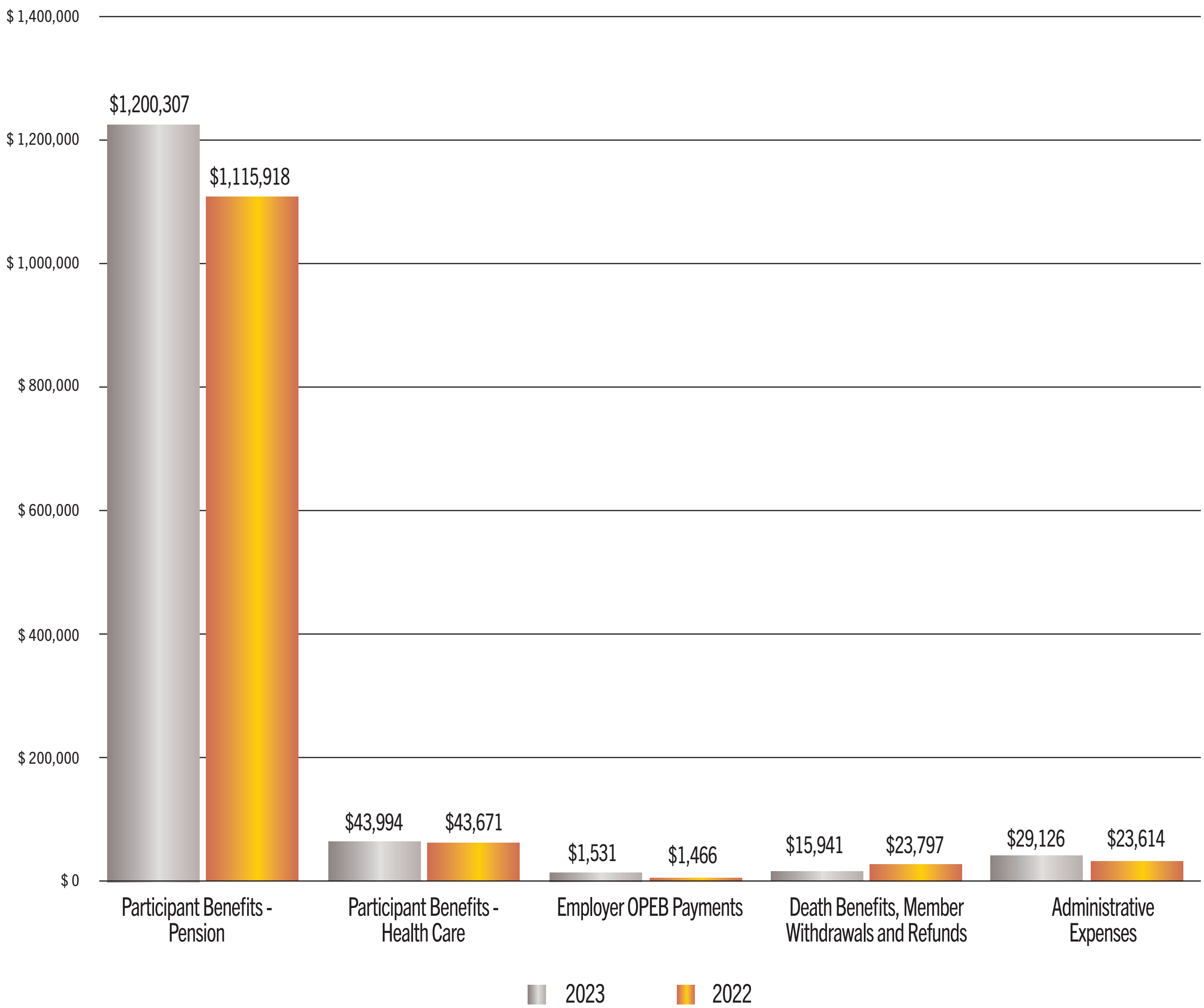


Management's Discussion and Analysis
(continued)

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 $82.4 million or 6.8% compared to the prior year, primarily due to the continued and anticipated growth in member pension benefit payments, both in the total number of OCERS' retired members receiving a pension benefit and the average benefit received. Participant benefit payments for pension and health care have increased by $84.4 million and $0.3 million, respectively. Total benefit recipients increased by 605, from 20,678 to 21,283. The average annual pension benefit increased from $53,966 to $56,397.

Deductions from Fiduciary Net Position
(Dollars in Thousands)



OCERS Membership

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

Table 3 : Membership Data

As of December 31, 2023 and 2022

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

Total OCERS' membership increased during 2023 by 2,011 members. The number of active members increased by 721 or 3.3% and the number of retirees and deferred members increased by 605 or 2.9% and 685 or 8.7%, respectively, suggesting that during 2023 the number of employees hired exceeded the replacement of the members who left their employment for retirement or other opportunities.

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, 2022 is included in the Actuarial Section of this report and contains a detailed discussion of the funding requirements. This valuation is used for funding purposes and establishing employer and employee contribution rates. Segal also prepared a Governmental Accounting Standards Board (GASB) Statement No.67 Actuarial Valuation as of December 31, 2023, used for financial reporting purposes.

To prepare the valuations, the actuary must use several assumptions with regards to OCERS' members such as their life expectancy, projected salary increases over time, and the age at which members will retire. The actuary must also utilize assumptions with regards to how the assets will perform over time. All assumptions used by the actuary are reviewed and adjusted, as required, on a triennial basis and adopted by the Board of Retirement. The most recent triennial study was adopted by the Board on August 21, 2023, for the three-year experience period ended December 31, 2022. As a result, the following assumptions will be maintained as of the December 31, 2023 valuation: investment return at 7.0%; inflation at 2.50%; retiree cost-of-living at 2.75%; and active member payroll increases at 3.00%. Projected salary increases for general members lowered from a range of 4.00% to 11.00% to a range of 3.90% to 8.00% and for safety members, the range was changed from 4.60% to 15.00% to 4.50% to 15.00%. In addition, mortality rates apply Pub-2010 Benefit-Weighted mortality tables as a starting point ("base table"), projected generationally using the two-dimensional mortality improve scale MP-2021, with adjustments to reflect mortality trends specific to OCERS.

The GASB 67 valuation provides the calculation of the employers' pension liability. To accommodate the annual reporting requirements of our employers in a timely manner, the valuation was prepared using the December 31, 2022 valuation as the basis for calculating the total pension liability (TPL) and rolled forward to December 31, 2023. Based on this actuarial valuation, the TPL was $26.6 billion compared to a fiduciary net position of $21.8 billion, resulting in the employers' net pension liability (NPL) of $4.8 billion and a fiduciary net position as a percentage of the TPL of 81.8%. The NPL as a percentage of covered payroll was 237.3%.

Management's Discussion and Analysis

(continued)

In the actuarial funding valuation for the pension plan as of December 31, 2022, the funding ratio of the valuation value of assets to actuarial accrued liabilities was 81.5%. 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 market value of assets as of the valuation date, the funded status of OCERS' pension plan was 77.0% in 2022.

Investment Summary

The OCERS portfolio gained 11.4%, net of fees, for calendar year 2023, driven largely by an impressive year for public equity markets. OCERS' 2023 calendar year return ranked in the 49th percentile versus peers (peer rankings are based on defined benefit public funds with over $1 billion in assets). Over the trailing three-, five-, and ten-year periods, OCERS had respective returns of 6.2%, 8.8%, and 6.9% annualized, net of fees, ranking in the 13th, 34th, and 33rd percentiles, respectively. The OCERS portfolio ended 2023 with a market value of $22.2 billion, up from $20.3 billion at the end of 2022.

Slowing inflation led to hopefulness that interest rates could peak in 2023. In addition, the continued strength of the U.S. consumer due to a strong labor market created a positive environment for equity markets during 2023.

OCERS' global public equity portfolio earned 22.9% in 2023. U.S. equities gained 25.5% during 2023, while non-U.S. developed market equities returned 19.3% for the year. OCERS' emerging market equity portfolio trailed developed markets but still earned 17.7%.

Fixed income markets enjoyed a strong fourth quarter in 2023 as interest rates declined significantly during the quarter. The U.S. 10-year Treasury yield fell from 4.57% to 3.87% during the final quarter of 2023 as inflation was softening and expectations were growing for future lower policy rates. OCERS' income strategies gained 4.9% in the fourth quarter and 6.7% for the year.

It is customary to report private market performance on a quarterly lag. Therefore, OCERS' year-end performance will reflect returns as of the end of the third quarter for many private equity, private credit, and private real assets managers. OCERS' private real assets portfolio returned an impressive 12.2% during the year as energy and infrastructure assets benefitted from the higher inflationary environment. OCERS' real estate portfolio struggled in 2023 declining 10.5% as the higher interest rates caused real estate cap rates to increase. This resulted in real estate valuations declining in 2023. OCERS' private equity portfolio returned 2.5% during 2023.

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

Section 2

Financial | Basic Financial Statements

Heritage Hill Historical Park

Nestled amidst the rolling hills of Orange County, Heritage Hill Historical Park stands as a living testament to the region's rich and vibrant past. Here, amidst meticulously preserved buildings and lush landscapes, visitors are transported back in time to experience the echoes of bygone eras. The park's cobalt-blue hues, reflected in the azure skies above, serve as a poignant backdrop to the narratives of yesteryear that unfold within its historic walls.

As visitors wander through the park's pathways, they are enveloped in the tranquil embrace of blue, a color that symbolizes both the serenity of the present and the enduring legacy of the past. From the quaint charm of the 19th-century homes to the solemn beauty of the adobe chapel, every corner of Heritage Hill resonates with the stories of those who came before. Here, amidst the whispers of history carried on the gentle breeze, visitors are invited to pause, reflect, and immerse themselves in the timeless beauty of Orange County's heritage.

Statement of Fiduciary Net Position

As of December 31, 2023
(with summarized comparative amounts as of December 31, 2022)
(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund-County	Health Care Fund-OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Assets						
Cash and Short-Term Investments						
Cash and Cash Equivalents	$ 370,116	$ 7,945	$ 1,321	$ 628	$ 380,010	$ 412,122
Securities Lending Collateral	318,301	6,833	1,136	-	326,270	202,096
Total Cash and Short-Term Investments	688,417	14,778	2,457	628	706,280	614,218
Receivables						
Investment Income	20,749	445	74	-	21,268	15,320
Securities Sales	128,372	2,756	458	-	131,586	141,477
Contributions	41,072	-	-	-	41,072	15,437
Foreign Currency Forward Contracts	1,614	35	6	-	1,655	-
Other Receivables	8,783	189	31	-	9,003	7,880
Total Receivables	200,590	3,425	569	-	204,584	180,114
Investments at Fair Value						
Global Public Equity	10,137,573	217,627	36,172	13,293	10,404,665	8,828,613
Private Equity	3,510,013	75,351	12,524	-	3,597,888	3,301,871
Income Strategies	3,151,461	67,653	11,245	5,543	3,235,902	3,389,808
Real Assets	2,938,286	63,077	10,484	-	3,011,847	2,907,077
Risk Mitigation	1,769,520	37,987	6,314	-	1,813,821	1,757,155
Unique Strategies	120,199	2,580	429	-	123,208	74,365
Total Investments at Fair Value	21,627,052	464,275	77,168	18,836	22,187,331	20,258,889
Capital Assets, Net	6,927	-	-	-	6,927	9,088
Total Assets	**22,522,986**	**482,478**	**80,194**	**19,464**	**23,105,122**	**21,062,309**
Liabilities						
Obligations Under Securities Lending Program	318,302	6,833	1,136	-	326,271	202,096
Securities Purchased	238,504	5,120	851	-	244,475	204,403
Unearned Contributions	38,502	-	-	-	38,502	320,009
Foreign Currency Forward Contracts	16	-	-	-	16	2,367
Retiree Payroll Payable	98,751	5,011	716	-	104,478	98,325
Other	31,482	676	112	-	32,270	24,142
Total Liabilities	**725,557**	**17,640**	**2,815**	**-**	**746,012**	**851,342**
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$21,797,429**	**$ 464,838**	**$ 77,379**	**$ 19,464**	**$22,359,110**	**$20,210,967**

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

Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2023
(with summarized comparative amounts for the Year Ended December 31, 2022)
(Dollars in Thousands)

	Pension Trust Fund	Health Care Fund- County	Health Care Fund- OCFA	Custodial Fund - OCTA	Total Funds	Comparative Totals 2022
Additions						
Contributions						
Employer	$ 749,776	$ -	$ 26,245	$ -	$ 776,021	$ 764,512
Employee	277,455	-	-	-	277,455	269,999
Employer OPEB Contributions	-	-	-	794	794	655
Total Contributions	1,027,231	-	26,245	794	1,054,270	1,035,166
Investment Income						
Net Appreciation/(Depreciation) in Fair Value of Investments	2,197,191	46,225	6,850	2,982	2,253,248	(2,463,745)
Dividends, Interest, and Other Investment Income	296,432	6,363	1,058	24	303,877	507,687
Securities Lending Income						
Gross Earnings	12,220	262	44	-	12,526	4,406
Less: Borrower Rebates and Bank Charges	(11,295)	(242)	(40)	-	(11,577)	(3,612)
Net Securities Lending Income	925	20	4	-	949	794
Total Investment Income/(Loss)	2,494,548	52,608	7,912	3,006	2,558,074	(1,955,264)
Investment Fees and Expenses	(169,067)	(3,629)	(603)	(3)	(173,302)	(149,896)
Net Investment Income/(Loss)	2,325,481	48,979	7,309	3,003	2,384,772	(2,105,160)
Total Additions	**3,352,712**	**48,979**	**33,554**	**3,797**	**3,439,042**	**(1,069,994)**
Deductions						
Participant Benefits	1,200,307	36,837	7,157	-	1,244,301	1,159,589
Death Benefits	1,190	-	-	-	1,190	1,558
Member Withdrawals and Refunds	14,751	-	-	-	14,751	22,239
Employer OPEB Payments	-	-	-	1,531	1,531	1,466
Administrative Expenses	29,056	24	23	23	29,126	23,614
Total Deductions	**1,245,304**	**36,861**	**7,180**	**1,554**	**1,290,899**	**1,208,466**
Net Increase /(Decrease)	2,107,408	12,118	26,374	2,243	2,148,143	(2,278,460)
Net Position Restricted For Pension, Other Postemployment Benefits and Employer, Beginning of Year	19,690,021	452,720	51,005	17,221	20,210,967	22,489,427
Ending Net Position Restricted For Pension, Other Postemployment Benefits and Employer	**$ 21,797,429**	**$ 464,838**	**$ 77,379**	**$ 19,464**	**$ 22,359,110**	**$ 20,210,967**

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 are categorized as vested in the following table upon accumulating five years of accredited service or attaining 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, 2023, 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, 2023

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
1	A	I	-	-	270	1	271
1	B	II	443	4	566	267	1,280
1	U	II-PEPRA	338	1,002	19	601	1,960
Rate Group 1 Total			**781**	**1,006**	**855**	**869**	**3,511**
2	A	I	-	-	2,316	7	2,323
2	B	II	-	-	1,834	524	2,358
2	I	I	6	-	1,112	-	1,118
2	J	II	6,406	79	8,179	2,329	16,993
2	P	II	142	10	20	104	276
2	S	II	7	2	4	11	24
2	T	II-PEPRA Compliant	2,822	4,063	40	2,716	9,641
2	U	II-PEPRA	406	779	9	155	1,349
2	W	II-PEPRA Alternative	1	1	-	-	2
Rate Group 2 Total			**9,790**	**4,934**	**13,514**	**5,846**	**34,084**
3	A	I	-	-	67	1	68
3	B	II	40	12	72	40	164
3	G	I	-	-	30	-	30
3	H	II	191	-	460	52	703
3	U	II-PEPRA	172	193	5	68	438
Rate Group 3 Total			**403**	**205**	**634**	**161**	**1,403**
4	H	II	-	-	1	-	1
Rate Group 4 Total			**-**	**-**	**1**	**-**	**1**
5	A	I	1	-	346	2	349
5	B	II	679	13	1,262	496	2,450
5	U	II-PEPRA	129	442	8	261	840
Rate Group 5 Total			**809**	**455**	**1,616**	**759**	**3,639**
9	A	I	-	-	4	-	4
9	B	II	-	-	10	12	22
9	N	II	16	2	56	38	112
9	U	II-PEPRA	16	25	3	28	72
Rate Group 9 Total			**32**	**27**	**73**	**78**	**210**
10	A	I	-	-	6	-	6
10	B	II	-	-	38	6	44
10	I	I	-	-	16	-	16
10	J	II	74	-	179	85	338
10	N	II	22	14	5	30	71
10	U	II-PEPRA	72	143	5	172	392
Rate Group 10 Total			**168**	**157**	**249**	**293**	**867**
11	A	I	-	-	3	-	3
11	B	II	-	-	3	-	3
11	N	II	13	-	8	2	23
11	U	II-PEPRA	7	4	-	3	14
Rate Group 11 Total			**20**	**4**	**14**	**5**	**43**
12	B	II	-	-	3	1	4
12	H	II	11	-	8	2	21
12	U	II-PEPRA	2	1	-	-	3
Rate Group 12 Total			**13**	**1**	**11**	**3**	**28**
Total General Members			12,016	6,789	16,967	8,014	43,786

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

OCERS Membership - Safety Members

As of December 31, 2023

Rate Group	Benefit Plan	Tier	Active Vested	Active Non-Vested	Retired Members & Beneficiaries	Deferred Members	Total
6	C	I	-	-	87	-	87
6	D	II	-	-	45	33	78
6	E	I	-	-	45	-	45
6	F	II	476	1	453	164	1,094
6	V	II-PEPRA	43	79	-	27	149
Rate Group 6 Total			**519**	**80**	**630**	**224**	**1,453**
7	C	I	-	-	405	-	405
7	D	II	-	-	285	20	305
7	E	I	-	-	276	-	276
7	F	II	631	-	1,660	81	2,372
7	R	II	360	33	31	36	460
7	V	II-PEPRA	542	577	36	68	1,223
Rate Group 7 Total			**1,533**	**610**	**2,693**	**205**	**5,041**
8	C	I	-	-	27	-	27
8	D	II	-	-	69	2	71
8	E	I	-	-	16	-	16
8	F	II	484	1	866	32	1,383
8	R	II	92	67	10	14	183
8	V	II-PEPRA	173	418	5	88	684
Rate Group 8 Total			**749**	**486**	**993**	**136**	**2,364**
Total Safety Members			**2,801**	**1,176**	**4,316**	**565**	**8,858**
Grand Total			**14,817**	**7,965**	**21,283**	**8,579**	**52,644**

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, 2023, are as follows:

Notes to the Basic Financial Statements

NOTE 1 : Plan Descriptions (continued)

Rate Groups and Benefit Plans

As of December 31, 2023

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Sponsoring Agencies
#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	
		V	2.7% @ 57 PEPRA	
#8	Safety	C	2.0% @ 50	OC Fire Authority
		D	2.0% @ 50	
		E	3.0% @ 50	
		F	3.0% @ 50	
		R	3.0% @ 55	
		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, 2023

Rate Group	Plan Type	Benefit Plan	Benefit Formula per Year of Service	Sponsoring Agencies
#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).

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 and 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 2023 cost-of-living adjustment was 7.5% ; this adjustment will increase benefit recipients allowances by 3% with the remaining 4.5% 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, 2023, 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 Benefit (OPEB) trust fund, the sole source of funding for OCFA's postemployment health care plan, OCFA has evaluated the structure of its plan and related roles and responsibilities and has determined that OCFA is the plan administrator. Therefore, OCFA has taken financial reporting responsibility of the Plan including financial statement disclosures and required supplementary information regarding the plan's funded status and contributions, in accordance with GASB 74. A publicly available financial report can be obtained from the Orange County Fire Authority at 1 Fire Authority, Irvine, California 92602 or their website at **http://ocfa.org**.

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

Custodial Fund

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

NOTE 2 : Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Accounting

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

Investment Policy and Valuation

State Street Bank and Trust (State Street) maintains custody of the majority of OCERS' investments held as of December 31, 2023. 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, 2023, is detailed in Note 3: Investments and Section 3: Investments. The Board of Retirement conducts a periodic review of the asset allocation plan to maintain an optimal allocation, and may also revise the asset allocation in response to significantly changing market conditions that may affect valuations and forward-looking expected returns of asset classes.

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

Cash and Short-Term Investments

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

Global Public Equity

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

Income Strategies

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

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 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 investment's net asset value (NAV) per share provided by the investment management firms/general partners, who perform regular internal appraisals and obtained at regular intervals independent third-party appraisals and are further supported by annual financial statements, which are audited by an independent third-party accountant. Primary determinants of fair value include market and property type specific information, which typically involve a degree of expert judgment.

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

Other Investments

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

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

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

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, 2023
(Dollars in Thousands)

Building and Improvements	$ 5,356
Computer Software - Pension Administration System	21,854
Construction-In-Progress	346
Data Center	1,234
Furniture and Equipment	891
Total Capital Assets (at cost)	29,681
Less: Accumulated Depreciation and Amortization	(22,754)
Total Capital Assets (Net of Depreciation and Amortization)	**$ 6,927**

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, 2022, from which the summarized information was derived.

Effect of New GASB Pronouncement

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) (GASB 96), which is effective for the fiscal year ended December 31, 2023. This statement identifies a SBITA as a contract that conveys control of capital assets (the underlying IT assets), as specified in the contract for a period of time (excluding SBITAs that are 12 months or less), in an exchange or exchange-like transaction. GASB 96 establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. OCERS completed a thorough evaluation of GASB 96 and determined that the recognition and measurement criteria applied to OCERS' current SBITA contracts would have an immaterial impact to financial reporting. Therefore, there are no new SBITA contract disclosures included in OCERS' December 31, 2023 financial statements. OCERS will continue to evaluate SBITAs with respect to impact in future periods.

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, 2023:

Investment Allocation

As of December 31, 2023

Investment Category	Policy	Target Ranges	Actual
Global Public Equity	45%	38% - 52%	46%
Private Equity	15%	10% - 20%	16%
Income Strategies	17%	12% - 22%	14%
Real Assets	13%	8% - 18%	14%
Risk Mitigation	10%	6% - 14%	8%
Unique Strategies	0%	0% - 5%	1%
Cash & Cash Equivalents	0%	0% - 5%	1%
Total	100 %		100 %

During 2023, changes made to the investment allocation include combining the Core Fixed Income and Credit categories to create the Income Strategies category, and slight allocation adjustments.

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, 2023, 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 $109.3 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, 2023, the S&P Global credit ratings of the OCERS' fixed income portfolio were as follows:

Credit Ratings
As of December 31, 2023
(Dollars in Thousands)

Rating	Pooled	U.S. Treasuries	Corporates	Mortgages	Asset-Backed	Municipals	Agencies	International	Swaps	Total
AAA	$ -	$ -	$ -	$ 13,660	$ 9,909	$ 2,584	$ -	$ -	$ -	$ 26,153
AA	-	-	8,085	385,851	7,744	14,416	-	432	-	416,528
A	-	-	42,071	915	3,982	10,413	-	18,845	-	76,226
BBB	-	-	171,768	368	3,893	-	-	83,399	-	259,428
BB	-	-	59,318	430	2,157	916	-	22,268	-	85,089
B	-	-	33,809	198	829	962	-	11,232	-	47,030
CCC	-	-	9,309	113	1,309	-	-	3,078	-	13,809
CC	-	-	4,015	-	-	-	-	-	-	4,015
D	-	-	249	-	889	-	-	178	-	1,316
NR	470,772	-	13,818	25,592	32,418	2,759	3,031	6,878	870	556,138
NA	-	306,294	-	24,144	-	-	-	-	-	330,438
Total	**$470,772**	**$ 306,294**	**$ 342,442**	**$ 451,271**	**$ 63,130**	**$ 32,050**	**$ 3,031**	**$ 146,310**	**$ 870**	**$1,816,170**

This schedule reflects credit ratings for OCERS' fixed income portfolio, which excludes $120.6 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

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, 2023, the durations of these indices are 6.17 years and 2.36 years, respectively for a blended duration of 5.60 years. All investment managers were in compliance within their defined range.

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

The interest rate risk schedule presents the duration of fixed income securities by investment category as of December 31, 2023:

Interest Rate Risk Schedule

As of December 31, 2023
(Dollars in Thousands)

Category	Amount	Duration (in Years)	Percent
Pooled	$ 470,772	3.36	26%
U.S. Treasuries	306,294	9.26	17%
Corporates	333,575	5.17	18%
Mortgages	440,337	4.75	24%
Asset-Backed	58,641	3.08	3%
Municipals	30,678	8.70	2%
Agencies	3,031	3.24	0%
International	146,059	4.38	8%
No Effective Duration:			
Corporates	8,867	N/A	1%
Mortgages	10,934	N/A	1%
Asset-Backed	4,489	N/A	0%
Municipals	1,372	N/A	0%
International	251	N/A	0%
Swaps	870	N/A	0%
Total	**$ 1,816,170**	**5.14**	**100%**

This schedule reflects interest rate risk for OCERS' fixed income portfolio, which excludes $120.6 million of non-fixed income securities that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

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, 2023:

Foreign Currency Risk Schedule

As of December 31, 2023
(Dollars in Thousands)

Currency in U.S. Dollar	Cash	Equity	Fixed Income	Forward Contracts	Swaps	Total
Australian Dollar	$ 241	$ 27,093	$ -	$ (376)	$ 13	$ 26,971
Brazilian Real	-	4,851	3,779	14	14	8,658
Canadian Dollar	1,545	28,780	142	712	(167)	31,012
Danish Krone	25	32,165	-	(9)	-	32,181
Euro Currency	4,403	457,752	1,433	(369)	91	463,310
Hong Kong Dollar	82	21,722	-	1	-	21,805
Indonesian Rupiah	-	1,080	-	-	-	1,080
Japanese Yen	141	175,525	-	1,006	27	176,699
Mexican Peso	5	-	226	(7)	-	224
New Israeli Shekel	-	1,175	-	62	-	1,237
New Zealand Dollar	-	1,467	-	19	-	1,486
Norwegian Krone	-	6,031	-	1,934	-	7,965
Polish Zloty	-	-	-	(123)	-	(123)
Pound Sterling	432	118,690	1,171	(146)	75	120,222
Russian Ruble	-	4,770	-	-	-	4,770
Singapore Dollar	102	8,281	-	8	-	8,391
South African Rand	5	-	-	-	-	5
South Korean Won	-	10,301	-	-	-	10,301
Swedish Krona	153	32,578	-	(243)	(42)	32,446
Swiss Franc	5	56,675	-	(843)	(16)	55,821
Amount Exposed to Foreign Currency Risk	**$ 7,139**	**$ 988,936**	**$ 6,751**	**$ 1,640**	**$ (5)**	**$ 1,004,461**

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, 2023.

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, 2023, 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, 2023, 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, 2023:

NOTE 3 : Investments (continued)

Derivative Instruments

As of December 31, 2023
(Amounts in Thousands)

Derivative Instruments	Changes in Fair Value Net Appreciation/ (Depreciation) [4]	Fair Value at December 31, 2023		
	Amount [1]	Classification	Amount [2]	Notional [3]
Commodity Futures Long	$ (406)	Cash	$ -	$ 465
Commodity Futures Short	115	Cash	-	-
Credit Default Swaps Bought	-	Cash	-	-
Credit Default Swaps Written	391	Income Strategies	592	28,380
Fixed Income Futures Long	(4,155)	Cash / Income Strategies	-	69,761
Fixed Income Futures Short	(1,291)	Income Strategies	-	(38,883)
Fixed Income Options Bought	(153)	Income Strategies	-	-
Fixed Income Options Written	1,967	Income Strategies	(59)	(11,400)
Foreign Currency Futures Long	35	Cash	-	-
Foreign Currency Futures Short	(1)	Cash	-	-
Foreign Currency Options Written	8	Income Strategies	-	-
Futures Options Written	19	Income Strategies	-	-
FX Forwards	2,438	Foreign Currency Forward Contracts Receivables and Payables	1,640	363,330
Index Futures Long	18,878	Cash/Global Public Equity	-	1,964
Index Futures Short	(5,447)	Global Public Equity	-	(34)
Pay Fixed Interest Rate Swaps	503	Income Strategies	1,880	32,864
Receive Fixed Interest Rate Swaps	530	Income Strategies	(1,602)	85,896
Rights	(458)	Global Public Equity	-	-
Total Return Swaps Bond	(1,970)	Global Public Equity	(123)	24,146
Total Return Swaps Equity	2,443	Global Public Equity	99	(12,903)
Grand Totals	$ 13,446		$ 2,427	

[1] Negative values (in brackets) refer to losses
[2] Negative values refer to liabilities and are reported net of investments
[3] Notional may be a dollar amount or size of underlying for futures and options, negative values refer to short positions
[4] Excludes futures margin payments

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, 2023. 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, 2023.

Custodial Credit Risk – Derivative Instruments

As of December 31, 2023, all investments in derivative instruments are held in OCERS' name and are not exposed to custodial credit risk as described in the previous discussion of custodial credit risk.

NOTE 3 : Investments (continued)

Counterparty Credit Risk – Derivative Instruments

A summary of counterparty credit ratings relating to non-exchange traded derivatives in asset positions as of December 31, 2023 is as follows:

Counterparty Credit Risk Schedule for Derivative Instruments

As of December 31, 2023
(Dollars in Thousands)

Counterparty Name	S&P Rating	Foreign Currency Forward Contracts	Swaps	Total Fair Value
Bank of America, CME	A-	$ -	$ 776	$ 776
Bank of America, ICE	A-	-	424	424
Bank of America Merrill Lynch Securities Inc.	A-	-	2,051	2,051
Bank of America, N.A.	A+	81	-	81
BNP Paribas SA	A+	37	-	37
Citibank N.A.	A+	2,487	-	2,487
Credit Event	NR	-	156	156
Goldman Sachs International	A+	-	8	8
JP Morgan Chase Bank, N.A.	A+	2,407	65	2,472
Morgan Stanley and Co. International PLC	A-	23	-	23
Morgan Stanley Co Incorporated	A-	-	116	116
Total Non-Exchange Traded Derivatives in Asset Position		**$ 5,035**	**$ 3,596**	**$ 8,631**

Interest Rate Risk – Derivatives

At December 31, 2023, OCERS is exposed to interest rate risk on its investments in various swap arrangements based on daily interest rates for BRCDI (Brazilian Interbank Deposit Rate), BBSW (Australia bank bill swap rate), CETIP (Latin America largest central depository), SOFR (Secured Overnight Financing Rate) and European reference rates. The following table illustrates the maturity periods of these investments:

Interest Rate Risk - Schedules for Derivative Instruments

As of December 31, 2023
(Dollars in Thousands)

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More than 10**
Credit Default Swaps Written	$ 592	$ 10	$ 644	$ -	$ (62)
Fixed Income Options Bought	(59)	(59)	-	-	-
Pay Fixed Interest Rate Swaps	1,880	-	107	175	1,598
Receive Fixed Interest Rate Swaps	(1,602)	(126)	(1,777)	104	197
Total Return Swaps Bond	(123)	(123)	-	-	-
Total Return Swaps Equity	99	99	-	-	-
Total	**$ 787**	**$ (199)**	**$ (1,026)**	**$ 279**	**$ 1,733**

Derivative Instruments Highly Sensitive to Interest Rate Changes

As of December 31, 2023
(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%	$ 207	$ 720
Pay Fixed Interest Swaps	Variable 12-month SOFR	Fixed 1.75%-4.25%	1,840	28,200
Pay Fixed Interest Swaps	Variable 3-month CAD	Fixed 3.50%-3.75%	(167)	3,944
Total Pay Fixed Interest Rate Swaps			**$ 1,880**	
Received Fixed Interest Rate Swaps	Fixed 4.75%	Variable 3-month BBSW	90	9,007
Received Fixed Interest Rate Swaps	Fixed 10.21%-11.84%	Variable 0-month BRCDI	15	9,737
Received Fixed Interest Rate Swaps	Fixed 10.21%	Variable 0-month CETIP	(1)	21
Received Fixed Interest Rate Swaps	Fixed 2.25%	Variable 3-month EURIB	(11)	1,988
Received Fixed Interest Rate Swaps	Fixed 0.65%-3.00%	Variable 6-month EURIB	17	7,843
Received Fixed Interest Rate Swaps	Fixed 2.00%	Variable 3-month SOFR	(281)	3,500
Received Fixed Interest Rate Swaps	Fixed 1.83%-4.75%	Variable 12-month SOFR	(1,431)	53,800
Total Receive Fixed Interest Rate Swaps			**$ (1,602)**	
Total Interest Rate Swaps			**$ 278**	

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Foreign Currency Risk – Derivatives

At December 31, 2023, 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, 2023
(Dollars in Thousands)

Currency Name	Options	Currency Forward Contracts		Swaps	Total Exposure
		Net Receivables	Net Payables		
Australian Dollar	$ -	$ 50	$ (426)	$ 13	$ (363)
Brazilian Real	-	112	(98)	14	28
Canadian Dollar	-	762	(50)	(167)	545
Danish Krone	-	13	(22)	-	(9)
Euro Currency	-	488	(857)	91	(278)
Hong Kong Dollar	-	1	-	-	1
Japanese Yen	-	1,336	(330)	27	1,033
Mexican Peso	-	-	(7)	-	(7)
New Israeli Shekel	-	63	(1)	-	62
New Zealand Dollar	-	19	-	-	19
Norwegian Krone	-	1,994	(60)	-	1,934
Polish Zloty	-	-	(123)	-	(123)
Pound Sterling	-	138	(284)	75	(71)
Singapore Dollar	-	9	(1)	-	8
Swedish Krona	-	38	(281)	(42)	(285)
Swiss Franc	-	12	(855)	(16)	(859)
Total Foreign Currency	**$ -**	**$ 5,035**	**$ (3,395)**	**$ (5)**	**$ 1,635**
U.S. Dollar	(59)	-	-	851	792
Total	**$ (59)**	**$ 5,035**	**$ (3,395)**	**$ 846**	**$ 2,427**

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on the assets of the plan, net of investment expense, was 11.44%. 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.

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Securities Lending

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

Cash collateral received on loaned securities is invested together with the cash collateral of other qualified tax-exempt investors in a collective investment fund managed by State Street. The collective investment fund is not rated and is comprised of one liquidity investment pool. As of December 31, 2023, the liquidity pool had an average duration of 109 days and a weighted average maturity of 25 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 2023, there were no failures to return loaned securities or to pay distributions by the borrowers. Furthermore, there were no losses due to borrower defaults. The fair value of securities on loan and the total cash and non- cash collateral held as of December 31, 2023 was $316.0 million and $326.3 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, 2023
(Dollars in Thousands)

Security Lent for Cash Collateral	Fair Value of OCERS' Securities Lent	Cash Collateral Received	Collateral Investment Value
Global Public Equity	$ 185,494	$ 192,598	$ 192,598
Income Strategies	130,552	133,673	133,673
Total	**$ 316,046**	**$ 326,271**	**$ 326,271**

Investments – Fair Value Measurements

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

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

NOTE 3 : Investments (continued)

The following table represents the fair value measurements as of December 31, 2023:

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2023
(Dollars in Thousands)

	12/31/2023	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	$ 470,772	$ -	$ 470,772	$ -
U.S. Treasuries	306,294	-	306,294	-
Corporates	342,442	-	342,442	-
Mortgages	451,271	-	451,271	-
Asset-backed	63,130	-	63,130	-
Municipals	32,050	-	32,050	-
Agencies	3,031	-	3,031	-
International	146,310	-	146,310	-
Total Income Strategies	**1,815,300**	**-**	**1,815,300**	**-**
Global Public Equity Investments:				
Domestic Equity	6,615,303	586,841	6,028,462	-
International Equity	2,330,138	820,524	1,509,614	-
Emerging Markets Equity	359,003	-	359,003	-
Total Global Public Equity	**9,304,444**	**1,407,365**	**7,897,079**	**-**
Real Assets:				
Agriculture	15,172	-	-	15,172
Real Estate	11,001	-	-	11,001
Total Real Assets	**26,173**	**-**	**-**	**26,173**
Other Investments:				
Risk Mitigation	537,609	-	537,609	-
Total Other Investments	**537,609**	**-**	**537,609**	**-**
Total Investments by Fair Value Level	**$ 11,683,526**	**$ 1,407,365**	**$ 10,249,988**	**$ 26,173**

Notes to the Basic Financial Statements

NOTE 3 : Investments (continued)

Investments and Derivative Instruments Measured at Fair Value

As of December 31, 2023
(Dollars in Thousands)
(Continued)

	12/31/2023	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:				
International Equity	$ 535,424			
Emerging Markets Equity	686,365			
Total Global Public Equity	**1,221,789**			
Real Assets:				
Energy	772,562			
Infrastructure	699,990			
Real Estate	1,520,550			
Total Real Assets	**2,993,102**			
Other Investments:				
Income Strategies	1,299,996			
Private Equity	3,588,711			
Risk Mitigation	1,276,213			
Unique Strategies	123,207			
Total Other Investments	**6,288,127**			
Total Investments Measured at the NAV	**$ 10,503,018**			
Investments Derivative Instruments				
Swaps:				
Interest Rate Swaps	$ 278	$ -	$ 278	$ -
Credit Default Swaps	592	-	592	-
Total Return Swaps	(24)	-	(24)	-
Options	(59)	-	(59)	-
Total Investment Derivative Instruments	**787**	**$ -**	**$ 787**	**$ -**
Total Investments Measured at Fair Value	**$ 22,187,331**			

Income Strategies in the above schedule excludes $120.6 million of non-fixed income securities and derivatives that are included in the Income Strategies investment category on the Statement of Fiduciary Net Position.

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, 2023
(Dollars in Thousands)

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

	Fair Value Measured at NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)[1]	Redemption Notice Period
Investments Measured at the Net Asset Value (NAV)				
Global Public Equity:				
International Equity	$ 535,424	$ -	W	7 days
Emerging Markets Equity	686,365	-	M	30 days
Total Global Public Equity Investments	**1,221,789**	**-**		
Real Assets:				
Agriculture	-	22,451	Q	60 days
Energy	772,562	507,101	N/A	N/A
Infrastructure	699,990	426,290	N/A	N/A
Real Estate	1,520,550	618,012	Q, N/A	7-90 days, N/A
Total Real Assets	**2,993,102**	**1,573,854**		
Other Investments:				
Income Strategies	1,299,996	776,350	M, Q, N/A	5-90 days, N/A
Private Equity	3,588,711	1,953,080	N/A	N/A
Risk Mitigation	1,276,213	-	D, W, M, Q	1-75 days
Unique Strategies	123,207	206,096	Q, N/A	60 days, N/A
Total Other Investments	**6,288,127**	**2,935,526**		
Total Investments Measured at the NAV	**$ 10,503,018**	**$ 4,509,380**		

[1] D=Daily, W=Weekly, M=Monthly, Q=Quarterly, 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 five institutional funds. Two funds focus on international securities and three funds focus on emerging markets equities. The fair value of each fund has been determined using NAV per share or unit of the investments.

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

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

Income Strategies includes investments in twenty-five limited partnership funds and one equity fund. Eighteen of these funds are considered private credit investments, which are closed-end funds and are considered illiquid investments. These investments represent approximately 66% of the value. The remaining seven 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 five limited partnership funds, one of the funds allows for redemptions and the other funds 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, 2023 was $2.1 billion. Employer contribution rates are determined using the entry age actuarial cost method based upon a level percentage of payroll. The employer contributions provide for both normal cost and an amount to amortize any unfunded or overfunded actuarial accrued liabilities. By definition, the normal cost is the annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement benefit if all underlying assumptions are met. The actuarial valuation report as of December 31, 2020 established the contribution rates for the first six months of calendar year 2023 (second half of fiscal year 2022-2023), and the actuarial valuation report as of December 31, 2021 established the contribution rates for the last six months of calendar year 2023 (first half of fiscal year 2023-2024). For the year ended December 31, 2023, employer contribution rates ranged from 11.82% of payroll to 58.70% depending upon the benefit plan type. Employer pension contributions were $749.8 million for the year ended December 31, 2023 of which approximately $571.1 million and $82.2 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 $277.5 million in employee pension contributions for the year ended December 31, 2023. Average employee contribution rates for the year ended December 31, 2023 ranged between 9.77% and 17.39%.

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.

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 2023, $10.0 million of the remaining proceeds were utilized to offset the actuarially determined contributions for the County of Orange.

OCSD UAAL Deferred Reserve

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

Actuarial Deferred Return/(Loss)

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

Health Care Plan Reserves

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

Custodial Fund Reserve

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

Total Plan Reserves

As of December 31, 2023

(Dollars in Thousands)

Valuation Reserves	
Pension Reserve	$ 13,115,567
Employee Contribution Reserve	3,915,650
Employer Contribution Reserve	3,214,949
Annuity Reserve	2,900,053
Contra Account	(1,010,934)
Non-Valuation Reserves	
County Investment Account (POB Proceeds) Reserve	146,110
OCSD UAAL Deferred Reserve	16,025
Total Pension Fund Reserves (smoothed market actuarial value)	**22,297,420**
Actuarial Deferred Return/(Loss)	(499,991)
Net Position Restricted for Pension	**21,797,429**
Net Position Restricted for Other Postemployment Benefits	
Health Care Plan Reserves	542,217
Net Position Restricted for Employer	
Custodial Fund Reserve	19,464
Net Position Restricted for Pension, Other Postemployment Benefits and Employer	**$ 22,359,110**

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 2023 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, 2023.

Administrative Expense Compared to Actuarial Accrued Liability

For the Year Ended December 31, 2023

(Dollars in Thousands)

Actuarial Accrued Liability (AAL) as of December 31, 2023	$	26,477,040
Maximum Allowed for Administrative Expense (AAL * 0.21%)		55,602
Actual Administrative Expense[1]		27,366
Excess of Allowed Over Actual Expense	**$**	**28,236**
Actual Administrative Expense for the year ended December 31, 2023 as a Percentage of Actuarial Accrued Liability as of December 31, 2023		0.10%
[1] Administrative Expense Reconciliation		
Administrative Expense per Statement of Changes in Fiduciary Net Position	$	29,056
Less: Administrative Expense Not Considered per CERL Section 31596.1		(1,690)
Administrative Expense Allowable Under CERL Section 31580.2	**$**	**27,366**

NOTE 7: Contingencies

At December 31, 2023, 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.

The net pension liability was measured as of December 31, 2023. 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, 2022. The components of the net pension liability as of December 31, 2023 are as follows:

Net Pension Liability
For the Year Ended December 31, 2023
(Dollars in Thousands)

Total Pension Liability	$ 26,644,141
Less: Plan Fiduciary Net Position	(21,797,429)
Net Pension Liability	**$ 4,846,712**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**81.81%**

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, 2023 was determined by rolling forward the liability as determined in the actuarial valuation as of December 31, 2022. 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, 2023 funding valuation for OCERS. In particular, the following actuarial assumptions were applied in the measurement:

Inflation	2.50%
Salary Increases	General: 3.90% to 8.00% 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

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments[1] 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. 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, 2023 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, 2023

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2023. 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, 2023.

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

The following table represents the net pension liability as of December 31, 2023, 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 Liability to Changes in the Discount Rate

As of December 31, 2023
(Dollars in Thousands)

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$8,494,917	$4,846,712	$1,864,403

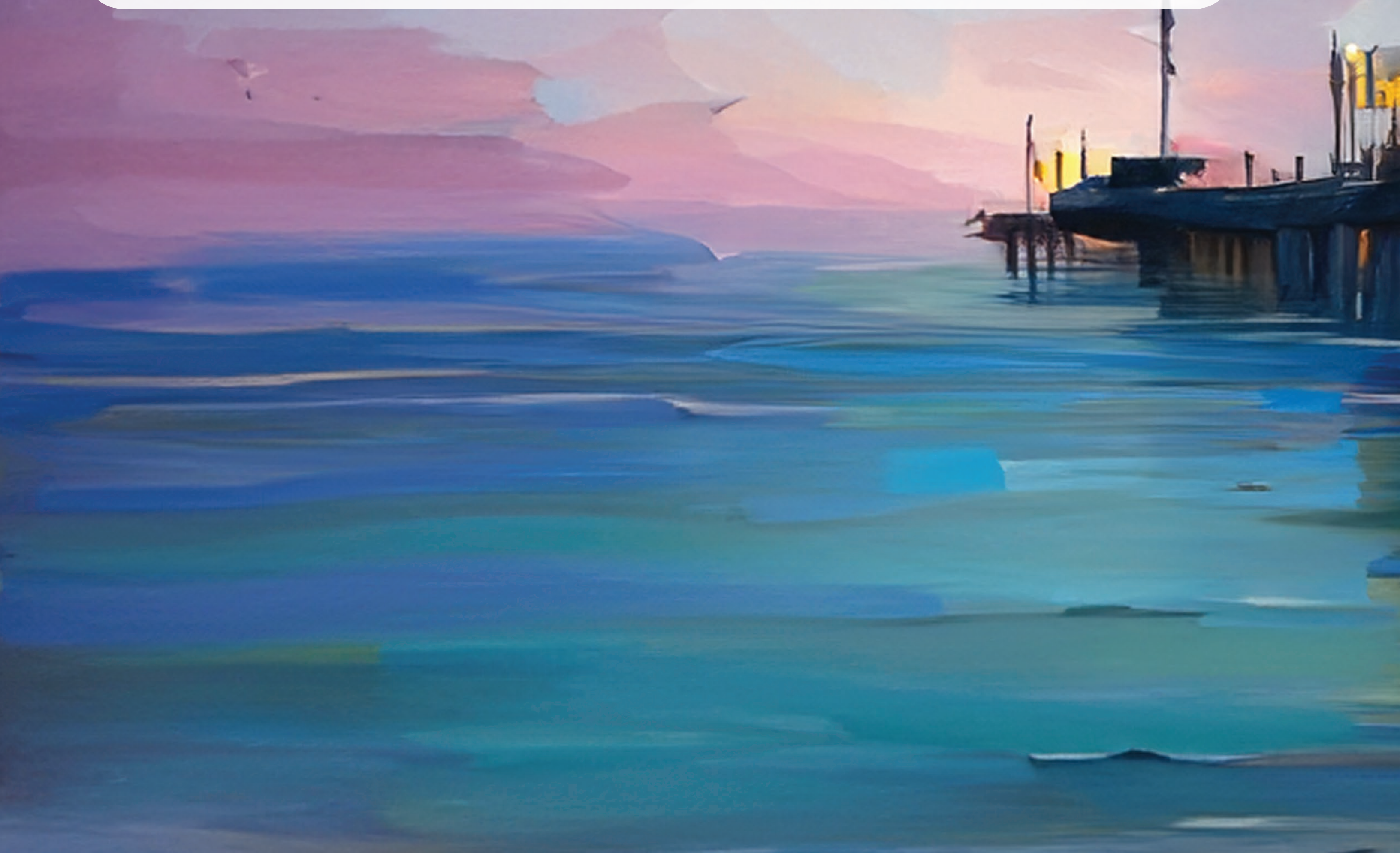
Section 2

Financial | Required Supplementary Information

Huntington Beach Pier

The Huntington Beach Pier stands as a timeless testament to Orange County's deep connection with the boundless expanse of the ocean. Stretching majestically into the Pacific, it becomes a stage where surfers ride the cresting waves and seagulls glide effortlessly on the salty breeze. Beyond its weathered wooden planks lies a world of endless possibilities, where day transitions into night amidst the mesmerizing spectacle of the setting sun.

As sunlight dances upon the rippling ocean surface, shades of azure spring to life, weaving a mosaic of serenity that enchants all who stroll along these pristine shores. From dawn's first light to dusk's final embrace, the Huntington Beach Pier serves as a beacon of resilience and vitality, inviting all who behold it to immerse themselves in the ever-changing tapestry of the sea.



Schedule of Changes in Net Pension Liability of Participating Employers

For the Years Ended December 31, 2014 through 2023
(Dollars in Thousands)

	2023	2022	2021	2020	2019
Total Pension Liability					
Service Cost	$ 536,400	$ 526,769	$ 510,863	$ 512,255	$ 499,256
Interest	1,750,651	1,675,053	1,609,891	1,535,954	1,452,644
Differences Between Expected and Actual Experience	326,785	46,500	(113,046)	162,336	24,383
Changes of Assumptions	165,526	-	-	18,967	-
Benefit Payments, Including Refunds of Employee Contributions	(1,216,248)	(1,139,715)	(1,045,738)	(973,325)	(900,902)
Other	-	-	-	-	-
Net Change in Total Pension Liability	1,563,114	1,108,607	961,970	1,256,187	1,075,381
Total Pension Liability - Beginning	25,081,027	23,972,420	23,010,450	21,754,263	20,678,882
Total Pension Liability - Ending (a)	**$ 26,644,141**	**$ 25,081,027**	**$ 23,972,420**	**$ 23,010,450**	**$ 21,754,263**
Plan Fiduciary Net Position					
Contributions - Employer[2]	$ 749,776	$ 719,691	$ 698,791	$ 659,807	$ 653,793[3]
Contributions - Employee	277,455	269,999	271,334	279,384	279,373
Net Investment Income/(Loss)	2,325,481	(2,058,590)	3,222,065	2,173,184	2,183,808
Benefit Payments, Including Refunds of Employee Contributions	(1,216,248)	(1,139,715)	(1,045,738)	(973,325)	(900,902)
Administrative Expense	(29,056)	(23,546)	(21,473)	(20,428)	(19,171)
Net Change in Plan Fiduciary Net Position	2,107,408	(2,232,161)	3,124,979	2,118,622	2,196,901
Plan Fiduciary Net Position - Beginning	19,690,021	21,922,182	18,797,203	16,678,581	14,481,680
Plan Fiduciary Net Position - Ending (b)	21,797,429	19,690,021	21,922,182	18,797,203	16,678,581
Net Pension Liability (a) - (b) = (c)	**$ 4,846,712**	**$ 5,391,006**	**$ 2,050,238**	**$ 4,213,247**	**$ 5,075,682**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	81.81%	78.51%	91.45%	81.69 %	76.67%
Covered Payroll (d)[4]	$ 2,042,240	$ 1,932,374	$ 1,870,387	$ 1,909,268	$ 1,783,054
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	237.32%	278.98%	109.62%	220.67 %	284.66%

[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, 2014 through 2023
(Dollars in Thousands)

(continued)

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	$ 491,373	$ 452,412	$ 427,473	$ 439,454	$ 438,600
Interest	1,379,917	1,305,268	1,241,080	1,197,308	1,153,352
Differences Between Expected and Actual Experience	(118,124)	(66,964)	(323,566)	(205,463)	(327,402)
Changes of Assumptions	-	827,197	-	-	(127,729)
Benefit Payments, Including Refunds of Employee Contributions	(828,278)	(764,344)	(717,976)	(675,963)	(630,678)
Other	-	-	(509)[1]	-	-
Net Change in Total Pension Liability	924,888	1,753,569	626,502	755,336	506,143
Total Pension Liability - Beginning	19,753,994	18,000,425	17,373,923	16,618,587	16,112,444
Total Pension Liability - Ending (a)	**$ 20,678,882**	**$ 19,753,994**	**$ 18,000,425**	**$ 17,373,923**	**$ 16,618,587**
Plan Fiduciary Net Position					
Contributions - Employer[2]	$ 580,905[3]	$ 572,104[3]	$ 567,196	$ 571,298	$ 625,520
Contributions - Employee	270,070	262,294	258,297	249,271	232,656
Net Investment Income/(Loss)	(324,628)	1,939,635	1,061,243	(10,873)	499,195
Benefit Payments, Including Refunds of Employee Contributions	(828,278)	(764,344)	(717,976)	(675,963)	(630,678)
Administrative Expense	(18,284)	(17,002)	(16,870)	(12,521)	(11,905)
Net Change in Plan Fiduciary Net Position	(320,215)	1,992,687	1,151,890	121,212	714,788
Plan Fiduciary Net Position - Beginning	14,801,895	12,809,208	11,657,318	11,536,106	10,821,318
Plan Fiduciary Net Position - Ending (b)	14,481,680	14,801,895	12,809,208	11,657,318	11,536,106
Net Pension Liability (a) - (b) = (c)	**$ 6,197,202**	**$ 4,952,099**	**$ 5,191,217**	**$ 5,716,605**	**$ 5,082,481**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b)/(a)	70.03%	74.93%	71.16%	67.10%	69.42%
Covered Payroll (d)[4]	$ 1,718,798	$ 1,678,322	$ 1,602,675	$ 1,521,036	$ 1,513,206
Plan Net Pension Liability as a Percentage of Covered Payroll (c)/(d)	360.55%	295.06%	323.91%	375.84%	335.88%

Schedule of Investment Returns

For the Years Ended December 31, 2014 Through 2023

Year Ended December 31	Annual Money Weighted Rate of Return, Net of Investment Expense
2014	4.64%
2015	-0.51%
2016	8.71%
2017	14.74%
2018	-1.31%
2019	14.81%
2020	11.22%
2021	16.67%
2022	-7.88%
2023	11.44%

Schedule of Employer Contributions

For the Years Ended December 31, 2014 through 2023
(Dollars in Thousands)

Year Ended December 31	Actuarially Determined Contributions[1]	Actual Contributions[1]	Contribution Deficiency / (Excess)	Covered Payroll [2]	Contributions as a % of Covered Payroll [1, 2]
2014	$ 476,320	$ 625,520[3]	$ (149,200)	$ 1,513,206	41.34%
2015	502,886	571,298[3]	(68,412)	1,521,036	37.56%
2016	521,447	567,196[3]	(45,749)	1,602,675	35.40%
2017	536,726	572,104[3]	(35,378)	1,678,322	34.09%
2018	556,728	580,905[3]	(24,177)	1,718,798	33.80%
2019	583,057	653,793[3]	(70,736)	1,783,054	36.67%
2020	638,215	659,807[3]	(21,592)	1,909,268	34.56%
2021	684,142	698,791[3]	(14,649)	1,870,387	37.36%
2022	707,318	719,691[3]	(12,373)	1,932,374	37.24%
2023	736,016	749,776[3]	(13,760)	2,042,240	36.71%

[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)

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

[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, 2023:

Valuation Date	Actuarially determined contribution rates for the first six months of calendar year 2023 or the second half of fiscal year 2022-2023 are calculated based on the December 31, 2020 valuation. Actuarially determined contribution rates for the last six months of calendar year 2023 or the first half of fiscal year 2023-2024 are calculated based on the December 31, 2021 valuation.
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining Amortization Period	Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15-year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.
Asset Valuation Method	The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected market return over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Actuarial Assumptions:	
December 31, 2020 Valuation	
Investment Rate of Return	7.00% net of pension plan 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, 2020 funding actuarial valuation
December 31, 2021 Valuation	
Investment Rate of Return	7.00% net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, vary by service, including inflation
Cost of Living Adjustments (COLA)	Retiree COLA increases of 2.75% per year. For members that have COLA banks, it is assumed they receive 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter
Other Assumptions	Same as those used in the December 31, 2021 funding actuarial valuation

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 PEPRA) on a go forward basis for all existing employees in Plan T and any future PEPRA eligible employees with an effective date of July 1, 2023. This enhancement resulted in a slight decrease to the employer and employee normal cost rates for Plan T and a slight increase to the employer and employee normal cost for Plan U as reported for Rate Group #2 in the original 12/31/2021 actuarial valuation.

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 PEPRA Plan U (2.5% at 67 PEPRA – General) or the alternate plan formula, Plan W (1.62% at 65 PEPRA – General).

• Orange County Public Law Library was moved from Rate Group #3 into its own rate group, Rate Group #12.

Significant Factors Affecting Trends in Actuarial Information – Pension Plan

(continued)

Changes in Assumptions

2023 • Projected salary increases for general members of 4.00% to 11.00% changed to 3.90% to 8.00% 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.

2014 • The inflation rate was reduced from 3.25% to 3.00%

• Total wage inflation and payroll growth was reduced from 3.75% to 3.50%.

• Inclusion of additional cash-out assumptions in developing basic member contribution rates in the legacy plans.

• Mortality rates for after service retirement were changed to reflect longer life expectancies for Safety members and shorter life expectancies for General members and longer life expectancies for both General and Safety members for after disability retirement. The cost impact to employer to be phased in over three years.

Section 2

Financial | Other Supplementary Information

Orange County Museum of Art

Just a short drive from the ocean in Costa Mesa, the Orange County Museum of Art stands as a testament to the region's vibrant artistic spirit. Its sleek architecture, adorned with expansive glass windows that mirror the azure skies above, invites visitors to embark on a journey of exploration and imagination. Within its galleries, a kaleidoscope of blue hues adorns the walls, serving as the backdrop for an eclectic array of contemporary masterpieces.

As visitors wander through the museum's halls, they are enveloped in the tranquil embrace of blue, a color that ignites the creative spark and inspires boundless innovation. From the serene cerulean tones of abstract paintings to the deep indigos of immersive installations, every artwork housed within the museum's walls tells a story of passion, expression, and discovery. Here, amidst the azure canvases of creativity, visitors are invited to immerse themselves in the transformative power of art and celebrate the diverse voices that shape Orange County's cultural landscape.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Schedule of Contributions

For the Year Ended December 31, 2023
(Dollars in Thousands)

	Employee	Employer
Pension Trust Fund Contributions		
County of Orange	$ 205,958	$ 587,980
Orange County Fire Authority	31,508	84,071[1]
Orange County Superior Court of California	15,971	44,704
Orange County Transportation Authority	11,860	33,340
City of San Juan Capistrano	624	2,261
Orange County Sanitation District	8,539	8,887
UCI Medical Center & Campus	-	2,980[2]
Orange County Employees Retirement System	1,363	4,477
Transportation Corridor Agencies	871	867
Orange County Department of Education	-	317[2]
Orange County Cemetery District	198	274
Orange County Children & Families Commission	174	254
Orange County Local Agency Formation Commission	57	237
Orange County In-Home Supportive Services Public Authority	160	202
Orange County Public Law Library	172	130
Contributions Before Prepaid Discount	277,455	770,981
Prepaid Employer Contribution Discount	-	(21,205)
Total Pension Trust Fund Contributions	**277,455**	**749,776**
Health Care Fund - OCFA Contributions	**-**	**26,245**
Custodial Fund - OCTA Employer OPEB Contributions	**-**	**794**
Total Contributions	**$ 277,455**	**$ 776,815**

[1] Unfunded actuarial accrued liability payments were made for $10.3 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, 2023
(Dollars in Thousands)

Pension Trust Fund Administrative Expenses	
Expenses Subject to the Statutory Limit	
Personnel Services	
Employee Salaries and Benefits	$ 17,829
Board Members' Allowance	13
Total Personnel Services	17,842
Office Operating Expenses	
Depreciation/Amortization	2,695
Professional Services	3,266
General Office and Administrative Expenses	2,750
Rent/Leased Real Property	813
Total Office Operating Expenses	9,524
Total Expenses Subject to the Statutory Limit	27,366
Expenses Not Subject to the Statutory Limit	
Information Technology Professional Services	617
Information Technology Security Professional Services	144
Finance Software Professional Services	9
Actuarial Fees	377
Equipment / Software	543
Total Expenses Not Subject to the Statutory Limit	1,690
Total Pension Trust Fund Administrative Expenses	**29,056**
Health Care Fund - County Administrative Expenses	**24**
Health Care Fund - OCFA Administrative Expenses	**23**
Custodial Fund - OCTA Administrative Expenses	**23**
Total Administrative Expenses	**$ 29,126**

Schedule of Investment Expenses

For the Year Ended December 31, 2023
(Dollars in Thousands)

Investment Management Fees*		
Global Public Equity	$	16,337
Income Strategies		14,928
Real Assets		31,417
Private Equity		38,894
Risk Mitigation		10,034
Unique Strategies		2,332
Short-Term Investments		123
Total Investment Management Fees		**114,065**
Other Fund Expenses[1]		**51,695**
Other Investment Expenses		
Consulting/Research Fees		2,272
Investment Department Expenses		4,226
Legal Services		435
Custodian Services		580
Investment Service Providers		26
Total Other Investment Expenses		**7,539**
Security Lending Activity		
Security Lending Fees		245
Rebate Fees		11,332
Total Security Lending Activity		**11,577**
Custodial Fund - OCTA Investment Fees and Expenses		**3**
Total Investment Expenses	**$**	**184,879**

* 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, 2023
(Dollars in Thousands)

Type of Services*	
Professional Expenses Subject to the Statutory Limit	
Medical/Disability Services	$ 483
Information Technology Services	164
Legal Counsel	966
Other Consulting/Services	883
Operations Support Services	352
Audit Services	117
Other Legal Services	107
Human Resources Services	141
Finance Services	53
Total Professional Expenses Subject to the Statutory Limit	**3,266**
Professional Expenses Not Subject to the Statutory Limit	
Consulting/Research Fees	2,272
Information Technology Consultants	617
Custodian Services	580
Investment Legal Services	435
Actuarial Services	377
Information Security Consultants	144
Finance Software Consultants	9
Investment Service Providers	26
Total Professional Expenses Not Subject to the Statutory Limit	**4,460**
Total Payments for Professional Expenses	**$ 7,726**

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

Section 3

Investments

Irvine Regional Park

Irvine Regional Park, nestled in the heart of Orange County, is a verdant oasis known for its lush green landscapes and natural beauty. As Orange County's oldest park and a beloved historic landmark as the first regional park in California, it offers visitors a peaceful retreat amid towering trees, expansive meadows, and winding trails. The park's abundant greenery provides a refreshing escape from urban life, inviting visitors to explore its scenic picnic areas, serene lakes, and shaded pathways.

Established in 1897, Irvine Regional Park encompasses diverse ecosystems, including oak woodlands and riparian habitats, that support a variety of wildlife and plant species. The park's commitment to conservation and outdoor recreation makes it a popular destination for nature enthusiasts, families, and outdoor adventurers alike. Whether strolling along shaded paths under canopies of green or enjoying recreational activities like hiking, biking, and picnicking, Irvine Regional Park offers a tranquil and rejuvenating experience immersed in the vibrant green landscapes of Orange County's natural environment.


RVINE REGIONAL PARK

Investment Consultant's Statement

MEKETA

5796 Armada Drive
Suite 110
Carlsbad, CA 92008

760.795.3450
Meketa.com

MEMORANDUM

TO: Board Members, Orange County Employees Retirement System
FROM: Stephen McCourt, Allan Emkin, Laura Wirick, Stephanie Sorg, Meketa Investment Group
DATE: May 10, 2024
RE: Investment Consultant's Statement for 2023 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, 2023.

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 assist 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 2023 Year in Review

Coming into the year, many market observers were calling for a recession in 2023, following the aggressive monetary policy tightening by the Federal Reserve in 2022 (they increased rates by over 4%). Despite concerns over slowing growth, optimism was building that interest rates could peak in 2023 given slowing inflation. The continued strength of the US consumer due to a strong labor market, rising wages, and pandemic related savings also had many thinking that if the US economy did hit a recession, it would be mild.

The first quarter of 2023, however, was a volatile one driven by investors continuing to adjust their interest rate and inflation expectations, coinciding with the failure of Silicon Valley Bank and a few other regional banks. Ultimately, however, the swift emergency actions taken by the Federal Reserve, the Treasury, and other government agencies, helped alleviate some of the concerns connected to the banking sector. This, and a focus on slowing inflation and potentially peaking rates, led to most asset classes experiencing positive results for the first quarter of 2023, with riskier assets leading the way.

In the first quarter of 2023, the US equity market (Russell 3000) returned 7.2%[1], while international developed market equities (MSCI EAFE) had the best quarterly results returning 8.5%. Emerging market

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equities (MSCI Emerging Markets) were also positive for the quarter, returning 4.0%. Chinese equities (MSCI China) rose 4.7% but generally lagged developed markets as optimism over the reopening of the economy from the pandemic was tempered by increased tensions with the US.

Fixed income markets also posted gains for the first quarter, in a volatile period for interest rates, particularly for shorter maturities. Overall, the change in monetary policy expectations and flight-to-safety flows during the height of the concerns surrounding the banking sector drove most interest rates lower. The two-year Treasury fell from 4.4% to 4.0% while the ten-year Treasury fell from 3.9% to 3.5%. The yield curve remained inverted at the end of March. The broad US investment grade bond market (Bloomberg US Aggregate) and high yield bonds (Bloomberg High Yield) rose 3.0% and 3.6%[1] during the first quarter, respectively. High yield bonds particularly benefitted from the positive risk sentiment.

Financial markets were mixed in the second quarter, as investors continued to contend with the track of inflation, the path of monetary policy, lingering fears from the regional banking crisis, and an uncertain economic outlook. Most equity markets posted strong positive returns for the quarter as the Fed kept interest rates unchanged at their June meeting for the first time since early 2022. Hopes were also growing that the Fed could reduce inflation without widespread disruptions to equity markets and the economy. Fixed income markets did not fare as well falling slightly for the quarter, as rates rose, with bond investors more focused on the continuing tightening policy of the Federal Reserve.

Of the major asset classes, the US equity market (Russell 3000) led the way, returning 8.4%[1] for the second quarter with most of the gains (6.8%) coming just in the month of June 2023. Notably, relatively few stocks (mainly large technology companies) accounted for most of the gains in the first and second quarters of 2023 driven by optimism over artificial intelligence ("AI") technology. Looking at the S&P 500, the index was up 16.9% in the first two quarters of the year. Without the top performing 44 stocks, the index would have been negative over the same period.[2]

Developed international equities (MSCI EAFE) returned 3.0% for the second quarter, while emerging market equities (MSCI Emerging Markets) lagged, returning just 0.9%. On-going signaling from the central banks in Europe and the UK to continue increasing interest rates along with an overall stronger US dollar weighed on relative results in developed markets. Chinese equities weighed heavily on overall results in emerging markets with the MSCI China index falling -9.7% for the second quarter. Chinese equities suffered due to a lackluster economic reopening, weak economic data, concerns over the property market, and heightened tensions with the US.

Treasuries reversed course in the second quarter as the Federal Reserve indicated additional rate hikes were needed to combat persistent inflation. The policy sensitive two-year Treasury increased significantly from 4.0% up to 4.9% while the ten-year Treasury rose more modestly from 3.5% to 3.8%. The yield curve inverted further given these dynamics. The broad US investment grade bond market (Bloomberg US Aggregate) fell 0.8%[1] in the second quarter in this environment. High yield bonds (Bloomberg High Yield) benefited from the "risk-on" sentiment, returning 1.7%[1] in the second quarter[1].

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Commodities (Bloomberg Commodity Index) continued to soften on weakening global growth expectations and developments with China, declining -2.6% for the second quarter.[1]

The second half of calendar year 2023 began with a continuation of the positive sentiment from June, as economic activity and corporate data came in above expectations. However, once the Federal Reserve increased interest rates 25 basis points to a range of 5.25% - 5.5%, sentiment began to shift. This came after a pause at their June meeting on the pretext of waiting for further data to assess the impact of their rate hikes on the economy.

Given the Fed's comments and above expectations economic data, it was around this time investors started to recognize that rates could stay higher for longer. Combined with a downgrade in US debt and weakening economic data out of Europe and China, equity markets began to decline. Of the major asset classes, the US equity market (Russell 3000) fell by -3.3% in the third quarter. Outside the US, developed markets (MSCI EAFE) lost -4.1% and emerging market equities (MSCI Emerging Markets) were down -2.9%. Within emerging markets, Chinese equities (MSCI China) were down -1.9% in the third quarter of 2023.

Rates continued to drift upward in the third quarter with longer dated maturities increasing the most this time driving a flattening of the yield curve. The two-year Treasury rose slightly from 4.9% to 5.1% while the ten-year Treasury increased from 3.8% to 4.6%. Higher rates resulted in negative returns for investment grade bonds. The broad US investment grade bond market (Bloomberg US Aggregate) fell -3.2%[3]. Returns for High Yield bonds (Bloomberg High Yield) remained robust on few signs of distress and increased by 0.5% over the period.

As the fourth calendar quarter of 2023 began, futures markets were still pricing in a small chance of an additional rate hike in the cycle, with two to three potential rate decreases in 2024. Markets continued searching for overall direction though, on the path of inflation, growth, and interest rates both here in the US and abroad. As the quarter progressed, economic data started to come in below expectations and optimism built that major central banks could start cutting rates in 2024. This shift in sentiment rekindled the broad risk-on environment experienced earlier in 2023.

Among equity asset classes, the US equity market (Russell 3000) returned an impressive 12.1% in the final three months of the year. Outside the US, developed markets (MSCI EAFE) increased by 10.4% in the fourth quarter with more than half the gains coming from a depreciating US dollar. Emerging market equities (MSCI Emerging Markets) were up 7.9% over the same period. Within emerging markets, Chinese equities (MSCI China) were still down -4.2%, despite the enthusiasm around the globe.

Following a softening in inflation and expectations of lower policy rates, interest rates fell significantly in the fourth quarter, resulting in positive returns for investment grade asset classes. The two-year Treasury fell from 5.1% to 4.3%, while the ten-year Treasury declined from 4.6% to 3.9%. The broad US investment grade bond market (Bloomberg US Aggregate) was up 6.8%[1], the strongest quarterly performance on record for that benchmark. Returns for high yield bonds (Bloomberg High Yield) continued the positive trend and increased by 7.2% over the fourth quarter.

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Remarkably, despite a calendar year in which a recession was the consensus forecast, GDP growth and unemployment remained unexpectedly robust, and inflation continued to decline closer to the Federal Reserve's target. GDP growth in the US was 2.2%[4], 2.1%[4], 4.9%[4] and 3.2%[4] for the first, second, third, and fourth quarters, respectively, for calendar year 2023. Unemployment increased slightly over the calendar year, starting at 3.5% and ending at 3.7%[5], but remained remarkably low. All of this occurred while the headline year-over-year inflation number decreased from 6.5% in December 2022 to 3.4%[5] by year-end.

Outside the US, unemployment and inflation painted a more mixed picture. The Eurozone ended calendar year 2023 with unemployment numbers at 6.5%[1], down from 6.7%[1] at the beginning of the calendar year.[1] Japan ended with an unemployment figure of 2.5%, right where it started for the year. Inflation in the Eurozone ended the calendar year at 2.9%[6], down from 9.2%[6] a year earlier. Inflation in Japan ended calendar year 2023 at 2.6% versus 4.0%[1] at the beginning of the calendar year. China notably had inflation levels during calendar year 2023 close to 0% or below, given a disappointing reopening after Covid, issues in the property sector, geopolitical tensions, and capital flight out of the country.

Calendar Year 2024 Outlook

In calendar year 2023, the US economy defied most expectations, with inflation coming down quickly without significant damage to the economy despite a historically rapid increase in rates over the previous 18 months. The Federal Funds rate ended the year above 5%, while economic growth remained far from recessionary territory. This resulted in enthusiasm in equity and fixed income markets, especially toward the end of the calendar year, that rate cuts could lie ahead, and a "soft landing" might be achievable this cycle. As we look toward the rest of 2024, there are several areas that could guide markets, both positively and negatively. These include:

→ Can the good news on growth, employment, and earnings continue?

- In 2024 we will be watching as the Federal Reserve continues to attempt to manage a "soft landing" of the US economy.[7] A soft landing is when the Fed is able to sufficiently reduce inflation without increasing unemployment and turning growth negative.[8] The Fed is forecasting that the US will grow 1.4% in 2024.[9] That being said, some recession models still have the chance of a US recession at that of a coin flip.[10]
- Often, as policy rates peak, inflation starts to fall due to the impact of the rate increases flowing through the economy and slowing demand. However, in this most recent cycle, the supply-side shocks of the pandemic that disrupted the supply of food, fuel, goods, and services were a large part of the spike in inflation. As these supply-chain bottlenecks eased, inflationary pressures also diminished.[11] Throughout this inflationary period, markets' long-run inflation expectations remained close to the Fed's inflation target of 2%. This expectation helped place an implicit cap on longer-term interest rates and bond yields. The inversion of the yield curve, where short-term interest rates are higher than long-term interest rates, persisted through 2023 and into 2024.

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- This inverted yield curve allowed governments and companies to issue longer-dated debt (or refinance existing debt) at lower rates than if they were issuing short-term debt. In addition, credit spreads tightened in 2023, thus lowering borrowing costs for some corporate issuers. At the start of 2024, US corporations issued a record amount of debt at an average yield of 5.44% for ten-year corporate bonds.[12] For now, credit markets have low levels of distress and narrow spreads.[13] The net result is that, rather than facing elevated borrowing costs in 2024, many companies may be able to issue longer-dated debt at attractive rates.
- Like the resilient credit markets, the US labor market remains healthy, with forecasts for only slight increases in unemployment for 2024 and 2025 (e.g., the Fed is forecasting an unemployment rate of 4.1% for both years).[14] In 2022, the Fed forecasted that unemployment would rise in 2023 to 4.4%. Instead at year-end 2023 the unemployment rate was just 3.7%.[15] While the pace of job creation in the US slowed in 2023, the US economy still added a healthy 2.7 million jobs last year.[16] The current number of job openings (~9.0 million) continues to exceed the number of available workers with ratio of openings to available workers at 1.4.[17] Wage increases year-over-year have slowed from their peak of around 6% to 4.3%, but they are now positive in real terms.[18]
- The prospects for corporate earnings are linked to all these factors. Higher borrowing costs cut into earnings, so lower rates would ease that burden. If economic growth continues to be better than expected, it will bode well for earnings growth. Finally, rising wages can cut both ways. Higher labor costs may dampen earnings, but full employment implies that the broad population will be in a better position to fuel growth.

→ Consumers versus inflation.

- Inflation, after surging during and after the global pandemic, has significantly declined from its peak in the US and other advanced economies. However, inflation remains above the Fed's target, largely driven by the "stickier"[19] services sectors. In February 2024, the Consumer Price Index ("CPI") was at 3.2%, well below its peak of 9.1% in June of 2022.[20] Core CPI, which strips out the volatile food and fuel components, finished the year at 3.9%[1] and is slightly lower now at 3.8% down from a 6.6% peak.[21] Core inflation is higher than headline inflation, as price increases for parts of the services sector, particularly shelter, medical care, and auto insurance, remain elevated. We will be watching the path of inflation closely on this (hopefully) final leg toward the Fed's target. We will pay particularly close attention to the stickier parts of the CPI basket.
- So far, the US consumer has weathered higher prices, increased borrowing costs, and fears of a potential recession. However, some pressures are building under the surface for the US consumer related to debt. Much of the savings that was accumulated during the pandemic has now been spent, and despite wage increases recently becoming positive in real terms, overall wage gains have not kept pace with inflation.[22] This has led to consumers turning to borrowing at a time of rapidly rising interest rates. Recently, total US consumer credit soared to over one trillion dollars, a record high, while the average interest rate on this debt also reached a record

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of over 20%.[23] This has not created a major strain on the consumer yet,[24] but that could rapidly change if economic growth slows, and the labor market weakens.

→ Uncertainty remains on the path of interest rates.

- The median of the Fed's dot plot forecasts a Fed Funds Rate of 4.6% by the end of 2024, while futures markets expect a similar rate by the end of the year.[25] This is a recent change as previously there was a wide gap between the Fed's interest rate outlook and that of the market. Although both are now forecasting similar declines in interest rates this year, questions remain on the timing of rate of cuts. Market expectations are pricing the probability of an interest rate cut at below 50% for many of the upcoming meetings. The timing of cuts and their magnitude may prove to be a key driver of results this year.
- Market participants increased their bets late last year and into early this year on how many times the Fed would lower rates in 2024 from two all the way to seven. At peak rate-cutting enthusiasm, the timing of the first rate cut was expected to take place in March. Given strong economic data and recent Fed guidance, the number of cuts anticipated by the markets for 2024 has since been reduced to two or three, with the first cut now expected in the second half of 2024.[26]
- This year we will be closely watching key economic data releases for any clues to the path of Fed policy. If the Fed cuts interest rates at a faster pace than is currently expected, we could see further gains in risk assets. However, if the timing of cuts is further delayed or the magnitude of cuts is lower than expected, we see the potential for an asymmetric risk to the downside for risk assets, as this adjustment would likely be driven by continued strength in the labor market and inflation remaining elevated.

→ Geopolitical risks.

- China is one of the first countries we inspect on the world stage, given its economic and political heft, not to mention its rivalry with the US. China's geopolitical ambitions continue to worry its neighbors and the US. Tensions may escalate for any number of reasons, such as the US signaling support for the pro-independence party winning in Taiwan's recent election. While the re-election of Taiwan's ruling Democratic Progressive party was expected, US-China strain has not subsided despite President Xi's visit to the US last summer.[27]
- A proliferation of ongoing and latent regional conflicts has the potential to destabilize markets as well. The war in Ukraine continues to demand more military and financial support.[28] Hamas' attack on Israel and the response of the Israeli Defense Force in Gaza has placed Israel's allies in a difficult position. While Iran has denied involvement in the attack, the long association between Iran and Hamas has prompted concerns regarding a resurgence of proxy wars. The pressure on global supply chains has risen considerably as Houthi rebels (another group considered to be a proxy force for Iran) attack NATO/Israeli allied ships in the Red Sea.[30] So far, the attacks have provoked the re-routing of at least $200 billion in cargo, adding over 10 days and 3,000 miles to the transport route.[29]

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- China, with its own troubled domestic economy and real estate crisis, could continue to favor pro-nationalist policies over economic growth. Politically, China might try to thwart US multilateral efforts to restore peace in the Middle East and contain President Putin.[30] Foreign investors are pulling a record amount of capital out of China, making China's economic woes worse.[31] Despite Chinese policy makers scrambling to restore investor confidence and battle deflation, public markets in China continue to decline.
- We will continue to evaluate these geopolitical concerns, with an eye toward their impact on inflation and growth. Increases in geopolitical conflicts could hamper supply chains and once again drive-up inflation. As the world's second largest economy, the health of the Chinese economy is important to many corporations and investors.

OCERS 2023 Performance

OCERS' portfolio returned 11.4% in 2023, compared to the Policy Index's trailing 12-month return of 12.1%. The portfolio return ranked above the median of the Public Defined Benefit > $1 Billion peer universe. Global Public Equity had the strongest absolute performance of all asset classes, returning 22.9%, while the Total Real Estate asset class had the weakest 2023 performance of -10.5%, driven by the continued elevation in interest rates and lack of transaction activity.

Over the trailing three- and five-year periods, the OCERS portfolio returned 6.2% and 8.8% on average annually. For the trailing three years, OCERS' performance ranked in the 13th percentile compared to peers,[32] and over the trailing five years, ranked in the 34th percentile.

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

LBW/SBS/jls

May 10, 2024

1 Source: Bloomberg.
2 Source: S&P Dow Jones Indices.
3 Source: OECED.
4 Source: Bureau of Economic Analysis.
5 Source: Bureau of Labor Statistics.
6 Source: Eurostat.
7 Source: Federal Reserve of St. Louis, "K. Engermann, "" A Soft Landing for the Economy: What it Means and What Data to Look at," October 11, 2023. The Fed was not able to tame inflation in the late 1970s and early 1980s without triggering economic recessions and raising unemployment.
8 Source: Federal Reserve of St. Louis, "K. Engermann, "" A Soft Landing for the Economy: What it Means and What Data to Look at," October 11, 2023.
9 Source: IMF, "World Economic Outlook," January 2024 has forecast US growth to be 1.5% in 2024. See also Federal Reserve, "Summary of Economic Projections," December 2023. Real GDP for US in 2024 range from 0.8% to 2.5%.
10 Source: Wall Street Journal, H. Troy et al., "A Recession is No Longer the Consensus," October 15, 2023. Wall Street Journal survey of economists estimate probability of recession below fifty percent. There are economists who have included a 'no landing' outcome where growth remains strong and labor markets are tight with falling inflation.
11 Source: Federal Reserve of Cleveland, M. Gordon, "Impacts of Supply Chain Disruption on Inflation," May 2023. European Central Bank, S. Tenreyo, "Monetary Policy in the Face of Supply Shocks: The Role of Inflation Expectations," June 26-28, 2023.
12 Source: Bloomberg, C. Mutua, "US Corporate Bonds Sales Hit $188 Billion in January," January 29, 2024.
13 Source: Federal Reserve of New York, "Corporate Bond Market Distress Index", January 31, 2024.
14 Source: Federal Reserve, "Summary of Economic Projections," December 2023. Unemployment forecast 4.1% for 2024. In September 2022, the FOMC forecast unemployment to rise to 4.4% in 2023.
15 Source: BLS as of January 2024. FOMC, "Summary of Economic Projections," September 2022.
16 Source: Bureau of Labor Statistics, January 2024.
17 Source: BLS, February 2024. In 2022 the US economy added 4.8 million jobs at an average monthly pace of 399,000.
18 Source: Employment Cost Index, December 31, 2023.
19 Source: Federal Reserve Bank of Cleveland, M. Bryan, "Are Some Prices More Forward Looking than Others? We Think So'", May 19, 2010. Sticky prices are the prices for goods and services that do not respond quickly to aggregate demand. Medical care, personal services, insurance, and education are some examples of sticky-price services and goods. About 70% of headline CPI includes goods and services with another 30% of the index reflecting goods and services that change prices more quickly in response to consumer demand.
20 Source: Bureau of Labor Statistics as of February 13, 2024.
21 Source: Bureau of Labor Statistics as of February 13, 2024. In January 2024, shelter costs accounted for two-thirds of inflation.
22 Source: BLS, January 2024.
23 Source: FRED, data as of September 2023. Student loans reached $1.7 T dollars. Revolving consumer credit for all commercial banks was $1.0 T as of January 2024The Commercial Bank Interest Rate of Credit Card Plans reached 21.5% as of November 2023.
24 Source: FRED, data as of September 2023. Household Debt Service Payments as a Percent of Disposable Personal Income is at pre-pandemic levels at 9.8%.
25 Source: Federal Reserve, "Summary of Economic Projections," December 2023. The Fed dot plot shows the range of policy rate forecasts of each of the FOMC members where the mid-point is established. Observers can see the range for each forecast in a dot-plot layout where each dot is a voting member's forecast.
26 Source: Chicago Mercantile Exchange, February 27, 2024.
27 Source: Center for Strategic and International Studies, B. Hart et al., "Taiwan's 2024 Elections: Results, and Implications," January 19, 2024. China has issued diplomatic communications to the US, Japan, and the EU for sending delegations to Taiwan.
28 Source: Financial Times, C. Miller, "Active Defense [sic]: How Ukraine Plans to Survive in 2024," January 18, 2024.
29 Source: Council on Foreign Relations, N. Berman, "How Houthi Attack in the Red Sea Threaten Global Shipping, January 12, 2024.
30 Source: Brookings, P. Kim, "The US- China Relationship is Stabilized but Precarious," January 12, 2024.
31 Source: Peterson Institute for International Economics (PIIE), N. Lardy, "Foreign Direct Investment is Exiting China, New Data Show," November 17, 2023.
32 Peer Group: Investment Metrics Public DB > $1B Net.

Investment Returns

The table below details the annualized rates of return for the different asset categories over various time periods ended December 31, 2023. 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 (%)	22.89	5.65	12.25
MSCI ACWI IMI (%)	*21.58*	*5.46*	*11.49*
Private Equity (%)	2.47	15.66	14.80
Cambridge Private Equity Lagged (%)	*7.47*	*18.21*	*14.96*
Income Strategies (%)	6.71	-0.02	3.19
Income Strategies Benchmark (1) (%)	*N/A*	*N/A*	*N/A*
Real Asset (%)	-0.42	12.07	6.17
Real Asset Custom Index (2) (%)	*-3.28*	*9.59*	*4.31*
Risk Mitigation (%)	1.45	4.07	4.89
Risk Mitigation Custom Index (3) (%)	*1.27*	*2.00*	*3.67*
Unique Strategies (%)	2.86	3.24	N/A
Short Term Investments (%)	*5.52*	*2.36*	*2.01*
Cash Overlay (%)	6.38	-1.32	4.40
91-day Treasury Bill (%)	*5.01*	*2.15*	*1.88*
Total Fund (%)	**11.44**	**6.18**	**8.81**
Composite Policy Benchmark (4) (%)	***12.08***	***6.19***	***8.51***

1 Income Strategies Benchmark = 60% Bloomberg U.S. Aggregate + 11% Bloomberg U.S. TIPS Index + 17% Credit Suisse Leveraged Loan Index + 12% Credit Suisse Western European Leveraged Loan Index.

2 Real Assets Custom Index = 45% NCREIF ODCE Index + 36% Cambridge Private Equity Energy Lagged + 13% Cambridge Infrastructure Index + 6% NCREIF Farmland Index through 6/30/2020, 58% NCREIF ODCE Index + 17% Cambridge Private Equity Energy Lagged + 25% Cambridge Infrastructure Index through 06/30/2023, 54% NCREIF ODCE Index + 16% Cambridge Private Equity Energy Lagged + 30% Cambridge Infrastructure Index thereafter.

3 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.

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

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

Statement of Investment Objectives and Policies

General

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

The Board of Retirement is authorized to invest in any form or type of investment deemed prudent in the informed opinion of the Board. The Investment Committee has adopted an Investment Policy Statement that provides a 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.

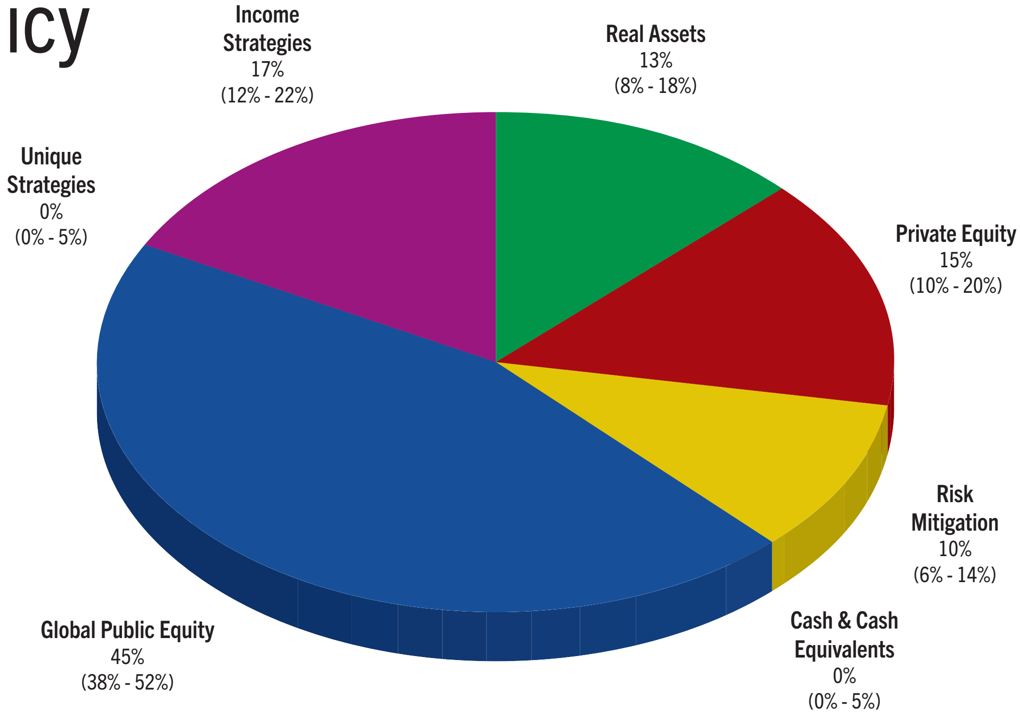
Use of Proxies

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 Global Board-Aligned Policy, as approved by the Investment Committee. If the ISS Global Board-Aligned 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.

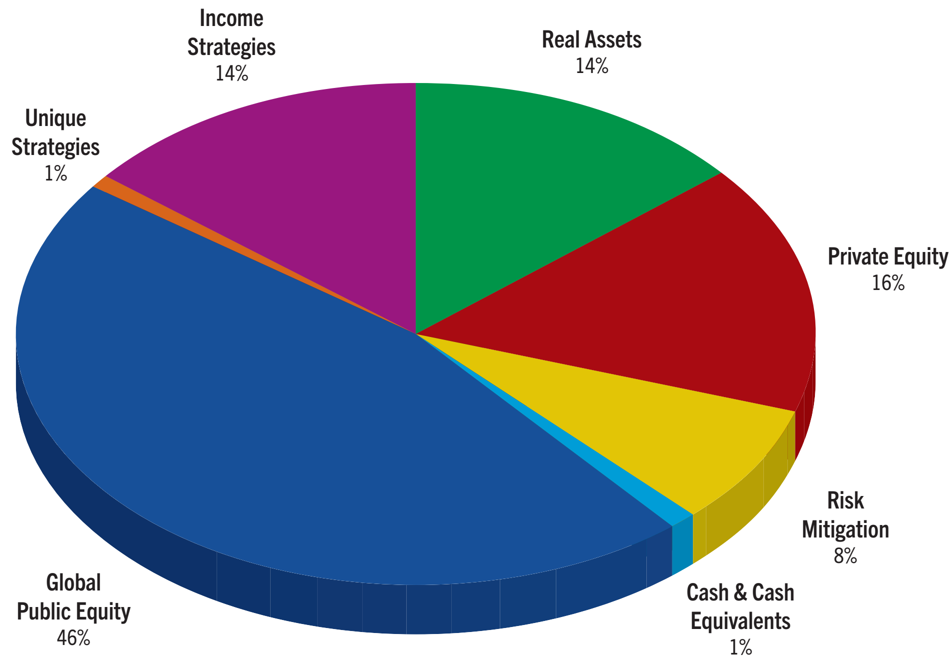
Asset Diversification

December 31, 2023

Policy

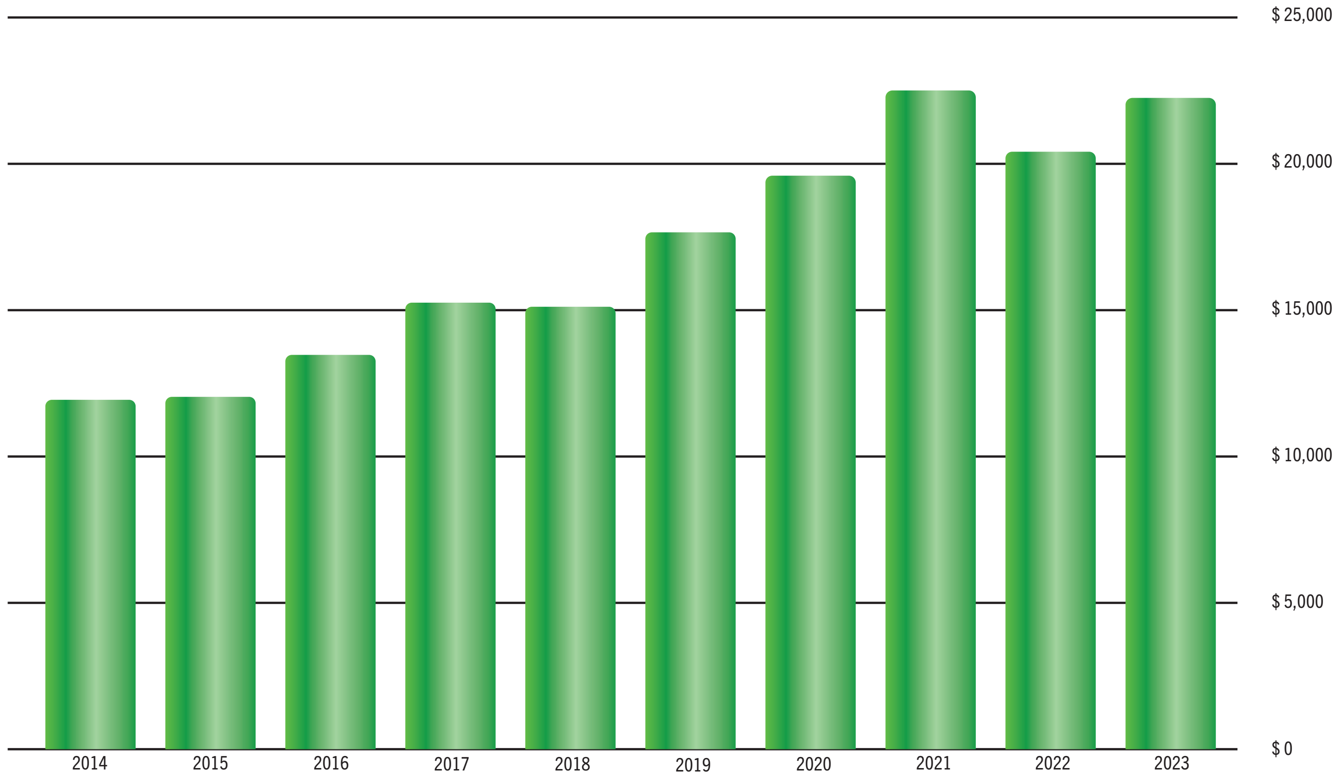


Actual



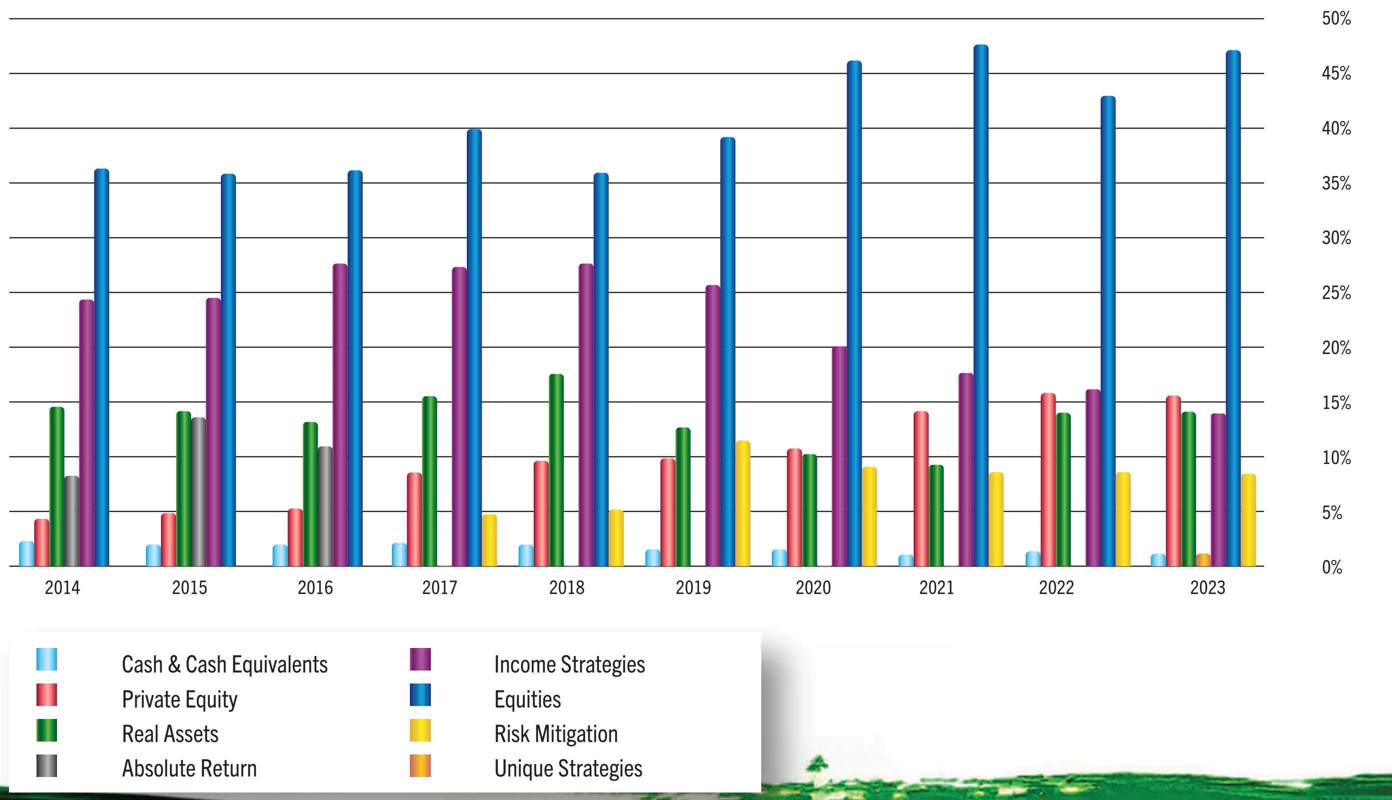
Growth of System Net Investments at Fair Value

For the Ten Years Ended December 31, 2023
(in Millions of Dollars)



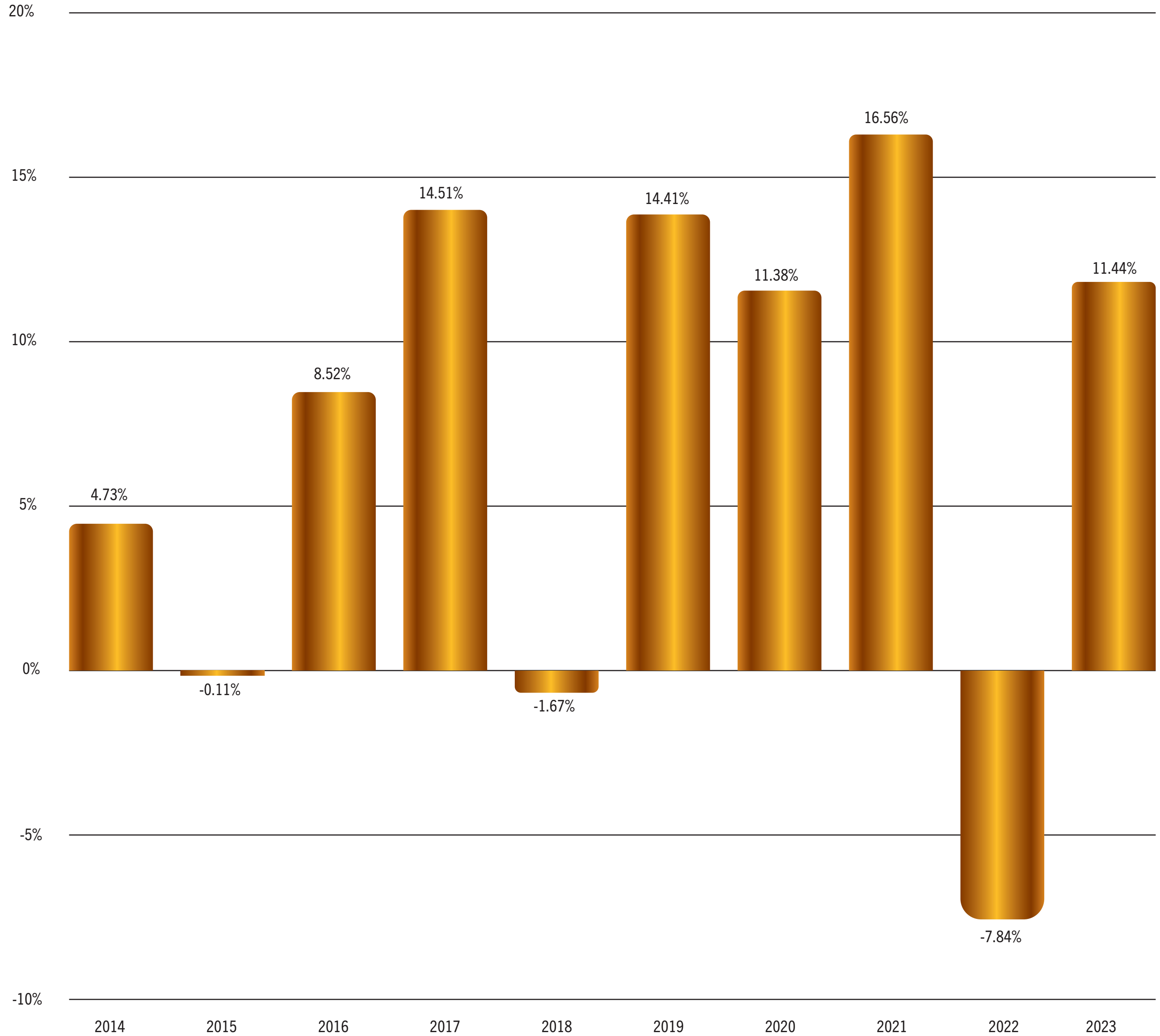
Historical Asset Allocation

December 2014 - December 2023
(Actual)



History of Performance - Net

December 2014 - December 2023
(Actual)



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

Schedule of Largest Equity Holdings

(by Fair Value) [1, 2]

As of December 31, 2023
(Amounts in Thousands)

Common Stock	Shares	Fair Value
ASML HOLDING NV	22	$ 16,788
NOVO NORDISK A/S B	156	16,183
SAFRAN SA	75	13,142
NESTLE SA REG	85	9,839
FIRST CITIZENS BCSHS CL A	7	9,507
TOTALENERGIES SE	124	8,453
ABB LTD REG	188	8,318
SAP SE	52	7,981
ONTO INNOVATION INC	51	7,841
HSBC HOLDINGS PL C	956	7,745

Schedule of Largest Fixed Income Holdings

(by Fair Value) [1]

As of December 31, 2023
(Amounts in Thousands)

Asset	CPN/ Maturity	Fair Value
FNMA TBA 30 YR 5.5	5.5% / 02-13-2054	$ 22,901
US TREASURY N/B	3.4% / 08-15-2042	21,102
SWPC0M330 CDS USD R F 1.00000	1.0% / 12-20-2028	19,675
FNMA TBA 30 YR 4.5	4.5% / 02-13-2054	17,653
FNMA TBA 30 YR 2.5	2.5% / 01-16-2054	17,183
FNMA TBA 30 YR 3.5	3.5% / 02-13-2054	14,876
US TREASURY N/B	1.4% / 12-31-2028	14,789
US TREASURY N/B	1.5% / 02-15-2030	14,784
US TREASURY N/B	4.1% / 08-15-2053	13,072
US TREASURY N/B	1.3% / 05-15-2050	13,014

[1] A complete list of portfolio holdings is available for review at the OCERS' office.
[2] The holding schedules pertain to holdings of individual securities; they do not reflect OCERS' investments in commingled funds.

Schedule of Commissions

For the Year Ended December 31, 2023
(Amounts in Thousands)

Broker Name	Number of Shares Traded	Commission per Share (in cents)	Total Commission
Barclays Capital	907	0.88	$ 8
BNP Paribas Securities	8,025	0.10	8
Citigroup Global Markets, Inc.	1,748	0.80	14
Credit Lyonnais Securities	503	0.60	3
Cowen and Company LLC	974	1.03	10
Credit Suisse	3,279	0.18	6
Goldman Sachs	7,763	0.53	41
Instinet	4,430	0.27	12
J.P. Morgan Securities	13,981	0.21	29
Jefferies	1,852	1.46	27
Jones Trading Institutional Services LLC	530	3.02	16
Liquidnet	1,008	1.19	12
MacQuarie	2,396	0.21	5
Merrill Lynch	11,549	0.22	25
Morgan Stanley & Company, Inc.	14,174	0.23	32
RBC	639	2.04	13
UBS	14,982	0.14	21
Virtu	2,164	0.83	18
Other*	6,946	1.74	121
Total	**97,850**	**0.43**	**$ 421**

* Other includes 96 additional firms that comprise approximately 29% of total commissions and approximately 7% of the total number of shares traded. The average commission per share is 1.74 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, 2023
(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	$ 10,404,665	46%	$ 16,337
Income Strategies	3,235,902	14%	14,928
Real Assets	3,011,847	14%	31,417
Private Equity	3,597,888	16%	38,894
Risk Mitigation	1,813,821	8%	10,034
Unique Strategies	123,208	1%	2,332
Total Investments at Fair Value	**22,187,331**		**113,942**
Short-Term Investments[1]	51,842	1%	123
Total Investment Management Fees	**$ 22,239,173**	**100%**	**114,065**
Other Fund Expenses[2]			51,695
Other Investment Expenses			
Consulting/Research Fees			2,272
Investment Department Expenses			4,226
Legal Services			435
Custodian Services			580
Investment Service Providers			26
Total Other Investment Expenses			**7,539**
Securities Lending Activity			
Securities Lending Fees			245
Rebate Fees			11,332
Total Securities Lending Activity			**11,577**
Custodial Fund - OCTA Investment Fees and Expenses			**3**
Total Investment Expenses			**$ 184,879**

* 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, 2023

Cash Overlay
Parametric

Income Strategies
Ares Management
BlackRock Institutional Trust Company
Dodge & Cox
Longfellow Investment Management Co., LLC
Pacific Investment Management Company
Schroders
Alcentra
Arcmont Asset Management
Beach Point Capital Management
Blue Owl Capital
Crayhill
Crescent Capital Group
Cross Ocean Partners
CarVal Investors
Hayfin Capital Management
HPS
Loomis, Sayles & Company, L.P.
Monroe Capital
NXT Capital
OCP Asia
Pathlight Capital
Pharo Management
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
Eagle Asset Management
Fidelity Institutional Asset Management
GQG Partners
Harris Associates
Systematic Financial Management
William Blair & Co.

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

Private Equity (continued)
Altor Fund Manager AB
Archimed Group
American Industrial Partners
Battery Ventures
CBC Group
Cinven
Clearlake Capital Partners
DBL Partners
EQT
FSN Capital
General Catalyst
Genstar Capital
GGV Capital
Greenoaks Capital Partners
H.I.G. Capital
HarbourVest Partners, LLC
Harvest Partners
HealthQuest Capital Management
Hellman & Friedman Capital Partners
Hg
Insight Partners
Investindustrial
Mayfield
Mesirow Financial
Monroe Capital
NEA
Nordic Capital
Oak HC/FT
One Rock Capital Partners
OCP Asia
Orchid Asia Group
PAI Partners
Pantheon Ventures
Park Square Capital
Spark Capital
Stellex Capital Partners
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
Angelo, Gordon & Co.
Argo Infrastructure Partners
Asana Partners

Real Assets (continued)
BlackRock Institutional Trust Company
Blackstone
Brigade
Cerberus Institutional Real Estate GP
Clarion Partners
Cortland
DigitalBridge
EIG Management Company, LLC
EnCap
EnerVest, Ltd
EQT
Global Infrastructure Partners
Grain Management
I Squared Capital
Jamestown
Kayne Anderson Capital Advisors
LBA Logistics
LS Power
Manulife Investment Management
Morgan Stanley
Oaktree Capital Management
Principal Financial Group
Quantum Energy Partners
Stonepeak Infrastructure Partners
TPG Real Estate
True North Management Group
Warwick Group
Waterton Associates
Westbrook Partners

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

Unique Strategies
Blackstone
Capital Constellation
Waterfront Capital Partners
TCG Crossover Management
Collective Global Management

ORANGE COUNTY

OCERS

EMPLOYEES RETIREMENT SYSTEM

Section 4

Actuarial

Old Orange County Courthouse

The Old Orange County Courthouse in Santa Ana, completed in 1901, is a distinguished architectural gem showcasing neoclassical design elements. One of its most notable features is the façade crafted from brown sandstone, which lends the building a sense of historical gravitas and permanence. The courthouse's imposing columns and intricate detailing evoke a bygone era of civic pride and authority, reflecting the county's rich heritage.

Throughout its history, the Old Courthouse has been a focal point for legal proceedings, political gatherings, and community events in Orange County. It served as the seat of government and witnessed significant moments that shaped the region's development. Today, the courthouse stands as a preserved landmark and museum, offering visitors a captivating glimpse into the county's past. Its brown sandstone exterior, reminiscent of classical architecture, continues to symbolize Orange County's cultural identity and enduring legacy, preserving the spirit of its early civic institutions for future generations to appreciate and admire.

Actuary's Certification Letter

Segal

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

May 17, 2024

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, 2022

Dear Members of the Board:

Segal prepared the December 31, 2022 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). 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, 2023 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, 2022 Actuarial Valuation for Funding Purposes

Actuarial valuations are performed on an annual basis with the last valuation completed as of December 31, 2022. 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, 2022 actuarial valuation is based on the plan of benefits verified by OCERS and on participant and financial data provided by OCERS. Segal conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report.

We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the actual and expected return on market value over a five-year period. The development of the

Board of Retirement
Orange County Employees Retirement System
May 17, 2024
Page 2

actuarial value as of December 31, 2022 is provided in the Development of Actuarial and Valuation Value of Assets.

One funding objective of the Plan is to establish 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, 2022 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, 2022 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, 2022 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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Segal

Board of Retirement
Orange County Employees Retirement System
May 17, 2024
Page 3

The valuation assumptions used in this valuation were included in the Actuarial Section. The results of this valuation were prepared using the actuarial assumptions and methods developed in the triennial actuarial experience study as of December 31, 2019. All of the assumptions recommended in the study were adopted by the Board. Actuarial valuations are performed on an annual basis and the experience analysis is performed every three years. The most recent experience analysis as of December 31, 2022 has been adopted by the Board* and any changes in assumptions will be reflected in the December 31, 2023 valuation.

In the December 31, 2022 valuation, the ratio of the valuation value of assets to actuarial accrued liabilities increased from 81.2% to 81.5%. The aggregate employer rate (average of the County and all special districts rates combined) has changed from 37.51% of payroll to 38.71% of payroll. The aggregate member's rate has changed from 12.06% of payroll to 12.08% of payroll.

In the December 31, 2022 valuation, the actuarial value of assets excluded $1,157.0 million in unrecognized investment losses, which represented 5.9% of the market value of assets. If these deferred investment losses were recognized immediately in the actuarial value of assets, the funded percentage would decrease from 81.5% to 77.0% and the aggregate employer contribution rate, expressed as a percent of payroll would increase from 38.7% to 42.9%.

To the best of our knowledge, the December 31, 2022 funding valuation report is complete and accurate and, in our opinion, presents the Plan's current funding information.

December 31, 2022 GASB Statement 67 Actuarial Valuation for Financial Reporting Purposes

Segal prepared the December 31, 2023 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, 2023 and December 31, 2022 have been determined by rolling forward the Total Pension Liabilities (TPLs) for the statutory Retirement Plan benefits as of December 31, 2022 and December 31, 2021, respectively. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.

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

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Segal

Board of Retirement
Orange County Employees Retirement System
May 17, 2024
Page 4

Note number 8 to the Basic Financial Statements and the Required Supplementary Information included in the Financial Section of the ACFR was prepared by the System based on the results of the GASB Statement No. 67 actuarial valuation as of December 31, 2023 prepared by Segal.

This document has been prepared for the exclusive use and benefit of OCERS, based upon information provided by OCERS or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. 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.

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

Sincerely,

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

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

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

JY/bbf
Attachments

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Segal

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
12/31/13	$ 15,785,042	$ 10,417,125	$ 5,367,917	65.99%	$ 1,604,496	334.55%
12/31/14	16,413,124	11,449,911	4,963,213	69.76%	1,648,160	301.14%
12/31/15	17,050,357	12,228,009	4,822,348	71.72%	1,633,112	295.29%
12/31/16	17,933,461	13,102,978	4,830,483	73.06%	1,759,831	274.49%
12/31/17	19,635,427	14,197,125	5,438,302	72.30%	1,811,877	300.15%
12/31/18	20,703,349	14,994,420	5,708,929	72.43%	1,875,370	304.42%
12/31/19	21,916,730	16,036,869	5,879,861	73.17%	1,952,534	301.14%
12/31/20	22,904,975	17,525,117	5,379,858	76.51%	1,962,869	274.08%
12/31/21	24,016,073	19,488,761	4,527,312	81.15%	2,052,706	220.55%
12/31/22	25,386,669	20,691,659	4,695,010	81.51%	2,124,678	220.98%

Notes:

- **The December 31, 2022 valuation included the following change:**
  O.C. Superior Court adopted Plan U for CalPEPRA member service earned effective July 1, 2023.

- **There were no assumption or plan changes in the December 31, 2021 valuation.**
- **The December 31, 2020 valuation included the following changes:**
  <u>Assumption Changes:</u>
  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.

  <u>Method Change:</u>
  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.

  <u>Other Change:</u>
  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.**

Schedule of Funding Progress

(continued)

- **The December 31, 2017 valuation included the following assumptions changes:**
  Changes in investment return, inflation, mortality, disability, termination, retirement, salary scale, and additional cash-out assumptions in the December 31, 2016 triennial experience study increased the UAAL by $854 million.

- **The December 31, 2016 valuation included the following change:**
  O.C. Law Library was separated from O.C. Sanitation District in Rate Group #3 and put into their own Rate Group (Rate Group #12) after the valuation as of December 31, 2015.

- **The December 31, 2015 valuation included the following benefit changes:**
  City of San Juan Capistrano adopted an optional 1.62% of final average salary at age 65 for members hired on or after July 1, 2016.

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

- **The December 31, 2014 valuation included the following changes:**
  <u>Assumption Changes:</u>
  Changes in inflation, mortality, disability, termination, retirement, salary scale, and additional cashout assumptions in the December 31, 2013 triennial experience study decreased the UAAL by $122 million.

  <u>Method Change:</u>
  The cashout assumptions are now used in developing basic member contribution rates for employees in the legacy plans (impact is only on Normal Cost).

- **The December 31, 2013 valuation included the following method change:**
  The outstanding balance of the December 31, 2012 UAAL was combined and re-amortized over a 20-year period.

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, and December 31, 2021, and December 31, 2022 the assets also exclude amounts in the O.C. Sanitation District UAAL Deferred Account.

	Amount Excluded from Assets		
Valuation Date	County Investment Account	Prepaid Employer Contributions	O.C. Sanitation District UAAL Deferred Account
12/31/13	$ 109,254,000	$ 172,348,000	$ -
12/31/14	109,103,000	207,829,000	-
12/31/15	108,789,000	227,166,000	-
12/31/16	117,723,000	222,524,000	34,067,000
12/31/17	134,417,000	244,552,000	14,871,000
12/31/18	131,890,000	246,133,000	-
12/31/19	150,416,000	259,285,000	12,057,000
12/31/20	160,378,000	293,948,000	13,433,000
12/31/21	167,745,000	304,504,000	15,643,000
12/31/22	140,992,000	320,009,000	14,398,000

For informational purposes only, we have also developed the funded ratio determined using the historical market 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 Market Value of Assets
12/31/13	67.65%
12/31/14	69.63%
12/31/15	67.73%
12/31/16	70.58%
12/31/17	74.62%
12/31/18	69.31%
12/31/19	75.36%
12/31/20	80.74%
12/31/21	90.52%
12/31/22	76.95%

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)
12/31/13[1]	NC 9.82%	NC 5.61%	NC 13.66%	NC 12.46%	NC 11.81%	NC 12.89%
	UAAL 11.34	UAAL 23.72	UAAL 23.72	UAAL 23.72	UAAL 15.22	UAAL[2] 21.87
	Total 21.16%	**Total 29.33%**	**Total 37.38%**	**Total 36.18%**	**Total 27.03%**	**Total 34.76%**
12/31/14	NC 9.67%	NC 5.49%	NC 13.22%	NC 10.54%	NC 10.78%	NC 12.40%
	UAAL[4] 8.62	UAAL 21.72	UAAL 21.72	UAAL 21.72	UAAL 14.40	UAAL[5] 6.26
	Total 18.29%	**Total 27.21%**	**Total 34.94%**	**Total 32.26%**	**Total 25.18%**	**Total 18.66%**
With 3-Year Phase-In	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
12/31/15	NC 9.58%	NC 5.46%	NC 13.19%	NC 11.40%	NC 10.70%	NC 12.33%
	UAAL[6] 9.22	UAAL 22.45	UAAL 22.45	UAAL 22.45	UAAL 15.52	UAAL[7] 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**
12/31/16	NC 9.51%	NC 5.53%	NC 13.19%	NC 10.35%	NC 10.76%	NC 12.28%
	UAAL[9] 7.25	UAAL 21.72	UAAL[10] 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[12] 9.58	UAAL 25.05	UAAL[13] 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**
12/31/18	NC 10.73%	NC 6.23%	NC 14.36%	NC 12.13%	NC 12.03%	NC 13.24%
	UAAL[14] 9.40	UAAL 26.24	UAAL[15] 26.24	UAAL 26.24	UAAL 19.76	UAAL[16] 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**
12/31/19	NC 10.68%	NC 6.10%	NC 14.34%	NC 12.61%	NC 11.97%	NC 13.22%
	UAAL[18] 5.16	UAAL 27.38	UAAL[19] 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[18] 5.03	UAAL 28.97	UAAL[20] 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[18] 3.33	UAAL 26.14	UAAL[21] 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[18] 3.61	UAAL 27.14	UAAL[23] 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%**

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)
12/31/13[1]	NC	10.53%	14.13%	12.33%	14.06%	14.15%	12.89%
	UAAL	21.87 (UAAL[2])	12.28	9.87 (UAAL[3])	23.34	23.34	21.87
	Total	**32.40%**	**26.41%**	**22.20%**	**37.40%**	**37.49%**	**34.76%**
12/31/14	NC	10.30%	13.59%	11.79%	13.53%	12.47%	12.40%
	UAAL	6.26 (UAAL[5])	12.78	0.00	20.28	20.28	20.21
	Total	**16.56%**	**26.37%**	**11.79%**	**33.81%**	**32.75%**	**32.61%**
With 3-Year Phase-In		**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
12/31/15	NC	10.30%	13.44%	11.33%	13.44%	12.72%	12.33%
	UAAL	1.42 (UAAL[7])	13.79	0.00	20.53	20.53	22.08 (UAAL[8])
	Total	**11.72%**	**27.23%**	**11.33%**	**33.97%**	**33.25%**	**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%	13.30%	11.09%	13.61%	12.64%	13.32%
	UAAL	0.00	11.46	0.00	18.35	18.35	9.69 (UAAL[11])
	Total	**10.21%**	**24.76%**	**11.09%**	**31.96%**	**30.99%**	**23.01%**
12/31/17	NC	11.25%	14.51%	11.98%	14.72%	13.46%	14.11%
	UAAL	0.00	12.74	1.44	17.62	17.62	0.00
	Total	**11.25%**	**27.25%**	**13.42%**	**32.34%**	**31.08%**	**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%	14.51%	12.05%	14.71%	13.50%	14.28%
	UAAL	0.86 (UAAL[16])	15.29 (UAAL[17])	0.22	15.90	15.90	1.77
	Total	**11.97%**	**29.80%**	**12.27%**	**30.61%**	**29.40%**	**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%	14.23%	11.62%	14.75%	13.68%	14.20%
	UAAL	0.00	0.39	3.01	14.06	14.06	0.19
	Total	**11.23%**	**14.62%**	**14.63%**	**28.81%**	**27.74%**	**14.39%**
12/31/20	NC	13.25%	14.95%	12.83%	15.22%	16.83%	13.88%
	UAAL	0.00	0.00	2.85	11.49	11.49	0.00
	Total	**13.25%**	**14.95%**	**15.68%**	**26.71%**	**28.32%**	**13.88%**
12/31/21	NC	13.09%	14.89%	12.71%	15.25%	16.98%	13.79%
	UAAL	0.00	0.00	1.02	9.37	9.37	0.00
	Total	**13.09%**	**14.89%**	**13.73%**	**24.62%**	**26.35%**	**13.79%**
12/31/22	NC	12.81%	13.95%	12.67%	14.99%	17.22%	13.49%
	UAAL	0.00	0.00	2.45	10.50	10.50	0.00
	Total	**12.81%**	**13.95%**	**15.12%**	**25.49%**	**27.72%**	**13.49%**

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
12/31/13[1]	NC	24.23%	22.58%	25.86%	21.70%	21.00%
	UAAL	32.47	32.47	24.14	24.14	19.72
	Total	**56.70%**	**55.05%**	**50.00%**	**45.84%**	**40.72%**
12/31/14	NC	25.79%	23.55%	27.05%	22.38%	22.17%
	UAAL	37.46	37.46	24.42	24.42	25.01
	Total	**63.25%**	**61.01%**	**51.47%**	**46.80%**	**47.18%**
With 3-Year Phase-In		**58.92%**	**56.88%**	**48.60%**	**43.93%**	**42.84%**
12/31/15	NC	25.56%	23.24%	26.87%	22.10%	21.92%
	UAAL	39.16	39.16	23.81	23.81	25.32
	Total	**64.72%**	**62.40%**	**50.68%**	**45.91%**	**47.24%**
With 3-Year Phase-In		**62.55%**	**60.34%**	**49.24%**	**44.47%**	**45.07%**
12/31/16	NC	25.63%	23.00%	26.84%	21.86%	21.87%
	UAAL	38.19	38.19	22.27	22.27	26.06
	Total	**63.82%**	**61.19%**	**49.11%**	**44.13%**	**47.93%**
12/31/17	NC	26.69%	23.69%	27.24%	21.97%	23.71%
	UAAL	41.07	41.07	23.09	23.09	33.00
	Total	**67.76%**	**64.76%**	**50.33%**	**45.06%**	**56.71%**
With 3-Year Phase-In		**64.05%**	**61.05%**	**48.04%**	**42.77%**	**52.45%**
12/31/18	NC	26.64%	23.48%	26.97%	21.83%	23.45%
	UAAL	42.56	42.56	24.99	24.99	34.41
	Total	**69.20%**	**66.04%**	**51.96%**	**46.82%**	**57.86%**
With 3-Year Phase-In		**67.35%**	**64.19%**	**50.81%**	**45.67%**	**55.73%**
12/31/19	NC	26.57%	23.58%	27.48%	25.77%	23.25%
	UAAL	43.65	43.65	23.79	23.79	36.92
	Total	**70.22%**	**67.23%**	**51.27%**	**49.56%**	**60.17%**
12/31/20	NC	26.66%	24.23%	27.31%	27.25%	23.39%
	UAAL	39.73	39.73	16.36	16.36	34.06
	Total	**66.39%**	**63.96%**	**43.67%**	**43.61%**	**57.45%**
12/31/21	NC	26.62%	24.74%	27.09%	26.65%	23.16%
	UAAL	35.53	35.53	12.35	12.35	30.55
	Total	**62.15%**	**60.27%**	**39.44%**	**39.00%**	**53.71%**
12/31/22	NC	26.26%	24.38%	25.93%	26.48%	22.65%
	UAAL	37.86	37.86	12.96	12.96	36.48
	Total	**64.12%**	**62.24%**	**38.89%**	**39.44%**	**59.13%**

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% @ 67 (Plan W)	CalPEPRA Rate Group #3 2.5% @ 67	CalPEPRA Rate Group #5 2.5% @ 67
12/31/13[1]	NC 9.39% UAAL 11.34 **Total 20.73%**	NC 6.70% UAAL 23.72 **Total 30.42%**	NC 8.56% UAAL 23.72 **Total 32.28%**	N/A	NC 9.66% UAAL[2] 21.87 **Total 31.53%**	N/A
12/31/14	NC 8.87% UAAL[4] 8.62 **Total 17.49%**	NC 6.61% UAAL 21.72 **Total 28.33%**	NC 8.33% UAAL 21.72 **Total 30.05%**	N/A	NC 9.00% UAAL[5] 6.26 **Total 15.26%**	NC 10.04% UAAL 14.40 **Total 24.44%**
With 3-Year Phase-In	**N/A**	**N/A**	**N/A**		**N/A**	**N/A**
12/31/15	NC 8.92% UAAL[6] 9.22 **Total 18.14%**	NC 6.56% UAAL 22.45 **Total 29.01%**	NC 8.35% UAAL 22.45 **Total 30.80%**	NC 6.68% UAAL 22.45 **Total 29.13%**	NC 9.25% UAAL[7] 1.42 **Total 10.67%**	NC 10.12% UAAL 15.52 **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% UAAL[9] 7.25 **Total 15.88%**	NC 6.58% UAAL 21.72 **Total 28.30%**	NC 8.28% UAAL[10] 21.72 **Total 30.00%**	NC 6.68% UAAL 21.72 **Total 28.40%**	NC 9.27% UAAL 0.00 **Total 9.27%**	NC 10.25% UAAL 14.76 **Total 25.01%**
12/31/17	NC 9.93% UAAL[12] 9.58 **Total 19.51%**	NC 7.11% UAAL 25.05 **Total 32.16%**	NC 8.78% UAAL[13] 25.05 **Total 33.83%**	NC 8.56% UAAL 25.05 **Total 33.61%**	NC 10.37% UAAL 0.00 **Total 10.37%**	NC 11.32% UAAL 18.26 **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% UAAL[14] 9.40 **Total 19.33%**	NC 7.12% UAAL 26.24 **Total 33.36%**	NC 8.78% UAAL[15] 26.24 **Total 35.02%**	NC 8.73% UAAL 26.24 **Total 34.97%**	NC 10.02% UAAL[16] 0.86 **Total 10.88%**	NC 11.32% UAAL 19.76 **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% UAAL[18] 5.16 **Total 15.21%**	NC 7.14% UAAL 27.38 **Total 34.52%**	NC 8.81% UAAL[19] 27.38 **Total 36.19%**	NC 8.54% UAAL 27.38 **Total 35.92%**	NC 9.88% UAAL 0.00 **Total 9.88%**	NC 11.59% UAAL 19.54 **Total 31.13%**
12/31/20	NC 9.89% UAAL[18] 5.03 **Total 14.92%**	NC 7.06% UAAL 28.97 **Total 36.03%**	NC 8.37% UAAL[20] 28.97 **Total 37.34%**	NC 8.43% UAAL 28.97 **Total 37.40%**	NC 9.86% UAAL 0.00 **Total 9.86%**	NC 11.73% UAAL 19.12 **Total 30.85%**
12/31/21	NC 10.08% UAAL[18] 3.33 **Total 13.41%**	NC 7.09% UAAL[22] 26.14 **Total 33.23%**	NC 9.17% UAAL[21, 22] 26.14 **Total 35.31%**	NC 8.95% UAAL 26.14 **Total 35.09%**	NC 9.82% UAAL 0.00 **Total 9.82%**	NC 11.99% UAAL 16.37 **Total 28.36%**
12/31/22	NC 10.03% UAAL[18] 3.61 **Total 13.64%**	NC 7.29% UAAL 27.14 **Total 34.43%**	NC 9.24% UAAL[23] 27.14 **Total 36.38%**	NC 7.82% UAAL 27.14 **Total 34.96%**	NC 9.97% UAAL 0.00 **Total 9.97%**	NC 11.89% UAAL 18.11 **Total 30.00%**

[1] The outstanding balance of the December 31, 2012 UAAL has been combined and re-amortized over a period of 20 years.
[2] This is the UAAL rate for O.C. Sanitation District for FY 15-16 before reflecting the additional UAAL contributions made during calendar year 2014.
[3] This is the UAAL rate for O.C. Cemetery District for FY 15-16 before reflecting the additional UAAL contributions made during calendar year 2014.
[4] The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 5.67% as of December 31, 2014.
[5] This is the UAAL rate for O.C. Sanitation District for FY 16-17 before reflecting the additional UAAL contributions made during calendar year 2015.
[6] The net UAAL contribution rates for County and O.C. IHSS Public Authority (i.e., excluding U.C.I and Department of Education) is 5.57% as of December 31, 2015.
[7] 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.
[8] 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.
[9] 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.
[10] This is the UAAL rate for Law Library for FY 17-18 before reflecting the additional UAAL contributions made during calendar year 2016.
[11] This is the UAAL rate for Law Library for FY 18-19 before reflecting the additional UAAL contributions made during calendar year 2017.
[12] 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.

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
12/31/13[1]	NC 11.40% UAAL 12.28 **Total 23.68%**	NC 9.71% UAAL 23.34 **Total 33.05%**	NC 8.66% UAAL[3] 9.87 **Total 18.53%**	NC 9.66% UAAL 21.87 **Total 31.53%**	NC 13.95% UAAL 19.72 **Total 33.67%**	NC 19.17% UAAL 32.47 **Total 51.64%**	NC 16.85% UAAL 24.14 **Total 40.99%**
12/31/14	NC 9.85% UAAL 12.78 **Total 22.63%**	NC 9.63% UAAL 20.28 **Total 29.91%**	NC 11.81% UAAL 0.00 **Total 11.81%**	NC 9.00% UAAL 20.21 **Total 29.21%**	NC 15.25% UAAL 25.01 **Total 40.26%**	NC 20.10% UAAL 37.46 **Total 57.56%**	NC 15.71% UAAL 24.42 **Total 40.13%**
With 3-Year Phase-In	**N/A**	**N/A**	**N/A**	**N/A**	**36.02%**	**54.01%**	**38.08%**
12/31/15	NC 10.57% UAAL 13.79 **Total 24.36%**	NC 8.81% UAAL 20.53 **Total 29.34%**	NC 12.23% UAAL 0.00 **Total 12.23%**	NC 9.25% UAAL[8] 22.08 **Total 31.33%**	NC 15.00% UAAL 25.32 **Total 40.32%**	NC 20.04% UAAL 39.16 **Total 59.20%**	NC 15.30% UAAL 23.81 **Total 39.11%**
With 3-Year Phase-In	**N/A**	**N/A**	**N/A**	**N/A**	**38.20%**	**57.42%**	**38.09%**
12/31/16	NC 10.40% UAAL 11.46 **Total 21.86%**	NC 8.99% UAAL 18.35 **Total 27.34%**	NC 9.98% UAAL 0.00 **Total 9.98%**	NC 7.59% UAAL[11] 9.69 **Total 17.28%**	NC 15.24% UAAL 26.06 **Total 41.30%**	NC 19.39% UAAL 38.19 **Total 57.58%**	NC 14.84% UAAL 22.27 **Total 37.11%**
12/31/17	NC 11.02% UAAL 12.74 **Total 23.76%**	NC 10.41% UAAL 17.62 **Total 28.03%**	NC 12.03% UAAL 1.44 **Total 13.47%**	NC 9.36% UAAL 0.00 **Total 9.36%**	NC 16.63% UAAL 33.00 **Total 49.63%**	NC 19.29% UAAL 41.07 **Total 60.36%**	NC 15.44% UAAL 23.09 **Total 38.53%**
With 3-Year Phase-In	**22.51%**	**26.15%**	**12.51%**	**N/A**	**45.37%**	**56.65%**	**36.24%**
12/31/18	NC 11.13% UAAL[17] 15.29 **Total 26.42%**	NC 10.16% UAAL 15.90 **Total 26.06%**	NC 12.33% UAAL 0.22 **Total 12.55%**	NC 10.32% UAAL 1.77 **Total 12.09%**	NC 16.76% UAAL 34.41 **Total 51.17%**	NC 19.04% UAAL 42.56 **Total 61.60%**	NC 15.27% UAAL 24.99 **Total 40.26%**
With 3-Year Phase-In	**25.79%**	**25.12%**	**12.33%**	**N/A**	**49.04%**	**59.75%**	**39.11%**
12/31/19	NC 11.14% UAAL 0.39 **Total 11.53%**	NC 10.05% UAAL 14.06 **Total 24.11%**	NC 12.25% UAAL 3.01 **Total 15.26%**	NC 10.37% UAAL 0.19 **Total 10.56%**	NC 16.82% UAAL 36.92 **Total 53.74%**	NC 18.46% UAAL 43.65 **Total 62.11%**	NC 15.66% UAAL 23.79 **Total 39.45%**
12/31/20	NC 10.98% UAAL 0.00 **Total 10.98%**	NC 9.82% UAAL 11.49 **Total 21.31%**	NC 11.80% UAAL 2.85 **Total 14.65%**	NC 10.51% UAAL 0.00 **Total 10.51%**	NC 16.26% UAAL 34.06 **Total 50.32%**	NC 17.73% UAAL 39.73 **Total 57.46%**	NC 15.11% UAAL 16.36 **Total 31.47%**
12/31/21	NC 11.18% UAAL 0.00 **Total 11.18%**	NC 9.87% UAAL 9.37 **Total 19.24%**	NC 11.97% UAAL 1.02 **Total 12.99%**	NC 10.48% UAAL 0.00 **Total 10.48%**	NC 16.11% UAAL 30.55 **Total 46.66%**	NC 17.76% UAAL 35.53 **Total 53.29%**	NC 15.29% UAAL 12.35 **Total 27.64%**
12/31/22	NC 10.79% UAAL 0.00 **Total 10.79%**	NC 9.98% UAAL 10.50 **Total 20.48%**	NC 12.04% UAAL 2.45 **Total 14.49%**	NC 10.48% UAAL 0.00 **Total 10.48%**	NC 16.11% UAAL 36.48 **Total 52.59%**	NC 18.07% UAAL 37.86 **Total 55.93%**	NC 15.89% UAAL 12.96 **Total 28.85%**

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

[14] 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.

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

[16] 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.

[17] This is the UAAL rate for Transportation Corridor Agency for FY 20-21 before reflecting the additional UAAL contributions made during calendar year 2019.

[18] This is the net UAAL contribution rate for County and IHSS Public Authority without reflecting the UAAL contributions required for Vector Control, Cypress Parks and Recreation, U.C.I. and DOE.

[19] The net UAAL contribution rates for O.C. Children and Families Commission is 5.36% as of December 31, 2019.

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

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

[22] After reflecting implementation of Plan U by Superior Court for their PEPRA members.

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

Summary of Active Membership

Valuation Date	Number	Annual Salary	Annual Average Salary	Increase in Average Salary (%)
12/31/13				
General	17,547	$ 1,227,153,000	$ 69,935	-1.05
Safety	3,821	377,343,000	98,755	-0.70
Total	**21,368**	**$ 1,604,496,000**	**$ 75,089**	**-0.84**
12/31/14				
General	17,705	$ 1,267,582,000	$ 71,595	2.37
Safety	3,754	380,578,000	101,379	2.66
Total	**21,459**	**$ 1,648,160,000**	**$ 76,805**	**2.29**
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**

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)	Number	Annual Allowance (in 000's)				
2013	13,947	911	$ 52,319	(353)	$ (9,958)	14,505	$ 585,866	7.79	$ 3,366
2014	14,505	995	52,838	(331)	(9,812)	15,169	628,892	7.34	3,455
2015	15,169	1,053	58,679	(412)	(12,077)	15,810	675,494	7.41	3,560
2016	15,810	989	51,759	(430)	(12,895)	16,369	714,358	5.75	3,637
2017	16,369	1,039	62,374	(461)	(15,155)	16,947	761,577	6.61	3,745
2018	16,947	1,155	82,438	(428)	(14,191)	17,674	829,824	8.96	3,913
2019	17,674	1,207	86,521	(461)	(15,215)	18,420	901,130	8.59	4,077
2020	18,420	1,449	104,439	(450)	(14,896)	19,419	990,673	9.94	4,251
2021	19,419	953	71,304	(546)	(20,271)	19,826	1,041,706	5.15	4,379
2022	19,826	1,381	111,237	(529)	(20,806)	20,678	1,132,137	8.68	4,563

Note: Annual allowances exclude RMBR and STAR COLA.

Development of Actuarial and Valuation Value of Assets

As of December 31, 2022

Plan Year Ending	Total Actual Market Return (net)	Expected Market Return (net)	Investment Gain/ (Loss)	Deferred Factor	Deferred Return
2018	$ (361,321,000)	$ 1,026,583,000	$ (1,387,904,000)	0.0	$ -
2019	2,123,258,000	1,004,779,000	1,118,479,000	0.2	223,696,000
2020	1,982,757,000	1,155,523,000	827,234,000	0.4	330,894,000
2021	3,273,348,000	1,293,495,000	1,979,853,000	0.6	1,187,912,000
2022	(2,106,139,000)	1,518,273,000	(3,624,412,000)	0.8	(2,899,530,000)

(1)	Total Deferred Return	$ (1,157,028,000)
(2)	Net Market Value of Assets (Excludes $140,992,000 in County Investment Account, $320,009,000 in Prepaid Employer Contributions and $14,398,000 in O.C. Sanitation District UAAL Deferred Account)	$ 19,534,631,000
(3)	Actuarial Value of Assets (2) – (1)	$ 20,691,659,000[1]
(4)	Non-valuation Reserves	
	(a) Unclaimed member deposit	$ -
	(b) Medicare medical insurance reserve	-
	(c) Subtotal	$ -
(5)	Valuation Value of Assets (3) – (4)(c)	$ 20,691,659,000
(6)	Deferred Return Recognized in Each of the Next 4 Years	
	(a) Amount recognized on 12/31/2023	$ 60,231,000
	(b) Amount recognized on 12/31/2024	(163,465,000)
	(c) Amount recognized on 12/31/2025	(328,912,000)
	(d) Amount recognized on 12/31/2026	(724,882,000)
	(e) Subtotal (may not total exactly due to rounding)	$ (1,157,028,000)

[1] Ratio of Actuarial Value of Assets to Net Market Value of Assets is 105.9% ((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)
12/31/13	$ 2,126,182	$ 8,502,269	$ 5,156,591	$ 10,417,125	100	97.51	0.00
12/31/14	2,298,744	9,017,874	5,096,506	11,449,911	100	100	2.62
12/31/15	2,488,757	9,696,776	4,864,824	12,228,009	100	100	0.87
12/31/16	2,654,599	10,109,528	5,169,334	13,102,978	100	100	6.56
12/31/17	2,815,839	11,121,965	5,697,623	14,197,125	100	100	4.55
12/31/18	2,980,108	12,018,354	5,704,887	14,994,420	100	99.97	0.00
12/31/19	3,116,707	13,131,453	5,668,570	16,036,869	100	98.39	0.00
12/31/20	3,167,835	14,109,921	5,627,219	17,525,117	100	100	4.40
12/31/21	3,364,884	14,921,449	5,729,740	19,488,761	100	100	20.99
12/31/22	3,387,061	16,421,755	5,577,853	20,691,659	100	100	15.83

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, 2017 through December 31, 2019 Actuarial Experience Study dated August 6, 2020 and PowerPoint presentation dated August 17, 2020. Unless otherwise noted, all actuarial assumptions and methods shown below apply to members for all tiers. These assumptions were adopted by the Board.

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

Member Contribution Crediting Rate: 5.00%, compounded semi-annually.

Inflation Rate: Increase of 2.50% per year.

Cost of Living Adjustments: Retiree COLA increases of 2.75% per year subject to a 3.0% maximum change per year. The actual COLA granted by OCERS on April 1, 2023 has been reflected in the December 31, 2022 valuation.

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

Increase in Section 7522.10 Compensation Limit: Increase of 2.50% per year from the valuation date.

Individual Salary Increases: 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	8.00	12.00
1-2	7.25	10.00
2-3	6.25	8.50
3-4	5.25	7.50
4-5	4.25	6.50
5-6	3.50	5.50
6-7	2.75	5.00
7-8	2.50	4.00
8-9	1.70	3.00
9-10	1.70	2.50
10-11	1.60	1.85
11-12	1.60	1.85
12-13	1.50	1.85
13-14	1.50	1.85
14-15	1.25	1.85
15-16	1.25	1.60
16-17	1.00	1.60
17-18	1.00	1.60
18-19	1.00	1.60
19-20	1.00	1.60
20 & over	1.00	1.60

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

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%, projected generationally with the two-dimensional mortality improvement scale MP-2019. **For Safety Members:** Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
Disabled:	**For General Members:** Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates decreased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019. **For Safety Members:** Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.
All Beneficiaries:	Pub-2010 General Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 5%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

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%, projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP 2019, 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), projected 30 years (from 2010) with the two-dimensional mortality improvement scale MP-2019, weighted 80% male and 20% 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-2019. **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-2019.

Actuarial Methods and Assumptions

(continued)

Termination Rates Before Retirement

Mortality Rates

Age	Rate (%)[1] Mortality			
	General		Safety	
	Male	Female	Male	Female
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	0.01	0.03
30	0.01	0.03	0.07	0.08
35	0.03	0.20	0.19	0.10
40	0.08	0.39	0.31	0.13
45	0.14	0.48	0.44	0.21
50	0.20	0.53	1.10	0.28
55	0.27	0.70	2.70	0.42
60	0.33	1.22	5.00	0.20

[1] Generational projections beyond the base year (2010) are not reflected in the above mortality rates.
[2] 65% of General All Other disabilities are assumed to be service connected disabilities. The other 35% are assumed to be non-service connected.
[3] 80% of General OCTA disabilities are assumed to be service connected disabilities. The other 20% are assumed to be non-service connected.
[4] 100% of Safety Law Enforcement and Fire disabilities are assumed to be service connected disabilities.
[5] 75% of Safety Probation disabilities are assumed to be service connected disabilities. The other 25% 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	11.00	17.00	4.25	14.00
1-2	7.25	11.50	2.75	13.00
2-3	6.50	9.00	2.25	11.00
3-4	5.50	8.50	1.75	5.00
4-5	5.00	8.00	1.50	4.00
5-6	4.50	7.00	1.25	3.25
6-7	4.00	4.25	1.00	2.75
7-8	3.50	4.00	0.95	2.75
8-9	3.25	3.25	0.90	2.50
9-10	3.00	3.00	0.85	1.75
10-11	2.50	2.75	0.80	1.50
11-12	2.00	2.50	0.75	1.50
12-13	2.00	2.50	0.70	1.25
13-14	2.00	2.25	0.65	1.00
14-15	1.50	2.25	0.60	0.75
15-16	1.40	2.25	0.55	0.75
16-17	1.30	2.00	0.50	0.75
17-18	1.20	1.80	0.45	0.75
18-19	1.10	1.60	0.40	0.50
19-20	1.00	1.40	0.30	0.25
20 & over	0.75	1.20	0.15	0.15

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	30.00	40.00	20.00	25.00
5-9	25.00	30.00	20.00	25.00
10-14	25.00	25.00	10.00	25.00
15 & over	17.50	15.00	10.00	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	2.00	4.00	3.00	3.00
51	2.00	4.00	3.00	3.00
52	2.50	5.00	2.00	2.00
53	2.50	5.00	3.50	3.50
54	7.00	14.00	2.75	2.75
55	12.00	30.00	3.25	3.25
56	9.00	19.00	3.50	3.50
57	9.00	18.00	5.00	5.00
58	9.00	18.00	5.50	5.50
59	10.00	20.00	6.50	6.50
60	11.00	20.00	9.00	13.50
61	11.00	20.00	9.00	13.50
62	13.00	20.00	9.00	18.00
63	13.00	22.00	9.50	19.00
64	16.00	24.00	10.00	20.00
65	24.00	28.00	22.00	26.40
66	24.00	30.00	25.00	30.00
67	24.00	30.00	25.00	30.00
68	22.00	27.50	30.00	27.50
69	22.00	27.50	30.00	27.50
70	25.00	27.50	20.00	27.50
71	25.00	27.50	20.00	27.50
72	25.00	27.50	20.00	27.50
73	20.00	27.50	20.00	27.50
74	20.00	27.50	20.00	27.50
75	100.00	100.00	100.00	100.00

[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 Law (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	1.00	16.00	2.00	10.00	3.00	5.00
46	1.00	16.00	2.00	10.00	3.00	5.00
47	1.00	16.00	2.00	10.00	3.00	5.00
48	1.00	16.00	2.00	10.00	3.00	5.00
49	11.00	16.00	2.00	10.00	3.00	5.00
50	16.00	16.00	4.00	10.00	9.00	12.00
51	16.00	16.00	4.00	10.00	7.00	10.00
52	17.00	16.00	4.00	10.00	5.00	9.00
53	19.00	30.00	9.00	20.00	7.00	9.00
54	24.00	30.00	12.00	25.00	7.00	12.00
55	24.00	30.00	12.00	25.00	12.00	30.00
56	22.00	30.00	12.00	25.00	18.00	30.00
57	22.00	30.00	18.00	25.00	25.00	30.00
58	22.00	40.00	18.00	30.00	25.00	30.00
59	22.00	40.00	18.00	30.00	18.00	30.00
60	30.00	40.00	18.00	30.00	20.00	40.00
61	30.00	40.00	18.00	30.00	20.00	40.00
62	30.00	40.00	18.00	35.00	20.00	40.00
63	30.00	40.00	18.00	35.00	20.00	40.00
64	30.00	40.00	18.00	35.00	20.00	40.00
65	100.00	100.00	100.00	100.00	100.00	100.00

[1] The 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	11.50	8.00
51	4.00	12.00	9.00
52	4.00	12.70	10.00
53	4.00	17.90	12.00
54	4.00	18.80	14.00
55	4.00	35.00	23.00
56	5.00	25.00	22.00
57	6.00	25.00	25.00
58	7.00	25.00	25.00
59	9.00	30.00	35.00
60	10.00	40.00	40.00
61	12.00	40.00	40.00
62	13.00	40.00	40.00
63	13.00	40.00	40.00
64	19.00	40.00	40.00
65	20.00	100.00	100.00
66	25.00	100.00	100.00
67	25.00	100.00	100.00
68	25.00	100.00	100.00
69	25.00	100.00	100.00
70	45.00	100.00	100.00
71	45.00	100.00	100.00
72	45.00	100.00	100.00
73	45.00	100.00	100.00
74	45.00	100.00	100.00
75	100.00	100.00	100.00

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

[1] The 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: For current and future deferred vested members, we make the following retirement age assumptions:

General Age:	59
Safety Age:	54

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

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

Liability Calculation for Current Deferred Vested Members: Liability for a current deferred vested member is calculated based on salary (adjusted with the additional cash out assumptions for non-CalPEPRA members), service, and eligibility for reciprocal benefit as provided by the Retirement System. For those members without salary information that have three or more years of service, we used an average salary. For those members without salary information that have less than three years of service or for those members without service information, we assumed a refund of account balance.

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

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

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

Age and Gender of Spouse: For all active and inactive members, male members are assumed to have a female spouse who is three years younger than the member and female members are assumed to have a male spouse who is two years older than the member.

Additional 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:

Years of Service	Rate (%)	
	Final One Year Salary	Final Three Year Salary
General Non-CalPEPRA	3.00%	2.90%
Safety Probation Non-CalPEPRA	3.80%	3.40%
Safety Law Non-CalPEPRA	N/A	6.90%
Safety Fire Non-CalPEPRA	N/A	1.50%
General CalPEPRA	N/A	N/A
Safety Probation CalPEPRA	N/A	N/A
Safety Law CalPEPRA	N/A	N/A
Safety Fire CalPEPRA	N/A	N/A

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

Actuarial Methods and Assumptions

(continued)

Actuarial Value of Assets: Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period.

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

Actuarial Cost Method: 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.

Please note that for Probation members who have prior benefit service in another 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.

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:	Membership with OCERS begins with the day of employment in an eligible position by the County or a participating employer.
Non-CalPEPRA General Plans:	
2.5% @ 55 Plans	*(Orange County Sanitation District[1] and Law Library[2])*
Plan G	General members hired before September 21, 1979.
Plan H	General members hired on or after September 21, 1979.
	[1] Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010 are in Plan B.
	[2] Improvement is prospective only for service after June 23, 2005.
2.7% @ 55 Plans	*(City of San Juan Capistrano, Orange County Employees except bargaining unit AFSCME members, Orange County Superior Court, Orange County Local Agency Formation Commission[3], Orange County Employees Retirement System[4], Children and Family Commission[5] and Orange County Fire Authority)*
Plan I	General members hired before September 21, 1979.
Plan J	General members hired on or after September 21, 1979.
	[3] Improvement is prospective only for service after June 23, 2005.
	[4] Improvement for management employees is prospective only for service after June 30, 2005.
	[5] Improvement is prospective only for service after December 22, 2005.
2.0% @ 55 Plans	*(Transportation Corridor Agency, Cemetery District[6] and General OCFA employees effective July 1, 2011)*
Plan M	General members hired before September 21, 1979.
Plan N	General members hired on or after September 21, 1979.
	[6] Improvement is prospective only for service after December 7, 2007.
1.62% @ 65 Plans	*(Orange County Employees, Orange County Superior Court, Orange County Local Agency Formation Commission and Orange County Managers Unit)*
Plan O	County OCEA members and Superior Court members rehired on or after May 7, 2010, LAFCO members rehired on or after July 1, 2010 and County Managers unit members rehired on or after August 17, 2010 and not electing to rejoin Plan I.
Plan P	County OCEA members and Superior Court members hired on or after May 7, 2010, LAFCO members hired on or after July 1, 2010 and County Managers unit members hired on or after August 17, 2010 and not electing Plan J.
2.0% @ 57 Plan	*(City of San Juan Capistrano)*
Plan S	*General members hired on or after July 1, 2012.*
All Other General Employers:	
Plan A	General members hired before September 21, 1979.
1.67% @ 57.5 Plans *Plan B*	General members hired on or after September 21, 1979 and Sanitation District members within Supervisors and Professional unit hired on or after October 1, 2010.

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)* [1]
Plan T	General members with membership dates on or after January 1, 2013.
2.5% @ 67 Plan	*(All Other General Employers, Orange County Attorneys, Orange County 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		
Plan G (§31676.18) Tier 1	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]
Plan H (§31676.18)	50	(2.00% x FAS3 x Yrs)
Tier 2	55	(2.50% x FAS3 x Yrs)
	60	(2.50% x FAS3 x Yrs)
	62	(2.50% x FAS3 x Yrs)
	65 or later	(2.50% x FAS3 x Yrs)

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

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

[1] Reflects benefit factors from Plan A as they provide a better benefit than those under 2.0% @ 55.
[2] 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		
Plan O (§31676.01) Tier 1	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)
Plan P, Plan T and Plan W (§31676.01)	50	(0.79% x FAS3 x Yrs)
Tier 2	55	(0.99% x FAS3 x Yrs)
	60	(1.28% x FAS3 x Yrs)
	62	(1.39% x FAS3 x Yrs)
	65 or later	(1.62% x FAS3 x Yrs)
2.0% @ 57		
Plan S (§31676.12) Tier 2	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)
Plan A (§31676.12) Tier 1	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		
Plan B (§31676.1) Tier 2	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		
Plan U (§7522.20(a))	52	(1.00% x FAS3 x Yrs)
	55	(1.30% x FAS3 x Yrs)
	60	(1.80% x FAS3 x Yrs)
	62	(2.00% x FAS3 x Yrs)
	65	(2.30% x FAS3 x Yrs)
	67 or later	(2.50% x FAS3 x Yrs)

Summary of Major Plan Provisions

(continued)

Benefit Formula: Safety Plans

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

Summary of Major Plan Provisions

(continued)

Maximum Benefit:

Plans A, B, E, F, G, H, I, J, M, N, O, P, Q, R, S, T and W	100% of Highest Average Compensation. (§31676.01, §31676.1, §31676.12, §31676.16, §31676.18, §31676.19, §31664.1, §31664.2)
Plans U and V	None

Ordinary Disability:

General Plans:

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

Eligibility: Five years of service. (§31720)

Benefit Formula:

- **Plans A, G, I, M, and O:**
  1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 62, but the total benefit cannot be more than one-third of Final Compensation. (§31727.1)

- **Plans B, H, J, N, P, S, T, U and W:**
  1.5% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 65, but the total benefit cannot be more than one-third of Final Compensation. (§31727)

Safety Plans:

Plans E, F, Q, R and V

Eligibility: Five years of service. (§31720)

Benefit Formula: 1.8% per year of service. If the benefit does not exceed one-third of Final Compensation, the service is projected to 55, but the total benefit cannot be more than one-third of Final Compensation (§31727.2)

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

Line-of-Duty Disability:

All Members:

Eligibility: No age or service requirements. (§31720)

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

Pre-Retirement Death:

All Members:

Eligibility: None

Benefit: Refund of member contributions with interest plus one month's compensation for each year of service to a maximum of six month's compensation. (§31781) A lump sum benefit in the 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. The same applies for General members hired on or before March 7, 1973.

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

Experience Analysis

(2013 - 2022)
(Dollars in Thousands)

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

Type of Activity	Gains (or Losses) Per Year				
	2013	2014	2015	2016	2017
Retirements	$ -	$ -	$ (62,070)	$ -	$ -
Pay Increases	294,326	125,746	282,696	(204,603)	66,399
COLA Increases	-	153,484	119,367	186,039	95,796
Investment Income	176,930	9,570	(229,138)	(113,103)	24,401
Other	30,354	(4,476)	10,056	(4,119)	5,316
Gain (or Loss) During Year From Experience	**$ 501,610**	**$ 284,324**	**$ 120,911**	**$ (135,786)**	**$ 191,912**
Nonrecurring Items:					
Method and Procedure Changes	-	-	-	92,587*	-
Plan Amendments and Assumption Changes	-	122,171	-	-	(853,538)
Composite Gain (or Loss) During Year	**$ 501,610**	**$ 406,495**	**$ 120,911**	**$ (43,199)**	**$ (661,626)**

Gains & Losses in 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				
	2018	2019	2020	2021	2022
Retirements	$ -	$ -	$ -	$ -	$ -
Pay Increases	71,908	52,716	62,291	87,162	(27,467)
COLA Increases	(24,279)	(131,220)	123,844[1]	(148,830)	(261,281)
Investment Income	(255,908)	(50,514)	370,675	767,019	(59,849)
Other	(143,172)	(161,090)	(193,593)	(10,716)	(2,978)
Gain (or Loss) During Year From Experience	**$ (351,451)**	**$ (290,108)**	**$ 363,217**	**$ 694,635**	**$ (351,575)**
Nonrecurring Items:					
Method and Procedure Changes	-	-	37,783[2]	-	-
Plan Amendments and Assumption Changes	-	-	(24,273)	-	-
Composite Gain (or Loss) During Year	**$ (351,451)**	**$ (290,108)**	**$ 376,727**	**$ 694,635**	**$ (351,575)**

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

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

* Includes leap year salary adjustment, revised benefit and eligibility service credits from V3 pension administration system and automatic continuance benefit for child beneficiary.

Section 5

Statistical

Angel Stadium of Anaheim

The Angel Stadium, located in Anaheim, California, is synonymous with the vibrant color of red, symbolizing passion, energy, and the spirit of competition. Home to the Los Angeles Angels Major League Baseball team, the Angel Stadium ignites with excitement and fervor during games, with fans adorned in red jerseys and hats, creating a sea of enthusiasm and support for their team.

The color red also evokes the historic significance of baseball, a sport deeply ingrained in American culture and tradition. As fans gather at the Angel Stadium, the red hues of team colors unite supporters in a shared sense of camaraderie and loyalty. Beyond its role as a sports venue, the Angel Stadium represents a community gathering place where the timeless appeal of baseball and the thrill of competition unfold against the backdrop of this iconic red-clad arena.


STADIUM
ANAHEIM
OMEPLA
GATE
TONIGHT
NGELS

Statistical Section Review

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

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

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

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

Schedule of Changes in Fiduciary Net Position - Pension Trust Fund

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions										
Employer Contributions	$ 625,520	$ 571,298	$ 567,196	$ 572,104	$ 580,905	$ 653,793	$ 659,807	$ 698,791	$ 719,691	$ 749,776
Employee Contributions	232,656	249,271	258,297	262,294	270,070	279,373	279,384	271,334	269,999	277,455
Investment Income/(Loss)	497,760	(11,903)	1,060,040	1,938,025	(326,145)	2,182,666	2,172,339	3,221,132	(2,059,364)	2,324,556
Net Securities Lending	1,435	1,030	1,203	1,610	1,517	1,142	845	933	774	925
Total Additions	**$ 1,357,371**	**$ 809,696**	**$ 1,886,736**	**$ 2,774,033**	**$ 526,347**	**$ 3,116,974**	**$ 3,112,375**	**$ 4,192,190**	**$ (1,068,900)**	**$ 3,352,712**
Deductions										
Benefits	$ 630,678	$ 675,963	$ 717,976	$ 764,344	$ 828,278	$ 900,902	$ 973,325	$ 1,045,738	$ 1,139,715	$ 1,216,248
Administrative Expenses	11,905	12,521	16,870	17,002	18,284	19,171	20,428	21,473	23,546	29,056
Total Deductions	**$ 642,583**	**$ 688,484**	**$ 734,846**	**$ 781,346**	**$ 846,562**	**$ 920,073**	**$ 993,753**	**$ 1,067,211**	**$ 1,163,261**	**$ 1,245,304**
Changes in Fiduciary Net Position	**$ 714,788**	**$ 121,212**	**$ 1,151,890**	**$ 1,992,687**	**$ (320,215)**	**$ 2,196,901**	**$ 2,118,622**	**$ 3,124,979**	**$ (2,232,161)**	**$ 2,107,408**

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

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions										
Employer Contributions	$ 64,852	$ 36,557	$ 42,411	$ 59,864	$ 52,520	$ 54,788	$ 41,559	$ 41,049	$ 41,889	$ -
Investment Income/(Loss)	7,374	(698)	16,902	34,087	(5,888)	43,523	40,706	66,688	(38,483)	48,959
Net Securities Lending	25	18	21	32	31	25	19	21	18	20
Total Additions	**$ 72,251**	**$ 35,877**	**$ 59,334**	**$ 93,983**	**$ 46,663**	**$ 98,336**	**$ 82,284**	**$ 107,758**	**$ 3,424**	**$ 48,979**
Deductions										
Benefits	$ 29,299	$ 30,107	$ 30,818	$ 32,042	$ 33,290	$ 35,012	$ 36,784	$ 37,262	$ 37,013	$ 36,837
Administrative Expenses	20	22	22	22	20	20	22	23	23	24
Total Deductions	**$ 29,319**	**$ 30,129**	**$ 30,840**	**$ 32,064**	**$ 33,310**	**$ 35,032**	**$ 36,806**	**$ 37,285**	**$ 37,036**	**$ 36,861**
Changes in Fiduciary Net Position	**$ 42,932**	**$ 5,748**	**$ 28,494**	**$ 61,919**	**$ 13,353**	**$ 63,304**	**$ 45,478**	**$ 70,473**	**$ (33,612)**	**$ 12,118**

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

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions										
Employer Contributions	$ 2,667	$ 2,624	$ 2,414	$ 2,380	$ 4,536	$ 2,111	$ 1,976	$ 16,773	$ 2,932	$ 26,245
Investment Income/(Loss)	1,583	(99)	2,845	5,113	(725)	5,288	4,140	6,746	(4,705)	7,305
Net Securities Lending	5	3	3	4	4	3	2	2	2	4
Total Additions	**$ 4,255**	**$ 2,528**	**$ 5,262**	**$ 7,497**	**$ 3,815**	**$ 7,402**	**$ 6,118**	**$ 23,521**	**$ (1,771)**	**$ 33,554**
Deductions										
Benefits	$ 3,138	$ 3,448	$ 3,867	$ 3,978	$ 5,077	$ 5,018	$ 5,539	$ 5,999	$ 6,658	$ 7,157
Administrative Expenses	22	22	22	27	30	21	22	24	22	23
Total Deductions	**$ 3,160**	**$ 3,470**	**$ 3,889**	**$ 4,005**	**$ 5,107**	**$ 5,039**	**$ 5,561**	**$ 6,023**	**$ 6,680**	**$ 7,180**
Changes in Fiduciary Net Position	**$ 1,095**	**$ (942)**	**$ 1,373**	**$ 3,492**	**$ (1,292)**	**$ 2,363**	**$ 557**	**$ 17,498**	**$ (8,451)**	**$ 26,374**

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

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions										
Employer OPEB Contributions	N/A	N/A	N/A	N/A	N/A	$ 613	$ 613	$ 605	$ 655	$ 794
Investment Income/(Loss)	N/A	N/A	N/A	N/A	N/A	3,250	2,350	2,715	(3,402)	3,003
Total Additions	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 3,863**	**$ 2,963**	**$ 3,320**	**$(2,747)**	**$ 3,797**
Deductions										
Employer OPEB Payments	N/A	N/A	N/A	N/A	N/A	$ 1,318	$ 1,383	$ 1,419	$ 1,466	$ 1,531
Administrative Expenses	N/A	N/A	N/A	N/A	N/A	20	22	23	23	23
Total Deductions	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,338**	**$ 1,405**	**$ 1,442**	**$ 1,489**	**$ 1,554**
Changes in Fiduciary Net Position	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,525**	**$ 1,558**	**$ 1,878**	**$ (4,236)**	**$ 2,243**

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 Revenues by Source

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pension Trust Fund										
Employee Contributions	$ 232,656	$ 249,271	$ 258,297	$ 262,294	$ 270,070	$ 279,373	$ 279,384	$ 271,334	$ 269,999	$ 277,455
Employer Contributions	625,520	571,298	567,196	572,104	580,905	653,793	659,807	698,791	719,691	749,776
Investment Income/(Loss)[1]	499,195	(10,873)	1,061,243	1,939,635	(324,628)	2,183,808	2,173,184	3,222,065	(2,058,590)	2,325,481
Health Care Fund - County										
Employer Contributions	64,852	36,557	42,411	59,864	52,520	54,788	41,559	41,049	41,889	-
Investment Income/(Loss)[1]	7,399	(680)	16,923	34,119	(5,857)	43,548	40,725	66,709	(38,465)	48,979
Health Care Fund - OCFA										
Employer Contributions	2,667	2,624	2,414	2,380	4,536	2,111	1,976	16,773	2,932	26,245
Investment Income/(Loss)[1]	1,588	(96)	2,848	5,117	(721)	5,291	4,142	6,748	(4,703)	7,309
Custodial Fund - OCTA										
Employer OPEB Contributions	N/A	N/A	N/A	N/A	N/A	613	613	605	655	794
Investment Income/(Loss)[1]	N/A	N/A	N/A	N/A	N/A	3,250	2,350	2,715	(3,402)	3,003
Total	$ 1,433,877	$ 848,101	$ 1,951,332	$ 2,875,513	$ 576,825	$ 3,226,575	$ 3,203,740	$ 4,326,789	$ (1,069,994)	$ 3,439,042

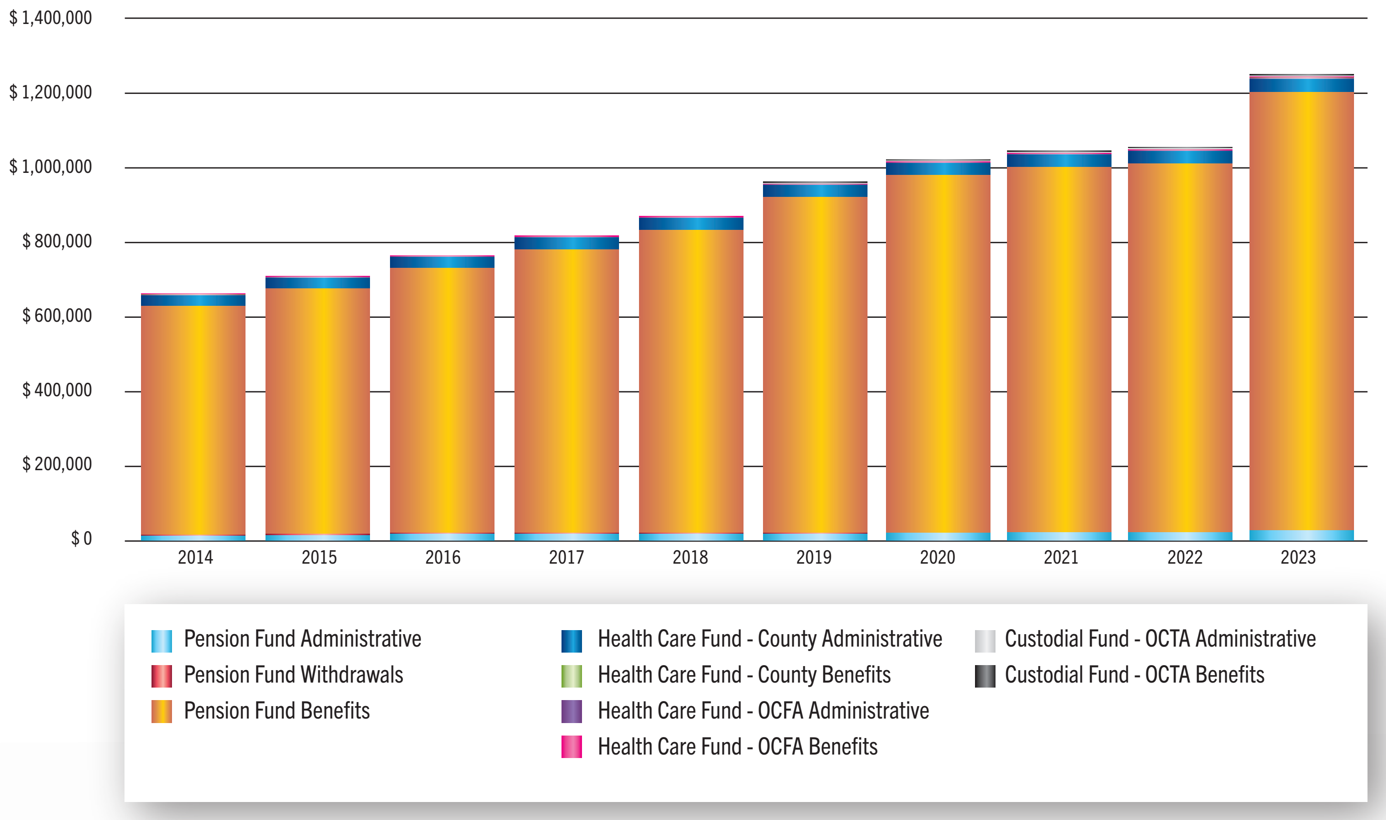
N/A: Detailed information not available.

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

Schedule and Graph of Expenses by Type

2014 – 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pension Trust Fund										
Administrative	$ 11,905	$ 12,521	$ 16,870	$ 17,002	$ 18,284	$ 19,171	$ 20,428	$ 21,473	$ 23,546	$ 29,056
Withdrawals										
Separation	9,843	10,764	9,411	9,294	10,681	9,458	6,883	8,323	12,810	8,497
Death	1,887	1,093	4,232	4,572	3,252	3,791	4,664	6,126	9,429	6,254
Benefits	618,948	664,106	704,333	750,478	814,345	887,653	961,778	1,031,289	1,117,476	1,201,497
Health Care Fund - County										
Administrative	20	22	22	22	20	20	22	23	23	24
Benefits	29,299	30,107	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837
Health Care Fund - OCFA										
Administrative	22	22	22	27	30	21	22	24	22	23
Benefits	3,138	3,448	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157
Custodial Fund - OCTA										
Administrative	N/A	N/A	N/A	N/A	N/A	20	22	23	23	23
Benefits	N/A	N/A	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531
Total	$ 675,062	$ 722,083	$ 769,575	$ 817,415	$ 884,979	$ 961,482	$ 1,037,525	$ 1,111,961	$ 1,208,466	$ 1,290,899

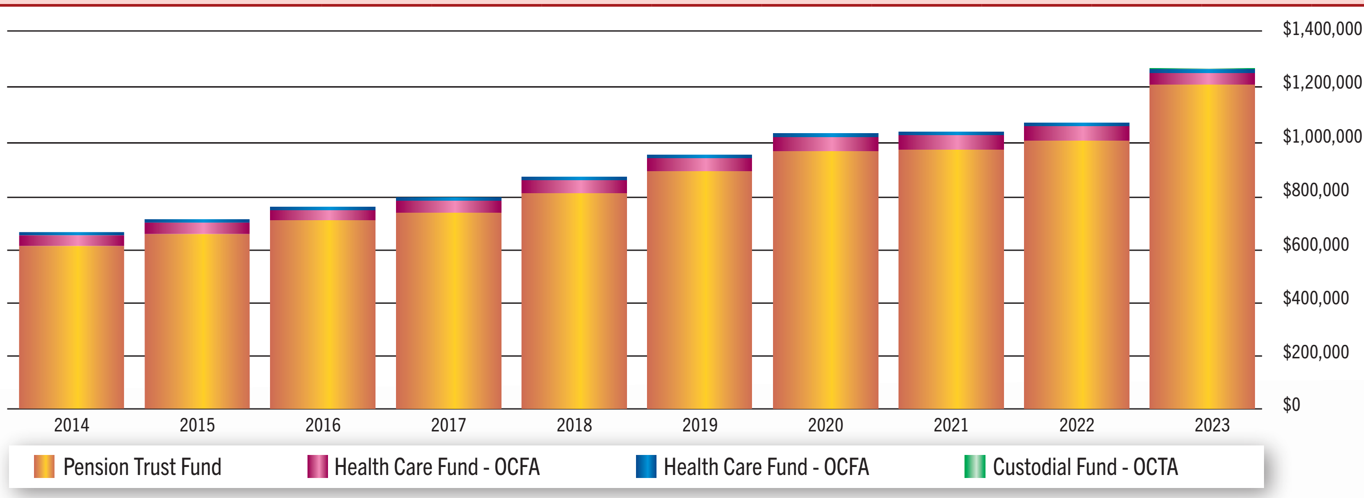


N/A: Detailed information not available.

Schedule and Graph of Benefit Expenses by Type

2014– 2023
(Dollars in Thousands)

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pension Trust Fund										
Participant Benefits										
Service Retiree Payroll										
General	N/A	$ 446,534	$ 475,838	$ 502,396	$ 545,028	$ 593,394	$ 644,351	$ 691,732	$ 743,783	$ 795,885
Safety	N/A	158,247	167,723	180,747	199,029	218,482	238,671	252,733	280,824	300,286
Service Retiree Payroll	N/A	604,781	643,561	683,143	744,057	811,876	883,022	944,465	1,024,607	1,096,171
Disability Retiree Payroll										
General	N/A	25,298	25,891	29,462	29,177	31,474	30,831	31,980	33,119	32,859
Safety	N/A	33,503	34,497	37,179	40,541	43,653	46,993	53,789	58,192	71,277
Disability Retiree Payroll	N/A	58,801	60,388	66,641	69,718	75,127	77,824	85,769	91,311	104,136
Total Participant Benefits										
General	N/A	471,832	501,729	531,858	574,205	624,868	675,182	723,712	776,902	828,744
Safety	N/A	191,750	202,220	217,926	239,570	262,135	285,664	306,522	339,016	371,563
Total Participant Benefits	$ 618,233	663,582	703,949	749,784	813,775	887,003	960,846	1,030,234	1,115,918	1,200,307
Membership Withdrawals and Refunds										
General Membership	N/A	N/A	12,778	13,063	12,288	12,536	10,693	12,897	18,311	13,451
Safety Membership	N/A	N/A	865	803	1,645	713	854	1,552	3,928	1,300
Total Withdrawals and Refunds	11,730	11,857	13,643	13,866	13,933	13,249	11,547	14,449	22,239	14,751
Death Benefits										
Total Death Benefits	715	524	384	694	570	650	932	1,055	1,558	1,190
Total Pension Trust Fund	630,678	675,963	717,976	764,344	828,278	900,902	973,325	1,045,738	1,139,715	1,216,248
Health Care Fund - County										
Health Care	29,299	30,107	30,818	32,042	33,290	35,012	36,784	37,262	37,013	36,837
Health Care Fund - OCFA										
Health Care	3,138	3,448	3,867	3,978	5,077	5,018	5,539	5,999	6,658	7,157
Custodial Fund - OCTA										
Employer OPEB Payments	N/A	N/A	N/A	N/A	N/A	1,318	1,383	1,419	1,466	1,531
Total	**$ 663,115**	**$ 709,518**	**$ 752,661**	**$ 800,364**	**$ 866,645**	**$ 942,250**	**$1,017,031**	**$1,090,418**	**$1,184,852**	**$1,261,773**

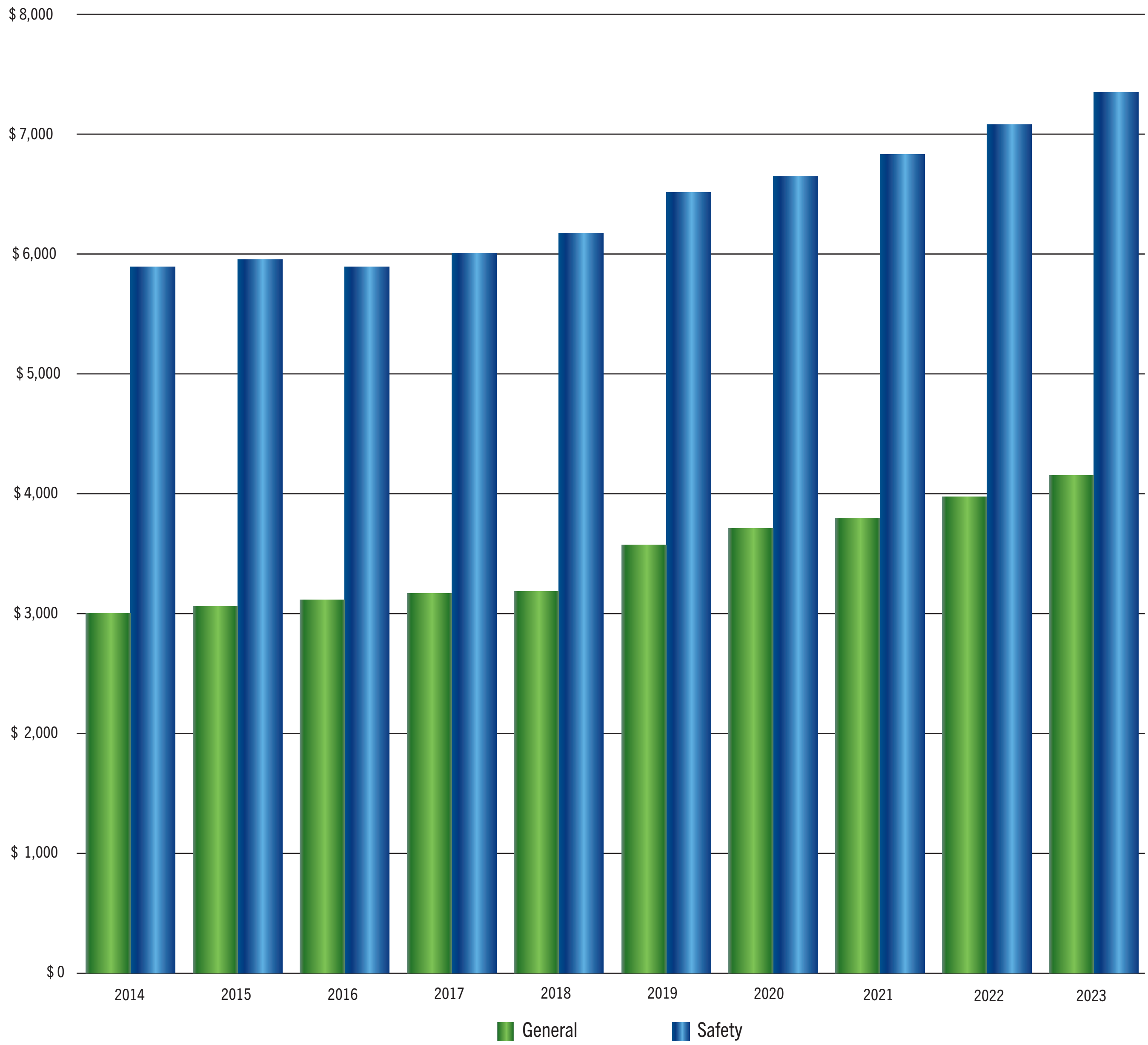


N/A: Detailed information not available.

Schedule and Graph of Average Monthly Pension Check

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General	$ 2,991	$ 3,103	$ 3,142	$ 3,244	$ 3,372	$ 3,520	$ 3,686	$ 3,791	$ 3,944	$ 4,093
Safety	$ 5,914	$ 5,974	$ 5,917	$ 6,017	$ 6,245	$ 6,499	$ 6,680	$ 6,825	$ 7,048	$ 7,277



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 1/1/14-12/31/14							
Average Monthly Pension Benefits	$ 421	$ 1,152	$ 1,925	$ 3,188	$ 4,117	$ 6,444	$ 6,719
Monthly Final Average Salary	$ 8,176	$ 6,955	$ 6,301	$ 6,961	$ 7,003	$ 8,463	$ 7,349
Number of Retired Members	23	45	146	96	143	192	138
Period 1/1/15-12/31/15							
Average Monthly Pension Benefits	$ 582	$ 1,263	$ 1,755	$ 2,850	$ 3,895	$ 5,679	$ 7,235
Monthly Final Average Salary	$ 8,802	$ 6,888	$ 5,970	$ 6,673	$ 6,800	$ 7,893	$ 8,352
Number of Retired Members	22	63	128	119	110	200	182
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

Source: OCERS' Pension Administration System Solution

Schedule of Pension Benefit Recipients by Type of Benefit

December 31, 2023

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	529	115	2	2	13	82	9	752
$501-1,000	928	231	-	11	25	131	48	1,374
$1,001-1,500	1,102	209	2	35	37	115	84	1,584
$1,501-2,000	1,096	169	35	64	22	90	63	1,539
$2,001-2,500	1,120	143	99	37	19	83	24	1,525
$2,501-3,000	1,152	129	226	13	35	46	24	1,625
$3,001-3,500	1,055	118	184	23	35	50	10	1,475
$3,501-4,000	1,055	99	112	12	24	39	5	1,346
$4,001-4,500	902	66	84	6	19	19	6	1,102
$4,501-5,000	807	57	94	4	26	12	7	1,007
$5,001-5,500	778	47	105	2	12	8	4	956
$5,501-6,000	755	52	65	1	16	7	5	901
$6,001-6,500	630	33	41	3	7	5	1	720
$6,501-7,000	596	25	36	1	8	2	3	671
Over $7,000	4,249	90	327	2	30	4	4	4,706
Total	16,754	1,583	1,412	216	328	693	297	21,283

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, 2023

Monthly Benefit	UM	OP1	OP2	OP3	OP4	DB	UMC	O2C	O3C	O4C	SCDC	NSCDC	LSRC	AN	Total
$1-500	494	1	23	2	2	81	108	8	8	4	1	7	1	12	752
$501-1,000	880	2	53	1	3	131	238	12	4	2	5	27	16	-	1,374
$1,001-1,500	1,083	-	50	2	4	115	234	15	-	2	4	62	13	-	1,584
$1,501-2,000	1,157	1	34	2	1	90	184	10	4	-	-	51	5	-	1,539
$2,001-2,500	1,202	1	38	6	9	83	147	15	2	1	-	17	4	-	1,525
$2,501-3,000	1,358	1	25	-	7	46	156	15	1	-	1	12	3	-	1,625
$3,001-3,500	1,236	-	18	2	6	50	148	4	1	-	2	7	1	-	1,475
$3,501-4,000	1,145	1	24	2	7	39	115	7	-	2	-	3	1	-	1,346
$4,001-4,500	968	-	10	2	12	19	77	10	-	-	-	2	2	-	1,102
$4,501-5,000	874	-	17	1	13	12	83	6	-	-	1	-	-	-	1,007
$5,001-5,500	856	-	19	1	9	8	56	4	-	-	1	2	-	-	956
$5,501-6,000	795	-	15	1	10	7	64	7	-	-	1	1	-	-	901
$6,001-6,500	658	-	11	1	4	5	33	7	1	-	-	-	-	-	720
$6,501-7,000	617	1	7	-	8	2	33	2	-	-	1	-	-	-	671
Over $7,000	4,459	2	59	2	56	4	107	15	-	-	-	1	1	-	4,706
Total	**17,782**	**10**	**403**	**25**	**151**	**692**	**1,783**	**137**	**21**	**11**	**17**	**192**	**47**	**12**	**21,283**

Definition of Options:

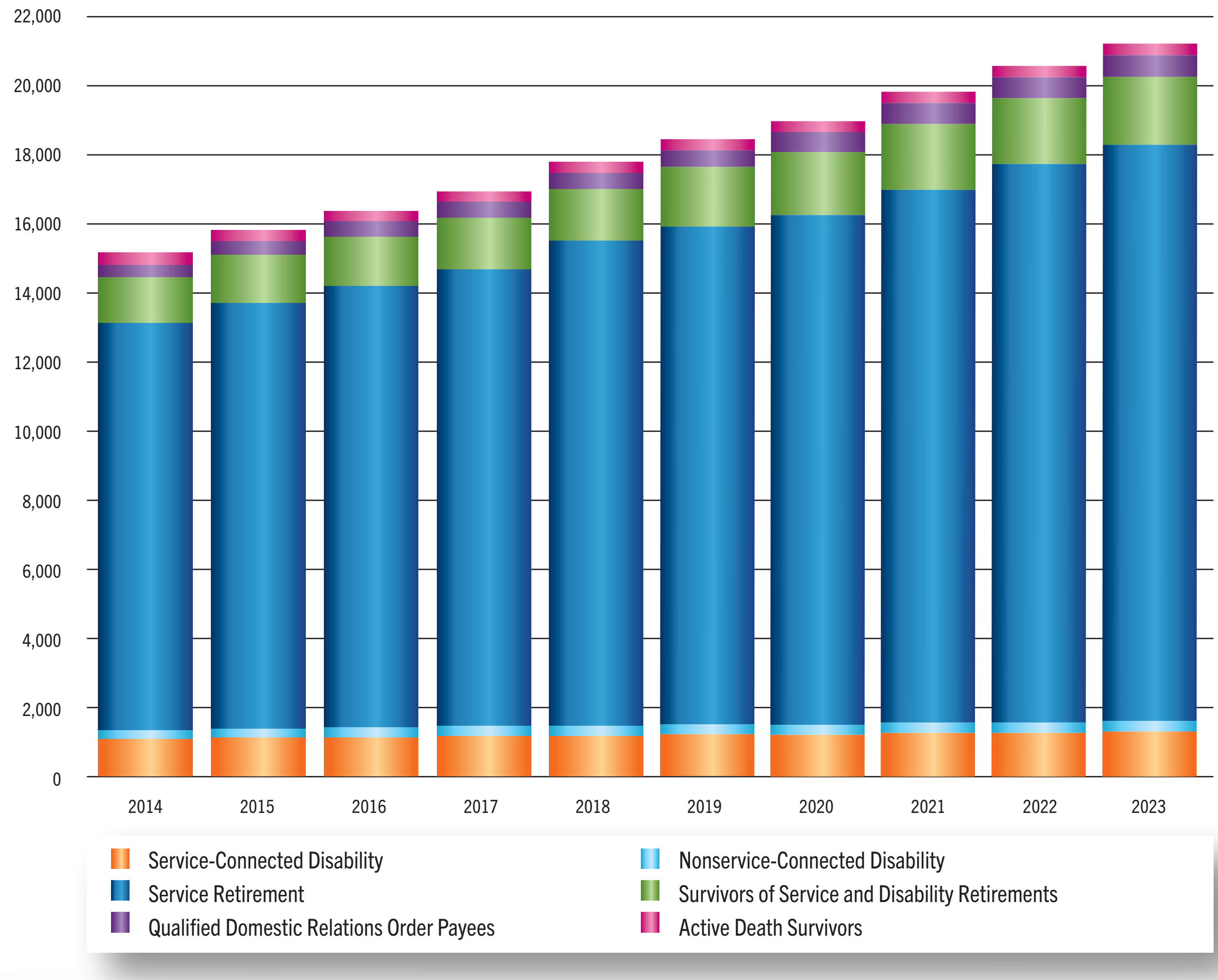
UM: Unmodified -- Maximum retirement allowance
OP1: Option 1 -- Reduced retirement allowance, at death of retiree beneficiary receives remaining balance on account
OP2: Option 2 -- Reduced retirement allowance
OP3: Option 3 -- Reduced retirement allowance
OP4: Option 4 -- Reduced retirement allowance
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

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Service-Connected Disability	1,098	1,131	1,161	1,185	1,232	1,261	1,289	1,333	1,364	1,412
Nonservice-Connected Disability	265	271	257	261	250	244	236	228	224	216
Service Retirement	11,760	12,278	12,768	13,240	13,827	14,448	15,339	15,607	16,311	16,754
Survivors of Service and Disability Retirements	1,336	1,423	1,448	1,496	1,559	1,631	1,678	1,744	1,820	1,911
Qualified Domestic Relations Order Payees	366	399	426	455	495	530	573	616	662	693
Active Death Survivors	344	308	309	310	311	306	304	298	297	297
Total	15,169	15,810	16,369	16,947	17,674	18,420	19,419	19,826	20,678	21,283



Source: OCERS' Pension Administration System Solution

Schedule of Average Retirement Age

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General	60.79	59.37	59.44	60.79	61.30	61.14	61.02	60.49	60.70	60.77
Safety	54.06	53.51	53.58	55.09	55.15	54.53	54.15	53.63	55.33	54.21

Schedule of Average Years of Service at Retirement

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General	21.13	18.22	19.56	21.41	22.08	21.95	23.18	20.87	21.99	23.40
Safety	24.47	24.18	22.81	23.92	24.60	24.36	23.87	22.16	21.82	21.93

Schedule of Beneficiaries Receiving a Pension

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General	1,457	1,498	1,514	1,540	1,593	1,652	1,685	1,728	1,780	1,854
Safety	223	233	243	266	277	285	297	314	337	354
Total	**1,680**	**1,731**	**1,757**	**1,806**	**1,870**	**1,937**	**1,982**	**2,042**	**2,117**	**2,208**

Schedule of Active and Deferred Members

2014 – 2023

Years Ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General										
Active	17,873	17,838	18,072	17,941	18,150	18,356	17,733	18,128	18,184	18,805
Deferred	4,380	4,668	4,940	5,341	5,547	6,004	6,280	6,680	7,323	8,014
Safety										
Active	3,587	3,687	3,674	3,780	3,779	3,901	3,826	3,883	3,877	3,977
Deferred	409	424	430	462	479	516	538	558	571	565
Total	**26,249**	**26,617**	**27,116**	**27,524**	**27,955**	**28,777**	**28,377**	**29,249**	**29,955**	**31,361**

Source: OCERS' Pension Administration System Solution

Schedule of Participating Employers - Pension Plan

2014 – 2023

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
2014	Number of Covered Employees	21,460	16,453	1,454	1,460	1,213	594	80	65	141
	Percentage to Total System	100%	76.67%	6.78%	6.80%	5.65%	2.77%	0.37%	0.30%	0.66%
2015	Number of Covered Employees	21,525	16,574	1,409	1,462	1,224	572	75	63	146
	Percentage to Total System	100%	77.00%	6.55%	6.79%	5.69%	2.66%	0.35%	0.29%	0.68%
2016	Number of Covered Employees	21,746	16,756	1,372	1,486	1,263	578	80	68	143
	Percentage to Total System	100%	77.05%	6.31%	6.83%	5.81%	2.66%	0.37%	0.31%	0.66%
2017	Number of Covered Employees	21,721	16,778	1,313	1,455	1,288	592	81	64	150
	Percentage to Total System	100%	77.24%	6.04%	6.70%	5.93%	2.73%	0.37%	0.29%	0.69%
2018	Number of Covered Employees	21,929	17,048	1,279	1,419	1,262	616	78	62	165
	Percentage to Total System	100%	77.75%	5.83%	6.47%	5.75%	2.81%	0.36%	0.28%	0.75%
2019	Number of Covered Employees	22,257	17,160	1,350	1,419	1,416	608	76	61	167
	Percentage to Total System	100%	77.10%	6.07%	6.38%	6.36%	2.73%	0.34%	0.27%	0.75%
2020	Number of Covered Employees	21,559	16,474	1,322	1,399	1,457	618	67	54	168
	Percentage to Total System	100%	76.42%	6.13%	6.48%	6.76%	2.87%	0.31%	0.25%	0.78%
2021	Number of Covered Employees	22,011	16,899	1,315	1,384	1,508	620	51	61	173
	Percentage to Total System	100%	76.78%	5.97%	6.28%	6.85%	2.82%	0.23%	0.28%	0.79%
2022	Number of Covered Employees	22,061	16,915	1,279	1,437	1,528	605	55	55	187
	Percentage to Total System	100%	76.68%	5.80%	6.50%	6.93%	2.74%	0.25%	0.25%	0.85%
2023	Number of Covered Employees	22,782	17,581	1,264	1,459	1,560	608	55	59	196
	Percentage to Total System	100%	77.17%	5.55%	6.40%	6.85%	2.67%	0.24%	0.26%	0.86%

Source: OCERS' Pension Administration System Solution

History of Actuarial Assumption Rates

For the Period January 1945 - December 2023

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.

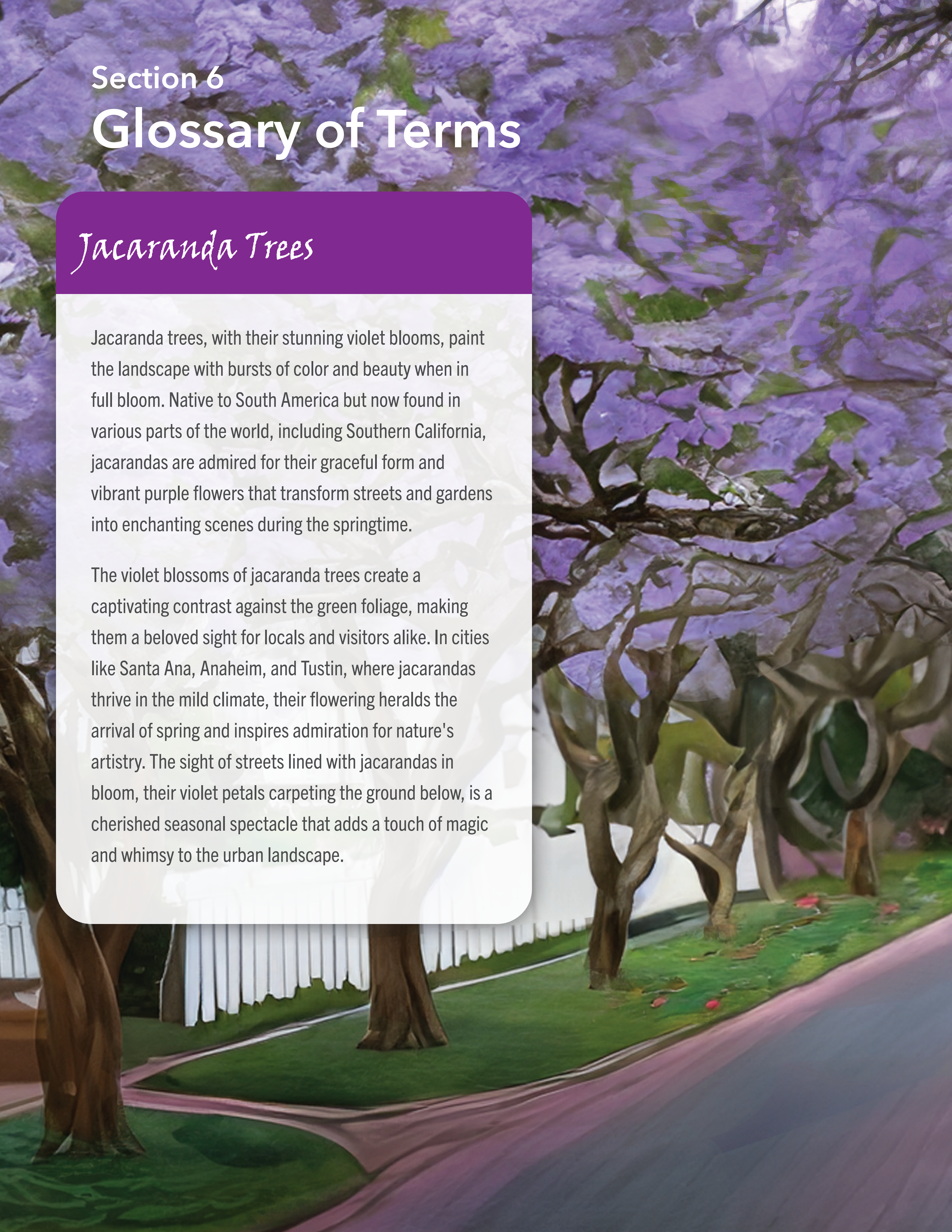
Effective Date	Interest Rate	Salary Assumption Rate
1/1/45	2.50%	0.00%
7/1/62	3.50%	0.00%
12/31/65	4.00%	0.00%
7/1/69	4.50%	0.00%
6/30/70	5.00%	0.00%
8/31/73	5.75%	0.00%
7/1/75	6.00%	0.00%
7/1/81	7.25%	5.00%
7/1/89	7.50%	5.50%
7/1/91	8.00%	6.00%
7/1/96	8.00%	3.50%
7/1/00	8.00%	5.50%
7/1/03	7.50%	4.50%
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



Jacaranda Trees

Jacaranda trees, with their stunning violet blooms, paint the landscape with bursts of color and beauty when in full bloom. Native to South America but now found in various parts of the world, including Southern California, jacarandas are admired for their graceful form and vibrant purple flowers that transform streets and gardens into enchanting scenes during the springtime.

The violet blossoms of jacaranda trees create a captivating contrast against the green foliage, making them a beloved sight for locals and visitors alike. In cities like Santa Ana, Anaheim, and Tustin, where jacarandas thrive in the mild climate, their flowering heralds the arrival of spring and inspires admiration for nature's artistry. The sight of streets lined with jacarandas in bloom, their violet petals carpeting the ground below, is a cherished seasonal spectacle that adds a touch of magic and whimsy to the urban landscape.

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.

Anaheim Regional Transportation Intermodal Center (ARTIC)

The Anaheim Regional Transportation Intermodal Center (ARTIC) stands as a modern marvel of connectivity and innovation in the heart of Orange County. Clad in sleek, metallic hues, ARTIC's contemporary architecture and expansive, open design reflect the efficiency and fluidity of the transportation networks it supports. The center serves as a pivotal hub, seamlessly linking various modes of transit including trains, buses, and even bicycles, ensuring that residents and visitors can navigate the region with ease. The gray tones of ARTIC embody the precision and reliability of its operations, echoing the steel tracks and concrete pathways that converge here. Throughout the day, the gray steel structure with its clear glass dome stands prominently, yet as night falls, it comes alive with a display of shifting rainbow colors that can be admired from a distance

ARTIC is more than just a transportation hub; it's a symbol of progress and integration. Within its vast, airy spaces, travelers can find amenities that cater to both convenience and comfort, from cafes and retail shops to information centers and waiting lounges. The structure's gray exterior contrasts beautifully with the vibrant hustle and bustle within, representing the harmonious blend of functionality and design. As the sun sets, ARTIC's façade lights up, casting a futuristic glow that illuminates the importance of connectivity in our daily lives. This gray beacon not only facilitates movement but also fosters a sense of community, bringing together people from all walks of life under one roof, ready to embark on their journeys.

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

714.558.6200
www.ocers.org